

VERITAS SOFTWARE CORP /DE/

Form S-4/A

May 02, 2003

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As filed with the Securities and Exchange Commission on May 2, 2003

Registration No. 333-103911

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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Amendment No. 1  
to

**Form S-4**  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**VERITAS SOFTWARE CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Delaware**  
*(State or other jurisdiction of  
incorporation or organization)*

**7372**  
*(Primary Standard Industrial  
Classification Code Number)*

**77-0507675**  
*(I.R.S. Employer  
Identification Number)*

**350 Ellis Street**

**Mountain View, California 94043  
(650) 527-8000**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

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**Gary L. Bloom**  
**Chairman of the Board, President and Chief Executive Officer**  
**VERITAS Software Corporation**  
**350 Ellis Street**  
**Mountain View, California 94043**  
**(650) 527-8000**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

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*Copies to:*

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**Shimon Alon**  
**Chief Executive Officer**  
**Precise Software Solutions, Inc.**  
**690 Canton Street**  
**Westwood, Massachusetts 02090**  
**(781) 461-0700**

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**1200 Nineteenth Street, NW**  
**Washington, D.C. 20036**  
**(202) 861-3900**

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**Approximate date of commencement of proposed sale to the public:** Upon completion of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.   o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.   o

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this proxy statement/ prospectus is not complete and may be changed. VERITAS may not sell these securities until the registration statement filed with the U.S. Securities and Exchange Commission is effective. This proxy statement/ prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**PRELIMINARY PROXY STATEMENT/ PROSPECTUS, SUBJECT TO COMPLETION**

**[PRECISE LETTERHEAD]**

, 2003

Dear Precise Software Solutions Ltd. Shareholders:

I am writing to you today about the proposed merger of Precise Software Solutions Ltd. with a subsidiary of VERITAS Software Corporation. You are cordially invited to attend the extraordinary meeting of shareholders of Precise to be held on \_\_\_\_\_ at \_\_\_\_\_ a.m., local time, at Precise's U.S. offices at 690 Canton Street, Westwood, Massachusetts 02090. At the extraordinary meeting, you will be asked to vote on the merger and the other matters described in the attached proxy statement/prospectus. In accordance with Israeli law, a preliminary notice of the extraordinary meeting of the shareholders was mailed to all shareholders on or about December 27, 2002 and modified on or about February 26, 2003. The information provided in the attached proxy statement/ prospectus is intended to supplement the information in the preliminary notice.

In the merger, you will receive, at your election, for each ordinary share of Precise that you own either (1) \$16.50 in cash, or (2) a combination of \$12.375 in cash plus 0.2365 of a share of VERITAS common stock. Precise shareholders who are Israeli holders, as defined in the enclosed election form, and who properly and timely elect to receive the mixed cash and stock consideration, will not be entitled to receive any shares of VERITAS common stock, but instead will receive an amount of cash equal to \$12.375 plus 0.2365 multiplied by the closing price of one share of VERITAS common stock, as reported on The Nasdaq National Market, on the trading day immediately prior to the date the merger takes effect.

If all Precise shareholders were to receive the mixed cash and stock consideration and assuming for this purpose the exercise of all vested Precise options and warrants prior to completion of the merger, VERITAS would issue up to approximately 8.4 million shares of its common stock in the merger. VERITAS common stock is traded on The Nasdaq National Market under the trading symbol VRTS. The closing price of VERITAS common stock on \_\_\_\_\_, 2003 was \$ \_\_\_\_\_ per share.

Under Israeli law, holders of Precise ordinary shares are not entitled to statutory dissenters' rights.

Only holders of record of Precise ordinary shares at the close of business on \_\_\_\_\_, 2003 are entitled to attend and to vote at the extraordinary meeting or any adjournment thereof. Directors, each in his or her capacity as a shareholder, officers and other affiliated shareholders of Precise that beneficially own approximately 6.8% of Precise's outstanding ordinary shares have entered into undertakings to vote their ordinary shares in favor of approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement.

The Precise audit committee and board of directors have (1) reviewed and considered the terms and conditions of the merger agreement, (2) unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are fair to, and in the best interests of, Precise and its shareholders and that, considering the financial position of the merging companies, no reasonable concern exists that Precise, as the surviving company in the merger, will be unable to fulfill its obligations to its creditors, and (3) unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. **The Precise audit committee and board of directors unanimously recommend that you vote FOR the proposal to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement.**

You also will be asked to vote upon an amendment to Precise's articles of association with respect to insurance and indemnification of directors and office holders, specified modifications to the vesting terms of, and exercise period for, share options held by members of the Precise board of directors and upon any motion to adjourn a meeting at which a quorum is present to solicit additional votes. The merger is not conditioned on shareholder approval of the amendment of Precise's articles of association, the modifications of the terms of Precise's director share options or approval of any adjournment if a quorum is present at the meeting. **The Precise board of directors unanimously recommends that you vote FOR the proposal to amend Precise's articles of association, FOR the proposal to modify the terms of Precise's director share options and FOR the proposal to approve any adjournment to solicit additional votes if a quorum is present at the meeting.**

The attached proxy statement/ prospectus provides you with detailed information about VERITAS, Precise, the merger agreement, the merger and the other transactions contemplated by the merger agreement, the proposed amendment of Precise s articles of association and the proposed modifications to the terms of Precise s director share options. We encourage you to read the entire proxy statement/prospectus carefully, including the Risk Factors section beginning on page 34.

Yours sincerely,

Shimon Alon  
Chief Executive Officer  
Precise Software Solutions Ltd.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares of VERITAS common stock to be issued under the attached proxy statement/ prospectus or determined if the attached proxy statement/ prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The attached proxy statement/prospectus is dated \_\_\_\_\_, 2003, and is first being mailed to Precise shareholders on or about \_\_\_\_\_, 2003.

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**PRECISE SOFTWARE SOLUTIONS LTD.**

10 Hata asiya Street  
Or-Yehuda, Israel 60408  
+972 (3) 735-2222

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**SUPPLEMENT TO  
NOTICE OF EXTRAORDINARY MEETING OF SHAREHOLDERS  
To Be Held On \_\_\_\_\_, 2003**

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A preliminary notice of an extraordinary meeting of the shareholders of Precise Software Solutions Ltd., a company incorporated under the laws of the State of Israel, was mailed to all shareholders on or about December 27, 2002 in accordance with the requirements of the Israeli Companies Law, 1999. A notification regarding a change in the meeting date and applicable record date was mailed to all shareholders on or about February 26, 2003. This letter and the information in the attached proxy statement/ prospectus is intended to supplement the information provided in the preliminary notice.

An extraordinary meeting of shareholders of Precise will be held at Precise's U.S. offices at 690 Canton Street, Westwood, Massachusetts 02090, on \_\_\_\_\_, 2003 at \_\_\_\_\_ a.m., local time, to consider and act upon each of the following matters:

1. To approve the Agreement and Plan of Merger dated as of December 19, 2002, by and among VERITAS Software Corporation, a Delaware corporation, Argon Merger Sub Ltd., an Israeli company and an indirect wholly-owned subsidiary of VERITAS, and Precise, the merger of Argon Merger Sub Ltd. with and into Precise and the other transactions contemplated by the merger agreement, as described in the attached proxy statement/prospectus.
2. To approve the amendment of Article 74 (Insurance and Indemnity) of Precise's articles of association, which amendment is intended to allow for insurance and indemnification of directors and office holders to the maximum extent permitted by Israeli law.
3. To approve the acceleration of the vesting schedule of options to purchase Precise ordinary shares held by members of Precise's board of directors immediately after the completion of the merger, and the extension of the period during which such options may be exercised.
4. To consider and vote upon any motion to adjourn a meeting at which a quorum is present to a later time to permit further solicitation of proxies if necessary to obtain additional votes in favor of any of the foregoing items.

We describe these proposals more fully in the attached proxy statement/ prospectus, which we urge you to read in its entirety, including the matters discussed under "Risk Factors" beginning on page 34.

Only Precise holders of record at the close of business on \_\_\_\_\_, 2003, the record date, are entitled to attend and to vote at the extraordinary meeting or any adjournment thereof.

**Your vote is important. Whether or not you plan to attend the extraordinary meeting, please take the time to vote by completing and mailing the enclosed proxy card. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote FOR the approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement and FOR each of the other proposals to be presented at the extraordinary meeting. Returning your proxy card will not affect your right to vote in person, should you choose to attend the extraordinary meeting.**

You should notify Precise before voting at the meeting or indicate on the proxy card, whether or not you indicate how you want to vote, whether or not you are: (1) a person or entity holding, directly or indirectly, 25% or more of either the voting power or the right to appoint a director of VERITAS or the merger subsidiary; (2) a person or entity acting on behalf of VERITAS, the merger subsidiary or a person or entity described in (1); or (3) a family member of, or an entity controlled by, VERITAS, the merger subsidiary or any of the foregoing. If you do not notify Precise as aforesaid, you will not be entitled to vote on the merger and your vote will not be counted with respect to Proposal No. 1.

By Authorization of the Board of Directors

DROR ELKAYAM  
*Secretary*

Or-Yehuda, Israel  
, 2003

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This proxy statement/ prospectus incorporates important business and financial information about VERITAS and Precise from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this proxy statement/ prospectus. For a listing of documents incorporated by reference into this proxy statement/ prospectus, please see the section titled **Where You Can Find More Information** beginning on page 108 of this proxy statement/ prospectus.

VERITAS will provide you with copies of this information relating to VERITAS and the election form, without charge, upon written or oral request to:

**VERITAS Software Corporation  
350 Ellis Street  
Mountain View, California 94043  
Attention: Investor Relations  
Telephone Number: (650) 527-2508**

In addition, you may obtain copies of this information and the election form by making a request through the investor relations section of VERITAS website, <http://www.veritas.com>, or by sending an e-mail to [invrel@veritas.com](mailto:invrel@veritas.com).

Precise will provide you with copies of this information relating to Precise, without charge, upon written or oral request to:

**Precise Software Solutions, Inc.  
690 Canton Street  
Westwood, Massachusetts 02090  
Attention: Investor Relations  
Telephone Number: (800) 310-4777**

In addition, you may obtain copies of this information by making a request through the investor relations section of Precise's website, <http://www.precise.com/company/IR/>, or by sending an e-mail to [krudden@precise.com](mailto:krudden@precise.com).

For you to receive timely delivery of the documents before the Precise extraordinary meeting, VERITAS or Precise should receive your request no later than \_\_\_\_\_, 2003.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

***Q. Why am I receiving this proxy statement/prospectus?***

A: Precise has entered into a merger agreement with VERITAS and one of its subsidiaries. The terms of the merger agreement are described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A. Upon completion of the merger, Precise will become an indirect wholly-owned subsidiary of VERITAS.

To complete the merger, Precise shareholders must approve the merger agreement, the merger and the other transactions contemplated by the merger agreement. Precise will hold an extraordinary meeting of its shareholders to obtain this approval. The merger is not conditioned upon obtaining shareholder approval for the other proposals to be presented at the Precise extraordinary meeting that relate to an amendment of Precise's articles of association, specified modifications to the terms of share options held by members of Precise's board of directors and an adjournment to solicit additional votes if a quorum is present. This proxy statement/prospectus contains important information about the Precise extraordinary meeting, the merger and the other proposals to be presented at the extraordinary meeting, and you should read it carefully.

***Q. When is the Precise extraordinary meeting relating to the merger and what specific proposals will I be asked to consider? (see page 51)***

A: The Precise extraordinary meeting will take place on \_\_\_\_\_, 2003. At the extraordinary meeting, you will be asked to:

approve the merger agreement, the merger and the following other customary transactions contemplated by the merger agreement (Proposal No. 1):

VERITAS agreement to assume the obligations of Precise pursuant to any existing indemnification agreements and to enter into new indemnification agreements in favor of current and former Precise directors and specified Precise officers (see page 70);

VERITAS agreement to effect the amendment to Precise's articles of association relating to indemnification of directors and officers, if it is not passed at the extraordinary meeting (see page 70);

the purchase by Precise of tail or runoff insurance (see page 71); and

the employment agreement between VERITAS and Shimon Alon, Precise's chief executive officer and a Precise director (see page 67).

approve the amendment of Article 74 (Insurance and Indemnity) of Precise's articles of association, which clarifies the circumstances under which (1) indemnification may be granted by Precise for specified liabilities or expenses imposed on its office holders (directors and other managers specified by the Israeli Companies Law, 1999) and (2) insurance may be obtained by Precise for the liability of its office holders. The amendment of article 74 is intended to allow for insurance and indemnification of directors and specified officers to the maximum extent permitted by Israeli law. (Proposal No. 2).

approve the acceleration of the vesting schedule of all share options held by members of the Precise board of directors immediately after the completion of the proposed merger and the extension of the period during which options held by these directors may be exercised (Proposal No. 3).

approve any motion to adjourn a meeting at which a quorum is present to a later time to permit further solicitation of proxies if necessary to obtain additional votes in favor of Proposal No. 1, Proposal No. 2 or Proposal No. 3 (Proposal No. 4).

Each of the above proposals is separate and independent from one another. Proposal No. 1 is not conditioned upon obtaining Precise shareholder approval of Proposal No. 2, Proposal No. 3 or Proposal

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No. 4 and Proposal No. 2, Proposal No. 3 and Proposal No. 4 are not conditioned upon approval of each other or upon obtaining Precise shareholder approval of Proposal No. 1.

**Q: What will I receive in the merger? (see page 71)**

A: If the merger is completed, you will receive, at your election and subject to the election procedures described in this proxy statement/prospectus, for each ordinary share of Precise that you own either:

the cash consideration, which consists of \$16.50 in cash;

or

the mixed consideration, which consists of (1) \$12.375 in cash, plus (2) 0.2365 of a share of VERITAS common stock.

Precise shareholders who are Israeli holders, as defined in the merger agreement, and who properly and timely elect to receive the mixed consideration will not be entitled to receive any shares of VERITAS common stock, but instead will receive (1) \$12.375 in cash, plus (2) an amount of cash equal to 0.2365 multiplied by the closing price of one share of VERITAS common stock, as reported on The Nasdaq National Market, on the trading day immediately prior to the date the merger takes effect.

The consideration for your Precise ordinary shares, including the exchange ratio for the VERITAS common stock component of the mixed consideration, will not change even if the market prices of Precise ordinary shares or VERITAS common stock fluctuate. However, if you elect to receive the mixed consideration, the value of the VERITAS shares included in the mixed consideration will fluctuate up or down with fluctuations in the market price of VERITAS common stock.

**Neither Precise nor VERITAS is making any recommendation as to whether Precise shareholders should elect to receive the cash consideration or the mixed consideration in connection with the merger.**

**Q: What is the aggregate value of the consideration to be paid by VERITAS for all of the outstanding Precise ordinary shares?**

A: The aggregate value of the consideration to be received by all of the Precise shareholders will depend on the number of Precise shareholders electing to receive cash consideration and mixed consideration and the value of VERITAS common stock at the closing of the merger. The following table presents the aggregate value of the consideration that would be paid to holders of Precise ordinary shares as of April 30, 2003, assuming the exercise of all vested options and warrants to purchase Precise ordinary shares, (1) if all Precise shareholders elected to receive the per share cash consideration of \$16.50 or (2) if all Precise shareholders elected to receive the per share mixed consideration of \$12.375 in cash plus .2365 of a share of VERITAS common stock.

Date	Closing Price of VERITAS Common Stock	Number of Precise Ordinary Shares	All Cash Consideration	All Mixed Consideration
April 30, 2003	\$22.07	33,042,892	\$545,207,718	\$581,374,981

The actual amount of the aggregate consideration to be paid by VERITAS to holders of Precise ordinary shares will not be determined until the time of the merger.

**Q: Why am I being asked to indicate on the proxy card whether or not I am an Israeli holder? Why will Precise shareholders who declare that they are Israeli holders and who elect to receive the mixed consideration receive, instead of VERITAS common stock, the cash equivalent of the value of VERITAS common stock on the trading day immediately prior to the date the merger takes effect?**

A: To comply with Israeli securities laws, Israeli holders who properly and timely elect to receive the mixed consideration will not be entitled to receive any shares of VERITAS common stock, but instead will



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receive \$12.375 in cash, plus an amount of cash equal to 0.2365 multiplied by the closing price of one share of VERITAS common stock, as reported on The Nasdaq National Market, on the trading day immediately prior to the date the merger takes effect. For this reason, you are being asked to declare whether or not you are an Israeli holder. You will be deemed to be an Israeli holder if (1) you have provided Precise or the broker through which you hold Precise ordinary shares with an address in the State of Israel for the purpose of sending notices or (2) the center of your vital interests, as evidenced by family, economic and social ties, is in Israel. In addition, you will be asked to indicate whether or not you are an Israeli resident, as defined in the Israeli Income Tax Ordinance [New Version], 1961, for Israeli tax purposes. This information may be of importance in determining whether any Israeli withholding tax obligation applies to the consideration for your Precise ordinary shares.

***Q: Will I be able to trade any VERITAS common stock that I receive in the merger? (see page 78)***

A: The VERITAS common stock you will receive if you properly make a timely election to receive the mixed consideration and are not an Israeli holder will be freely tradeable, unless you are an affiliate of VERITAS or Precise. VERITAS common stock is listed on The Nasdaq National Market under the symbol VRTS.

***Q: What do I need to do now? (see page 52)***

A: After you review this proxy statement/ prospectus in its entirety, you should mail your completed and signed proxy card in the enclosed return envelope or as indicated on the proxy card as soon as possible so that your ordinary shares can be voted at the extraordinary meeting of Precise shareholders. You may also send your completed and signed proxy card to Precise at 10 Hata asiya Street, Or-Yehuda 60408, Israel or 690 Canton Street, Westwood, MA 02090 or to Precise's transfer agent, American Stock Transfer and Trust Company, at 59 Maiden Lane, Plaza Level, New York, NY 10038, Attention: Karen Lazar. In order to be counted, your properly completed and signed proxy card must be received at least 24 hours before the start of the extraordinary meeting.

***Q: What happens if I return a signed proxy card but do not indicate how to vote my proxy? (see page 52)***

A: If you do not include instructions on how to vote your properly signed and dated proxy card, your shares will be voted FOR the approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement (Proposal No. 1) and FOR the approval of each of the other proposals to be presented at the extraordinary meeting. If you do not indicate on your proxy card whether you are (1) a person or entity holding, directly or indirectly, 25% or more of either the voting power or the right to appoint a director of VERITAS or the merger subsidiary; (2) a person or entity acting on behalf of VERITAS, the merger subsidiary or a person or entity described in (1); or (3) a family member of, or entity controlled by, VERITAS, the merger subsidiary or any of the foregoing, your vote will not be counted with respect to Proposal No. 1.

***Q: What happens if I don't vote? (see page 51)***

A: Approval of the proposals to be presented at the extraordinary meeting requires the affirmative vote of specified percentages of the Precise ordinary shares present and voting at the meeting at which a quorum is present. If a quorum is present at the meeting and you don't return your proxy card or vote in person at the meeting, then fewer shares will be present and voting at the meeting and, as a result, fewer shares will constitute the 75% vote necessary to approve Proposal No. 1 and the majority votes necessary to approve the other proposals to be presented at the extraordinary meeting. The presence in person or by proxy of at least one-third of Precise's outstanding ordinary shares is required to constitute a quorum at the extraordinary meeting. If you do not vote, Precise may be unable to obtain a quorum at the extraordinary meeting.

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***Q: If my broker holds my shares in street name, will my broker vote my shares without any instructions from me? (see page 52)***

A: No. Your broker will not be able to vote your shares without instructions from you. If you do not provide your broker with voting instructions, this will have the effect of reducing the number of votes required to obtain the 75% vote necessary to approve Proposal No. 1 and the majority votes necessary to approve the other proposals to be presented at the extraordinary meeting. If you do not provide your broker with voting instructions, Precise may be unable to obtain a quorum at the extraordinary meeting.

***Q: Can I change my vote after I have mailed my signed proxy card? (see page 52)***

A: Yes. You can change your vote at any time before your proxy is voted at the extraordinary meeting. You can do this in one of three ways:

you can send a written notice stating that you would like to revoke your proxy, provided such notice is received at least 24 hours prior to the time set for the extraordinary meeting or is presented at the extraordinary meeting to the chairman of the meeting;

you can complete and submit a new proxy card dated later than the first proxy card, provided such new proxy card is received at least 24 hours prior to the time set for the extraordinary meeting or is presented at the extraordinary meeting to the chairman of the meeting; or

you can attend the extraordinary meeting, file a written or make an oral notice of revocation of your proxy with the chairman of the meeting and vote in person.

Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow your broker's directions to change those instructions.

***Q: Why am I being asked to indicate on the proxy card whether or not I am related to VERITAS or the merger subsidiary?***

A: Under Israeli law, if VERITAS, the merger subsidiary or any person or entity holding 25% or more of either the voting power or the right to appoint a director of VERITAS or the merger subsidiary, holds shares in Precise, then there is an additional requirement for the approval of Proposal No. 1. The additional requirement is that a majority of the shareholders who are present at the extraordinary meeting, excluding VERITAS, the merger subsidiary or any person or entity holding 25% or more of either the voting power or the right to appoint a director of VERITAS or the merger subsidiary, or anyone acting on their behalf, including their family members or entities under their control, shall not have voted against the merger. For these purposes, abstentions and broker non-votes are not considered to be votes against the merger.

***Q: How do I elect to receive the cash consideration or the mixed consideration for my Precise ordinary shares? (see page 72)***

A: A form for making an election is enclosed with this proxy statement/ prospectus. Additional copies of the election form may be obtained from the exchange agent. For your election to be effective, your properly completed election form, along with your Precise share certificates or an appropriate guarantee of delivery, must be sent to and received by \_\_\_\_\_, the exchange agent, on or before 5:00 p.m., New York City time, on \_\_\_\_\_, 2003. **Do not send your election form or share certificates together with your proxy card.** Instead, use the separate envelope specifically provided for the election form and your share certificates. Please read this proxy statement/ prospectus carefully for more information about the procedures for electing to receive the cash consideration or the mixed consideration.

If you do not properly and timely send in your completed election form, along with your Precise share certificates or an appropriate guarantee of delivery, you will be deemed to have elected the cash consideration and will receive \$16.50 in cash for each of your Precise ordinary shares if the merger is completed.

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Neither Precise nor VERITAS is making any recommendation as to whether Precise shareholders should elect to receive the cash consideration or the mixed consideration in connection with the merger.

**Q: Should I send in my share certificates now?**

A: **Do not send your election form or share certificates together with your proxy card.** However, if you want to elect to receive the mixed consideration in exchange for your Precise ordinary shares, you must send your Precise share certificates, or an appropriate guarantee of delivery, and your completed election form indicating your election of the mixed consideration to the exchange agent in the separate envelope specifically provided for the election form and share certificates.

**Q: Can I elect to receive the cash consideration for some of my Precise ordinary shares and the mixed consideration for some of my Precise ordinary shares? (see page 72)**

A: No. You may only elect to receive one consideration alternative for all of your Precise ordinary shares. A holder of record of Precise ordinary shares who holds such ordinary shares as a nominee, trustee or in another representative capacity may submit multiple election forms, provided that such record holder certifies that each such election form covers all the Precise ordinary shares held by such record holder for a particular beneficial owner.

**Q: What is the value of the consideration I will receive if I elect to receive the mixed consideration?**

A: If you properly and timely elect to receive the mixed consideration, the value of the consideration you will receive will depend in part upon the value of VERITAS common stock, which fluctuates. The following table illustrates the effect of changes in the value of VERITAS common stock on the value of the mixed consideration.

Price Per Share of VERITAS Common Stock	Cash Value Per Precise Ordinary Share	
	Mixed Election	Cash Election
\$ 16.50	\$16.277	\$16.50
\$ 17.442 <sup>1</sup>	\$ 16.50	\$16.50
\$ 22.07 <sup>2</sup>	\$17.595	\$16.50
\$ 23.00	\$17.815	\$16.50

- 
- 1) The price per share of VERITAS common stock at which the value of the mixed consideration is equal to the value of the cash consideration.
  - 2) The closing price per share of VERITAS common stock on The Nasdaq National Market on April 30, 2003.

Historically, the price of VERITAS common stock has fluctuated significantly and if you elect to receive the mixed consideration in exchange for your Precise ordinary shares, the value of the VERITAS shares will fluctuate up and down with fluctuations in the market price of VERITAS common stock. The value of the consideration you receive in the merger if you properly and timely elect to receive the mixed consideration may be more or less than the \$16.50 that you would have received if you elected to receive the cash consideration. In addition, the trading price of VERITAS common stock on the date you receive the cash consideration or the mixed consideration in exchange for your Precise ordinary shares could be more or less than the trading price of VERITAS common stock on the date you make your election to receive either the cash consideration or the mixed consideration. This means that the then-current value of the mixed consideration that you would receive for each Precise ordinary share if you properly and timely elect to receive the mixed consideration could be more or less than the value of the mixed consideration on the date you make your election to receive either the cash consideration or the mixed

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consideration. Precise's Israeli shareholders may call ( ) - and Precise's U.S. shareholders may call ( ) - , to learn the most recent closing price of VERITAS common stock on The Nasdaq National Market and the value of the mixed consideration based on that closing price.

***Q. Can I sell my Precise ordinary shares after the record date for the Precise extraordinary meeting?***

- A. If you have not already made an election with respect to your Precise ordinary shares, you can sell them and you will still be entitled to vote those shares at the extraordinary meeting because you were the holder of record on the record date.

However, if you have already made an effective election with respect to your Precise ordinary shares by delivering an election form and your share certificates or a guarantee of delivery to the exchange agent, you may not sell your Precise ordinary shares until you have effectively revoked your election and have received your share certificates from the exchange agent.

***Q. If I want to change or revoke my election, what should I do?***

- A. You may change your election at any time prior to 5:00 p.m., New York City time, on , 2003, by written notice accompanied by a properly completed and signed later-dated election form received by the exchange agent prior to that time. You may revoke your election at any time prior to 5:00 p.m., New York City time, on , 2003 by withdrawing your share certificates by written notice received by the exchange agent prior to that time. All elections will be revoked automatically if the merger agreement is terminated.

***Q. I purchased Precise ordinary shares after the record date. Can I vote these shares at the Precise extraordinary meeting? How do I make an election with respect to these shares?***

- A. You cannot vote shares purchased after the record date at the extraordinary meeting because you were not the record holder of those shares on the record date. However, you are entitled to make an election with respect to those shares at any time prior to 5:00 p.m., New York City time, on , 2003. You may obtain an election form from VERITAS by calling VERITAS Investor Relations at (650) 537-2508 or at the investor relations section of VERITAS' website at www.veritas.com. If you do not make an election with respect to your shares, you will receive the cash consideration, which consists of \$16.50 in cash.

***Q: What happens if the merger is completed and I have not properly made a timely election to receive either the cash consideration or the mixed consideration for my Precise ordinary shares? (see page 72)***

- A: If you do not properly make a timely election pursuant to the election procedures described in this proxy statement/ prospectus:

you will be deemed to have elected to receive the cash consideration of \$16.50 for each ordinary share of Precise that you own; and

the exchange agent will send you written instructions for surrendering your Precise ordinary shares for the cash consideration after the merger is completed.

***Q: What do the Precise audit committee and board of directors recommend? (see page 62)***

- A: The Precise audit committee and board of directors have unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement (Proposal No. 1) and recommend that you vote FOR Proposal No. 1. The Precise board of directors also unanimously recommends that you vote FOR each of the other proposals to be presented at the extraordinary meeting. The Precise board of directors makes no recommendation as to whether you should elect to receive the cash consideration or the mixed consideration.

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***Q: When do you expect the merger to be completed? (see page 71)***

A: We are working towards completing the merger as quickly as reasonably possible. Several conditions must be satisfied or waived before the merger is completed. See the section of this proxy statement/ prospectus titled *The Merger Agreement – Conditions to Completion of the Merger* for a summary description of these conditions. We hope to complete the merger promptly after the Precise extraordinary meeting to be held on \_\_\_\_\_, 2003.

***Q: Will I recognize gain or loss for tax purposes? (see page 74)***

A: Gain or loss will be recognized for U.S. federal income tax purposes and, subject to certain exceptions, for Israeli tax purposes. See the section of this proxy statement/ prospectus titled *The Merger – Material U.S. Federal and Israeli Income Tax Consequences to Precise Shareholders* for a summary discussion of material U.S. federal income tax consequences of the merger to U.S. holders and material Israeli tax considerations in connection with the merger.

**You should consult your tax advisor about the particular tax consequences of the merger to you.**

***Q: Am I entitled to dissenters' rights?***

A: No. Under Israeli law, holders of Precise ordinary shares are not entitled to statutory dissenters' rights in connection with the merger.

***Q: If I elect to receive the mixed consideration, will my rights as a Precise shareholder change as a result of the merger? (see page 97)***

A: Yes. Precise and VERITAS are incorporated in different jurisdictions having different corporate laws. In addition, the governing documents of each company vary. As a result, a Precise shareholder receiving shares of VERITAS common stock in connection with the merger will have different rights as a VERITAS shareholder than as a Precise shareholder. If you elect, or fail to properly make a timely election and are deemed to have elected, to receive the cash consideration for your Precise ordinary shares, you will not be entitled to receive any VERITAS common stock and you will not have an investment in the combined company following the merger.

***Q: Is VERITAS stockholder approval required to complete the merger?***

A: No.

***Q: Who can help answer my questions? (see page 108)***

A: You can write or call Investor Relations at Precise Software Solutions Ltd., 690 Canton Street, Westwood, Massachusetts 02090, telephone (800) 310-4777, with any questions about the merger agreement, the merger, the other transactions contemplated by the merger agreement or any of the other proposals to be presented at the extraordinary meeting.

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**SUMMARY**

This summary, together with the matters discussed under Questions and Answers About the Merger, summarizes all of the material terms of the merger and the other proposals to be voted on at the extraordinary meeting. This summary may not contain all of the information that is important to you. For a more complete description of the merger and the other proposals to be voted on at the Precise extraordinary meeting, we encourage you to read carefully this entire proxy statement/ prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this proxy statement/ prospectus, which includes important business and financial information about VERITAS and Precise. You may obtain the information incorporated by reference into this proxy statement/ prospectus without charge by following the instructions in the section titled Where You Can Find More Information beginning on page 108 of this proxy statement/ prospectus.

**The Companies**

**VERITAS Software Corporation**

350 Ellis Street  
Mountain View, California 94043  
(650) 527-8000

VERITAS is a leading independent supplier of storage software products and services. Storage software includes storage management and data protection software as well as clustering, replication and storage area networking or network attached storage software. VERITAS develops and sells products for most popular operating systems, including various versions of Windows, UNIX and Linux. VERITAS also develops and sells products that support a wide variety of servers, storage devices, databases, applications and network solutions. VERITAS also provides a full range of services to assist its customers in assessing, architecting and implementing their storage software solutions.

**Precise Software Solutions Ltd.**

10 Hata asiya Street, P.O. Box 1066  
Or-Yehuda, Israel 60408  
972 (3) 735-2222

Precise is a provider of software that assists organizations in monitoring and optimizing the performance of their Information Technology infrastructure. This IT infrastructure consists of networks, operating systems, servers, applications, databases and storage devices that help manage traditional and electronic business activities. Precise's software allows an organization to continuously monitor its infrastructure performance and be alerted when performance parameters exceed user-established thresholds. When Precise's software detects a performance problem, it also provides technology support personnel with a thorough set of diagnostic data that pinpoints the specific cause of performance degradation and offers suggested alternatives to alleviate the problem. Precise's software serves businesses that rely on enterprise applications or have implemented e-business applications to cut costs and improve efficiencies. Businesses have become increasingly reliant on the proper functioning of their Information Technology infrastructure and Precise's software assists them in achieving this goal.

**Argon Merger Sub Ltd.**

22 Rivlin Street  
Jerusalem, Israel 94263

Argon Merger Sub Ltd. is a newly-formed, wholly-owned indirect subsidiary of VERITAS. VERITAS formed this subsidiary as an Israeli corporation solely to effect the merger, and this subsidiary has not conducted and will not conduct any business during any period of its existence. We refer to this subsidiary throughout this proxy statement/ prospectus as the merger subsidiary.

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### **Recommendation of Precise's Audit Committee and Board of Directors (see page 62)**

After careful consideration, the Precise audit committee and board of directors have unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are fair to, and in the best interests of, Precise and its shareholders, and they unanimously recommend that you vote FOR approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Precise board of directors makes no recommendation as to whether you should elect to receive the cash consideration or the mixed consideration.

The Precise board of directors also unanimously recommends that you vote FOR the proposal to amend Precise's articles of association, FOR the proposal to modify the terms of Precise's director share options and FOR the proposal to approve any adjournment to solicit additional votes if a quorum is present at the meeting.

### **Opinion of Precise's Financial Advisor (see page 62)**

Goldman, Sachs & Co. delivered its opinion to the Precise board of directors, that, as of December 19, 2002 and based upon and subject to the factors and assumptions set forth in the opinion, the aggregate merger consideration to be received by all holders of Precise ordinary shares was fair from a financial point of view to such holders, in the aggregate. Goldman Sachs provided its opinion for the information and assistance of the Precise board of directors in connection with its consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of Precise ordinary shares should vote with respect to the merger or whether to elect to receive the cash consideration or the mixed consideration in connection with the merger.

The full text of the written opinion of Goldman Sachs, dated December 19, 2002, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this proxy statement/prospectus. Precise shareholders should read such opinion in its entirety. Goldman Sachs is entitled to receive a transaction fee from Precise payable upon completion of the merger.

## **The Merger**

### ***Precise's Reasons for the Merger (see page 60)***

The Precise board of directors' reasons for recommending the approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement included the following:

The consideration to be received by Precise shareholders in the merger represented a significant premium over recent trading prices of Precise's ordinary shares.

The written opinion of Precise's financial advisor, Goldman, Sachs & Co., that as of December 19, 2002 and based upon and subject to the factors and assumptions set forth in the opinion, the aggregate merger consideration to be received by all holders of Precise ordinary shares pursuant to the merger agreement was fair from a financial point of view to such holders, in the aggregate.

Considering the financial position of the merging companies, no reasonable concern exists that Precise, as the surviving corporation in the merger, will be unable to fulfill the obligations of Precise to its creditors.

In addition, the Precise board of directors also considered, among others, the following factors:

The terms and conditions of the merger.

The ability of Precise to leverage VERITAS' global distribution channels, proven brand recognition and existing customer, partner and strategic relationships and accelerate Precise's market penetration.

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The ability to benefit from VERITAS' greater corporate resources and increase its competitiveness through synergies and internal economies of scale.

The other positive and negative factors described in the section titled "The Merger - Precise Reasons for the Merger."



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The foregoing discussion of the information and factors considered by the board of directors of Precise is not intended to be exhaustive. In view of the variety of factors considered and qualitative judgments made with respect to such factors in connection with its evaluation of the proposed merger, the board of directors did not find it practicable to quantify, analyze or assign relative weights to each individual factor to reach its determination.

***VERITAS Reasons for the Merger (see page 61)***

VERITAS believes it will derive a number of potential benefits from the merger, including:

enhancing VERITAS ability to reach certain of its strategic and business objectives, which include extending VERITAS product and service offerings to include Precise's products, enabling VERITAS to bridge across storage, databases and application management;

enabling VERITAS to leverage its distribution channels, international presence, customer base, and brand recognition to accelerate Precise's market penetration and growth;

enabling VERITAS to enhance its position in areas where VERITAS is already strong by offering complementary products and services developed by Precise;

enhancing its product offerings in a variety of its core product areas; and

providing an end-to-end solution for application performance and availability stretching from the end-user through the underlying data layers.

***Completion and Effectiveness of the Merger (see page 71)***

The merger will become effective as promptly as practicable after all of the conditions to completion of the merger set forth in the merger agreement are satisfied or waived. VERITAS and Precise are working towards completing the merger as quickly as reasonably possible and hope to complete the merger promptly after the Precise extraordinary meeting of shareholders on \_\_\_\_\_, 2003.

***Interests of Precise's Directors and Executive Officers in the Merger (see page 67)***

Precise's directors and executive officers, as well as several other members of Precise's senior management, have a personal interest in the merger as employees or directors that is different from, or in addition to, your interests as shareholders, including:

VERITAS assumption of Precise share options in the merger;

acceleration of vesting of Precise director share options immediately after the merger and the extension of the period for exercise of the share options, in the event that Precise shareholders approve Proposal No. 3 at the Precise extraordinary meeting;

acceleration of vesting of specified share options of executive officers immediately prior to the merger;

severance compensation and additional accelerated option vesting under existing and new employment agreements if the executive officer's employment is terminated by VERITAS without cause or, in the case of Messrs. Nye and Ratner, by the executive for good reason;

annual retention awards payable under new employee agreements with Mr. Schwartz and two other employees if the employee continues to be employed by VERITAS through the end of the year;

VERITAS agreement to assume the obligations of Precise pursuant to any existing indemnification agreements and to enter into new indemnification agreements in favor of current and former Precise directors and specified Precise officers; and

acquisition of tail or runoff insurance coverage that will continue to cover Precise's existing directors and officers liability insurance for seven years and provide coverage for Precise's directors and officers with respect to claims that may arise with respect to events occurring prior to completion of the merger.



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The Precise audit committee and board of directors knew about these personal interests and considered them, among other factors, when they approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

### ***Structure of the Transaction (see page 71)***

The merger subsidiary will merge with and into Precise, and Precise will become a wholly-owned indirect subsidiary of VERITAS. Based on the number of VERITAS and Precise shares outstanding as of \_\_\_\_\_, 2003 and, assuming that all Precise shareholders receive the mixed consideration and assuming exercise of all outstanding Precise options and warrants, shareholders of Precise will own approximately \_\_\_\_\_% of VERITAS common stock after the merger.

### ***Material U.S. Federal Income Tax Consequences of the Merger (see page 74)***

If you are subject to U.S. federal income tax, your receipt of cash and, if you so elect, VERITAS common stock in exchange for your Precise ordinary shares will be a taxable transaction for U.S. federal income tax purposes and may also be a taxable transaction under applicable state, local or foreign tax laws. If you hold your Precise ordinary shares as capital assets, you will be required to recognize capital gain or loss equal to the excess of the amount of cash you receive, plus, if you elect to receive VERITAS common stock, the fair market value of those shares, over your adjusted tax basis in your Precise ordinary shares. You may be subject to the U.S. backup withholding tax, which is currently 30%, unless you provide your correct taxpayer identification number and comply with certain certification requirements. **You should consult your tax advisor about the particular tax consequences of the merger to you.**

### ***Material Israeli Tax Consequences of the Merger (see page 75)***

Israeli law imposes a capital gains tax on the sale of capital assets located in Israel, including shares in Israeli resident companies, by both residents and non-residents of Israel. Nevertheless, holders of Precise ordinary shares who acquired their shares at the time of Precise's initial public offering or at any time thereafter in the public markets, will not be subject to Israeli capital gains tax in connection with the transfer of Precise shares to VERITAS pursuant to the merger, with respect to gains accrued before January 1, 2003, unless they are in the business of trading in securities or they are companies incorporated in Israel. This exemption is contingent upon Precise's status as an Industrial Company as defined under Israeli law. In any event, U.S. residents who hold shares representing less than 10% of the voting power of Precise will not, in most circumstances, be liable for Israeli capital gains tax in connection with the transfer of their Precise shares in the merger. **You should consult your tax advisor about the particular tax consequences of the merger to you.**

### ***Accounting Treatment of the Merger (see page 76)***

The merger will be accounted for as a purchase transaction under generally accepted accounting principles in the U.S.

### ***Regulatory Filings and Approvals (see page 76)***

The merger is subject to U.S. and foreign antitrust laws and receipt of various Israeli governmental approvals. On January 17, 2003, VERITAS and Precise received early termination of the statutory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act and on February 10, 2003, VERITAS received clearance to complete the merger from the German Federal Cartel Office. However, either the U.S. Department of Justice or the U.S. Federal Trade Commission as well as a foreign regulatory agency or government, state or private person, may challenge the merger at any time before its completion. The Office of the Chief Scientist of Israel's Ministry of Industry and Trade consented to the merger on February 19, 2003. On January 26, 2003, the Investment Center of Israel's Ministry of Industry and Trade consented to the change of ownership of Precise resulting from the merger. In addition, the merger will only take effect after the making of certain filings with the Israel Registrar of Companies regarding the provision of notices to creditors and the receipt of shareholder approval of the merger from each of the merging companies. Some of these filings have been made and the remaining filings will be made promptly after the extraordinary meeting.

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### **Material Terms of the Merger Agreement**

The following is a summary of the material terms of the merger agreement. The merger agreement is attached to this proxy statement/prospectus as Annex A, and we encourage you to read it carefully in its entirety for a more complete understanding of the merger agreement.

#### ***Conditions to Completion of the Merger (see page 79)***

VERITAS and Precise's respective obligations to complete the merger are subject to the prior satisfaction or waiver of conditions specified in the merger agreement, including the following:

Both VERITAS and Precise's obligations to complete the merger depend on the satisfaction of several conditions, including receipt of the required Precise shareholder approval, the expiration or early termination of waiting periods under applicable antitrust laws and obtaining governmental approvals required under Israeli law.

Precise's obligation to complete the merger is also subject to VERITAS's performance of its obligations under the merger agreement and the accuracy of VERITAS's representations to Precise in the merger agreement.

VERITAS's obligation to complete the merger is also subject to the satisfaction of several conditions, including Precise's performance of its obligations under the merger agreement, the accuracy of Precise's representations to VERITAS in the merger agreement, no written or oral indication from Israeli tax authorities that the merger would cause an adverse change in the Israeli tax status and benefits of Precise and the approval of Israeli antitrust authorities.

#### ***Termination of the Merger Agreement (see page 87)***

VERITAS and Precise may terminate the merger agreement by mutual written consent. In addition, either VERITAS or Precise may terminate the merger agreement under circumstances specified in the merger agreement. Subject to specified exceptions, these circumstances generally include if:

the merger is not completed by June 30, 2003;

a final, non-appealable order or other action of a court or other governmental entity has the effect of permanently restraining, enjoining or otherwise prohibiting the merger;

Precise's shareholders do not approve by the required vote the merger agreement, the merger and the transactions contemplated by the merger agreement at the Precise extraordinary meeting;

a representation, warranty, covenant or agreement of the other party in the merger agreement has been breached or becomes inaccurate, which would prevent the conditions to completion of the merger from being satisfied and which cannot be cured through commercially reasonable efforts or is not cured within a specified period; or

something has occurred having a materially adverse effect on the business, assets, financial condition or results of operations of the other party which cannot be cured through commercially reasonable efforts or is not cured within a specified period.

VERITAS may terminate the merger agreement if (1) Precise or its board of directors takes any of the actions in opposition to the merger described as a triggering event in the merger agreement, or (2) VERITAS determines, in its reasonable judgment based on advice of patent counsel, that Precise and/or its intellectual property is infringing one or more specified patents in a manner that could lead to any injunction regarding one or more of Precise's products or services, material damages, material royalties or similar payments. For purposes of the merger agreement, material damages means damages in excess of \$2.5 million and material royalties means royalties in excess of \$2.5 million.

Precise may terminate the merger agreement to enter into a binding definitive agreement providing for a superior proposal if Precise complies with specified conditions set forth in the merger agreement.

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### ***Payment of Termination Fee (see page 89)***

Precise will pay VERITAS a termination fee of \$16.2 million if the merger agreement is terminated:

by VERITAS, because of the occurrence of a triggering event (see page 88);

by Precise, in order to enter into a binding definitive agreement providing for a superior proposal (see page 85); or

by Precise or Veritas as a result of the Precise shareholders' failure to approve the merger agreement or the failure of the completion of the merger to occur on or before June 30, 2003 and, (1) prior to such termination, (a) there shall exist, or have been publicly proposed and not publicly definitively withdrawn at least five business days prior to such termination, an acquisition proposal, or (b) one or more board members shall have changed their recommendation that Precise's shareholders approve the merger agreement, the merger and the other transactions contemplated by the merger agreement and such change was publicly known; and within 12 months following the termination of the merger agreement a company acquisition is consummated, or Precise enters into an agreement providing for a company acquisition.

### ***No Other Negotiations Involving Precise (see page 84)***

Precise has agreed, subject to specific exceptions, not to solicit, initiate, engage or participate in discussions or negotiations with any party other than VERITAS about any offer or proposal relating to an acquisition proposal, as defined in the merger agreement, involving Precise while the merger is pending.

## **Agreements Related to the Merger Agreement**

The following is a summary of the voting undertakings, affiliate agreements and employment agreements that have been entered into in connection with the merger agreement. The forms of voting undertaking and affiliate agreement are attached to this proxy statement/prospectus as Annexes B and C, respectively. You are urged to read these annexes in their entirety.

### ***Voting Undertakings (see page 89)***

Precise's directors, each in his or her capacity as a shareholder, officers and other affiliated shareholders who collectively beneficially own approximately 6.8% of Precise's outstanding ordinary shares have entered into voting undertakings, and have granted VERITAS irrevocable proxies, to vote their shares in favor of approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement. These Precise shareholders were not paid additional consideration in connection with the voting undertakings and the irrevocable proxies.

### ***Affiliate Agreements (see page 90)***

Each member of Precise's board of directors, in his or her capacity as a shareholder, and specified officers and affiliated shareholders of Precise, executed affiliate agreements. By executing the affiliate agreements, these persons have acknowledged the resale restrictions imposed by Rule 145 under the Securities Act on shares of VERITAS common stock that may be received by them in the merger. Under the affiliate agreements, VERITAS will be entitled to place appropriate legends on the certificates evidencing any VERITAS common stock to be received by each of the persons who have entered into an affiliate agreement and to issue stop transfer instructions to the transfer agent for VERITAS common stock. The form of affiliate agreement is attached to this proxy statement/prospectus as Annex C and you are urged to read it in its entirety.

### ***Employment Agreements (see page 67)***

In connection with the merger, four executive officers of Precise, Shimon Alon, Precise's chief executive officer; Itzhak (Aki) Ratner, Precise's president; Benjamin H. Nye, Precise's chief operating officer; and Rami Schwartz, Precise's executive vice president, research and development, have entered into employment agreements with either VERITAS or Precise. These agreements generally provide for compensation

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arrangements following the merger, severance in the event the executive officers' employment with VERITAS or Precise is terminated under specified circumstances following the merger, and non-competition terms.

### **Required Vote for the Merger (see page 51)**

In general, the affirmative vote of 75% of the ordinary shares of Precise present and voting at a meeting at which a quorum is present will be required for the approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement. However, under Israeli law, if VERITAS, the merger subsidiary or any person or entity holding 25% or more of either the voting power or the right to appoint a director of VERITAS or the merger subsidiary, holds shares in Precise, then there is an additional requirement for the approval of Proposal No. 1. The additional requirement is that a majority of the shareholders who are present at the extraordinary meeting, excluding VERITAS, the merger subsidiary or any person or entity holding 25% or more of either the voting power or the right to appoint a director of VERITAS or the merger subsidiary, or anyone acting on their behalf, including their family members or entities under their control, shall not have voted against the merger.

Each ordinary share of Precise has one vote. Directors, each in his or her capacity as a shareholder, officers and other affiliated shareholders of Precise that collectively beneficially own approximately 6.8% of the Precise outstanding ordinary shares have entered into undertakings to vote their shares in favor of approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement. These Precise shareholders were not paid additional consideration in connection with the voting undertakings.

### **Other Proposals to be Presented at the Precise Extraordinary Meeting (see pages 91, 93 and 94)**

In addition to approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement, you also will be asked to vote upon an amendment to Precise's articles of association, specified modifications to the terms of share options held by members of Precise's board of directors and upon any motion to adjourn the meeting to solicit additional votes.

The board of directors of Precise approved a resolution to recommend to the shareholders the amendment of Precise's articles of association with respect to indemnification and insurance matters. A copy of the proposed amendment is included as Annex E. This amendment requires the approval of a majority of the ordinary shares of Precise present and voting at a meeting at which a quorum is present.

The board of directors of Precise, following the approval and recommendation of the audit committee, approved a modification to accelerate the vesting of Precise share options held by members of the Precise board of directors immediately after the proposed merger, subject to shareholder approval. The period during which share options held by those directors may be exercised following the merger would be extended to the original term of the share option, which is 10 years. Under Israeli law, these modifications of the director share options require the approval of a majority of the ordinary shares of Precise present and voting at a meeting at which a quorum is present.

In addition, the board of directors of Precise determined to recommend to the shareholders approval of any motion to adjourn a meeting at which a quorum is present to a later time to permit further solicitation of proxies if necessary to obtain additional votes in favor of Proposal No. 1, Proposal No. 2 or Proposal No. 3. Such adjournment will require the approval of a majority of the ordinary shares of Precise present and voting on the question of adjournment.

The merger is not contingent on shareholder approval of the amendment of Precise's articles of association, the modifications of the terms of Precise's director share options or approval of any adjournment to solicit additional votes if a quorum is present at the meeting.

The Precise board of directors unanimously recommends that you vote **FOR** the proposal to amend Precise's articles of association, **FOR** the proposal to modify the terms of Precise's director share options and **FOR** the proposal to approve any adjournment to solicit additional votes if a quorum is present at the meeting.

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**RECENT DEVELOPMENTS**

**VERITAS Recent Developments**

On April 23, 2003, VERITAS announced its financial results for the quarter ended March 31, 2003. Revenue for the quarter ended March 31, 2003 was \$394 million, compared to revenue of \$370 million for the same period a year ago.

Net income for the quarter ended March 31, 2003 was \$43 million, or \$0.10 per share, diluted, compared to a net income of \$44 million, or \$0.11 per share diluted, for the same period a year ago.

**Precise Recent Developments**

On April 29, 2003, Precise announced its earnings for the three months ended March 31, 2003. Precise reported that revenues for the first quarter of 2003 grew 30% to \$22.2 million, compared with \$17.1 million for the first quarter of 2002. First quarter revenues increased 4% sequentially from the \$21.3 million posted for the fourth quarter of 2002. License revenues grew 23% year over year and 5% sequentially from the fourth quarter of 2002. Precise reported net income in accordance with U.S. generally accepted accounting principles of \$547,000 for the first quarter of 2003, or \$0.02 per share, compared with \$650,000, or \$0.02 per share, for the same period last year.

**Table of Contents****SELECTED HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA**

VERITAS and Precise have provided the following selected historical financial data and selected pro forma combined financial data to aid you in analyzing the financial aspects of the proposed merger. This information is only a summary. You should read it together with VERITAS and Precise's financial statements and other financial information contained in the most recent annual and quarterly reports filed by VERITAS and Precise. See the section titled "Where You Can Find More Information" beginning on page 108 of this proxy statement/ prospectus.

**Selected Historical Consolidated Financial Data of VERITAS**

You should read the following table in conjunction with VERITAS's consolidated financial statements and related notes and VERITAS Management's Discussion and Analysis of Financial Condition and Results of Operations, all of which are incorporated by reference in this proxy statement/ prospectus. The selected consolidated balance sheet data as of December 31, 2002 and 2001, the selected consolidated statement of operations data for the fiscal years ended December 31, 2002, 2001 and 2000 have been derived from audited financial statements incorporated by reference in this proxy statement/ prospectus. The selected consolidated balance sheet data as of December 31, 2000, 1999 and 1998 and the selected consolidated statement of operations data for the fiscal year ended December 31, 1999 and 1998 have been derived from audited financial statements not incorporated by reference in this proxy statement/ prospectus.

	Years Ended December 31,				
	2002	2001	2000	1999	1998
		(As restated)	(As restated)		
(in thousands, except per share data)					
<b>Consolidated Statement of Operations Data:</b>					
Total net revenue	\$ 1,506,555	\$ 1,491,928	\$ 1,187,441	\$ 596,112	\$ 210,865
Amortization of developed technology	66,917	63,086	62,054	35,659	
Amortization of goodwill and other intangibles	72,064	886,651	879,032	510,943	
Stock-based compensation		8,949			
Acquisition and restructuring costs (reversals)	100,263	(5,000)	(4,260)	11,000	
In-process research and development				104,200	600
Income (loss) from operations	128,305	(548,053)	(567,100)	(475,237)	53,668
Net income (loss)	\$ 57,376	\$ (642,329)	\$ (628,385)	\$ (502,958)	\$ 51,648
Net income (loss) per share - basic	\$ 0.14	\$ (1.61)	\$ (1.57)	\$ (1.59)	\$ 0.24
Net income (loss) per share - diluted	\$ 0.14	\$ (1.61)	\$ (1.57)	\$ (1.59)	\$ 0.22
Weighted average number of shares used in computing per share amounts - basic	409,523	399,016	400,034	316,892	211,558
Weighted average number of shares used in computing per share amounts - diluted	418,959	399,016	400,034	316,892	232,519





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As of December 31,

	2002	2001	2000	1999	1998
		(As restated)	(As restated)		
			(in thousands)		
<b>Consolidated Balance Sheet Data:</b>					
Cash, cash equivalents and short-term investments	\$ 2,241,321	\$ 1,694,860	\$ 1,119,449	\$ 692,381	\$ 211,126
Working capital	1,880,586	1,545,276	916,084	630,440	198,842
Total assets	4,199,633	3,798,376	4,073,278	4,233,277	349,117
Convertible subordinated notes	460,252	444,408	429,176	451,044	100,000
Accumulated deficit	(1,745,712)	(1,803,088)	(1,160,759)	(532,374)	(29,416)
Stockholders equity	2,883,767	2,723,893	2,973,978	3,393,061	169,854

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On January 1, 2002, VERITAS adopted Statement of Financial Accounting Standard ( SFAS ) 142, *Goodwill and Other Intangible Assets*. SFAS 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. In the second quarter of 2002, VERITAS completed the transitional goodwill impairment test required by SFAS 142 and did not record an impairment charge upon completion of the test.

The following table sets forth the adjusted net income (loss) and the adjusted basic and diluted net income (loss) per share excluding amortization of goodwill as if VERITAS had adopted the provisions of SFAS 142, on January 1, 1998.

	Year Ended December 31,				
	2002	2001	2000	1999	1998
		(As restated)	(As restated)		
	(in thousands, except per share information)				
Net income (loss)	\$ 57,376	\$(642,329)	\$(628,385)	\$(502,958)	\$ 51,648
Add back: Goodwill amortization	0	814,390	807,137	469,103	0
Adjusted net income (loss)	\$ 57,376	\$ 172,061	\$ 178,752	\$ (33,855)	\$ 51,648
Basic net income (loss) per share:					
Reported net income (loss)	\$ 0.14	\$ (1.61)	\$ (1.57)	\$ (1.59)	\$ 0.24
Adjusted net income (loss)	\$ 0.14	\$ 0.43	\$ 0.45	\$ (0.11)	\$ 0.24
Diluted net income (loss) per share:					
Reported net income (loss)	\$ 0.14	\$ (1.61)	\$ (1.57)	\$ (1.59)	\$ 0.22
Adjusted net income (loss)	\$ 0.14	\$ 0.41	\$ 0.41	\$ (0.11)	\$ 0.22
Weighted average number of shares used in computing reported per share amounts:					
Basic	409,523	399,016	400,034	316,892	211,558
Diluted	418,959	399,016	400,034	316,892	232,519
Weighted average number of shares used in computing adjusted per share amounts:					
Basic	409,523	399,016	400,034	316,892	211,558
Diluted	418,959	420,206	436,801	316,892	232,519

**Table of Contents****Selected Historical Consolidated Financial Data of Precise**

You should read the following table in conjunction with Precise's consolidated financial statements and related notes and Precise's Management's Discussion and Analysis of Financial Condition and Results of Operations, all of which are incorporated by reference in this proxy statement/ prospectus. The selected consolidated balance sheet data as of December 31, 2002 and 2001 and the selected consolidated statement of operations data for the fiscal years ended December 31, 2002, 2001 and 2000 have been derived from audited financial statements incorporated by reference in this proxy statement/ prospectus. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The selected consolidated balance sheet data as of December 31, 2000, 1999 and 1998 and the selected consolidated statement of operations data for the fiscal years ended December 31, 1999 and 1998 have been derived from audited financial statements not incorporated by reference in this proxy statement/ prospectus.

	Year Ended December 31,				
	2002	2001	2000	1999	1998
(in thousands, except per share data)					
<b>Consolidated Statement of Operations Data:</b>					
Revenues:					
Software licenses	\$52,672	\$43,903	\$22,968	\$ 9,770	\$5,331
Services	23,328	11,694	4,580	1,844	858
Total revenues	76,000	55,597	27,548	11,614	6,189
Cost of revenues:					
Software licenses	628	362	742	741	522
Services	6,395	3,143	1,693	906	198
Amortization of acquired technology	2,107	1,109	8		
Total cost of revenues	9,130	4,614	2,443	1,647	720
Gross profit	66,870	50,983	25,105	9,967	5,469
Operating expenses:					
Research and development, net	12,793	10,924	4,987	2,891	2,214
Sales and marketing, net	43,611	34,675	20,749	7,913	5,739
General and administrative	8,668	7,046	3,923	1,598	1,272
Amortization of deferred stock compensation, goodwill and intangible assets	1,887	3,861	6,242	234	300
In-process research and development write-off		86	2,200		
Acquisition related expenses	131				
Total operating expenses	67,090	56,592	38,101	12,636	9,525

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	Year Ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands, except per share data)				
Operating loss	\$ (220)	\$ (5,609)	\$ (12,996)	\$ (2,669)	\$ (4,056)
Financial income and other, net	4,021	6,565	3,091	71	34
Income (loss) before income taxes	3,801	956	(9,905)	(2,598)	(4,022)
Income taxes	210	33			
Net income (loss)	\$ 3,591	\$ 923	\$ (9,905)	\$ (2,598)	\$ (4,022)
Net earnings (loss) per share:					
Basic net earnings (loss) per share	\$ 0.12	\$ 0.03	\$ (0.77)	\$ (0.79)	\$ (1.31)
Diluted net earnings (loss) per share	\$ 0.12	\$ 0.03	\$ (0.77)	\$ (0.79)	\$ (1.31)
Weighted average number of shares used in computing basic net earnings (loss) per share	28,843	26,745	12,901	3,299	3,077
Weighted average number of shares used in computing diluted net earnings (loss) per share	31,210	29,971	12,901	3,299	3,077

	December 31,				
	2002	2001	2000	1999	1998
	(in thousands)				
<b>Consolidated Balance Sheet Data:</b>					
Cash, cash equivalents, and short-term investments	\$ 85,624	\$ 74,896	\$ 121,479	\$ 7,581	\$ 844
Working capital	86,521	73,904	120,147	7,709	242
Total assets	227,018	203,183	178,681	12,986	4,333
Shareholders' equity	205,444	185,659	166,876	8,293	742

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On January 1, 2002, Precise adopted Statement of Financial Accounting Standard ( SFAS ) 142, *Goodwill and Other Intangible Assets*. SFAS 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. In the second quarter of 2002, Precise completed the transitional goodwill impairment test required by SFAS 142 and did not record an impairment charge upon completion of the test.

The following table sets forth the adjusted net income (loss) and the adjusted basic and diluted net income/(loss) per share excluding amortization of goodwill as if Precise had adopted the provisions of SFAS 142 on January 1, 1998.

	Year Ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands, except per share information)				
Net income	\$ 3,591	\$ 923	\$ (9,905)	\$ (2,598)	\$ (4,022)
Add back: Goodwill amortization	0	1,234	70	0	0
Adjusted net earnings/(loss)	\$ 3,591	\$ 2,157	\$ (9,835)	\$ (2,598)	\$ (4,022)
Basic net earnings (loss) per share:					
Reported net earnings (loss)	\$ 0.12	\$ 0.03	\$ (0.77)	\$ (0.79)	\$ (1.31)
Adjusted net earnings (loss)	\$ 0.12	\$ 0.08	\$ (0.76)	\$ (0.79)	\$ (1.31)
Diluted net earnings (loss) per share:					
Reported net earnings (loss)	\$ 0.12	\$ 0.03	\$ (0.77)	\$ (0.79)	\$ (1.31)
Adjusted net earnings (loss)	\$ 0.12	\$ 0.07	\$ (0.76)	\$ (0.79)	\$ (1.31)
Number of shares used in computing per share and adjusted per share amounts:					
Basic	28,843	26,745	12,901	3,299	3,077
Diluted	31,210	29,971	12,901	3,299	3,077

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**Unaudited Pro Forma Condensed Combined Financial Information**

***Introduction***

The following unaudited pro forma condensed combined financial information gives effect to the proposed merger between VERITAS and Precise using the purchase method of accounting. This information is only a summary and should be read together with VERITAS and Precise's historical financial statements. VERITAS' historical consolidated financial statements and related notes are contained in VERITAS' Annual Report on Form 10-K for the year ended December 31, 2002, which are incorporated by reference into this proxy statement/ prospectus. Precise's historical consolidated financial statements and related notes are contained in Precise's Annual Report on Form 10-K for the year ended December 31, 2002, which are incorporated by reference into this proxy statement/ prospectus. See the section titled "Where You Can Find More Information" beginning on page 108 of this proxy statement/ prospectus.

This pro forma information assumes that all Precise shareholders receive the mixed consideration of 0.2365 of a share of VERITAS common stock plus \$12.375 in cash for each ordinary share of Precise outstanding as of February 28, 2003. The actual number of shares of VERITAS common stock to be issued in the proposed merger and the total purchase price cannot be determined until the closing date of the merger.

The unaudited pro forma condensed combined balance sheet is based on the historical balance sheets of VERITAS and Precise and has been prepared to reflect the merger as if it had been consummated on December 31, 2002. The unaudited pro forma condensed combined statements of operations combine the results of operations of VERITAS and Precise for the year ended December 31, 2002 as if the merger had occurred on January 1, 2002.

The pro forma adjustments are based on preliminary estimates, available information and certain assumptions and may be revised as additional information becomes available. The unaudited pro forma condensed combined financial information is not intended to represent what VERITAS' financial position or results of operations would actually have been if the merger had occurred on those dates or to project VERITAS' financial position or results of operations for any future period. Since VERITAS and Precise were not under common control or management for any period presented, the unaudited pro forma condensed combined financial results may not be comparable to, or indicative of, future performance.

Reclassifications have been made to Precise's historical balance sheet and statements of operations data previously reported by Precise to conform to VERITAS' presentation.

We cannot assure you that VERITAS and Precise will not incur charges in excess of those included in the pro forma preliminary purchase price related to the merger or that management will be successful in its efforts to integrate the operations of the companies.

The unaudited pro forma condensed combined financial information included in this proxy statement/ prospectus does not include any adjustments for liabilities resulting from integration planning. Management of VERITAS is assessing the costs associated with integration and estimates of related costs are not yet known.

**Table of Contents****VERITAS Software Corporation****Unaudited Pro Forma Condensed Combined Balance Sheet**

December 31, 2002

	Historical		Pro Forma Adjustments	Pro Forma Combined
	VERITAS Software	Precise		
(in thousands)				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 764,062	\$ 13,870	\$(373,825)(a)	\$ 404,107
Short-term investments	1,477,259	71,754	0	1,549,013
Accounts receivables, net	170,204	18,065	0	188,269
Other current assets	74,178	3,114	0	77,292
Deferred income taxes	59,995	0	0	59,995
<b>Total current assets</b>	<b>2,545,698</b>	<b>106,803</b>	<b>(373,825)</b>	<b>2,278,676</b>
Marketable securities, non-current	0	54,571	0	54,571
Property and equipment, net	230,261	4,604	0	234,865
Other intangibles, net	72,594	12,778	(12,778)(b)	137,894
			65,300 (c)	
Goodwill, net	1,196,593	44,611	(44,611)(b)	1,562,666
			366,073 (c)	
Other non-current assets	26,624	3,651	0	30,275
Deferred income taxes	127,863	0	(24,161)(d)	103,702
<b>Total assets</b>	<b>\$4,199,633</b>	<b>\$227,018</b>	<b>\$ (24,002)</b>	<b>\$4,402,649</b>
<b>Liabilities and Stockholders equity</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 33,823	\$ 1,297	\$ 0	\$ 35,120
Accrued compensation and benefits	97,233	5,624	0	102,857
Accrued acquisition and restructuring costs	37,742	0	7,756 (e)	45,498
Other accrued liabilities	92,431	3,961	0	96,392
Income tax payable	123,569	0	0	123,569
Deferred revenue	280,314	9,400	(9,400)(f)	283,228
			2,914 (g)	
<b>Total current liabilities</b>	<b>665,112</b>	<b>20,282</b>	<b>1,270</b>	<b>686,664</b>
Convertible subordinated notes	460,252	0	0	460,252
Accrued acquisition and restructuring costs	77,402	0	0	77,402
Other income taxes	113,100	0	0	113,100
Other long term liabilities	0	1,292	0	1,292
<b>Total liabilities</b>	<b>\$1,315,866</b>	<b>\$ 21,574</b>	<b>\$ 1,270</b>	<b>\$1,338,710</b>

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Statements.



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<b>Commitments and contingencies</b>				
<b>Stockholders equity:</b>				
Common stock	\$ 431	\$ 234	\$ (234)(h) 7 (i)	\$ 438
Additional paid-in capital	6,334,581	225,764	(225,764)(h) 208,184 (i)	6,542,765
Accumulated deficit	(1,745,712)	(21,833)	21,833 (h) (16,200)(i)	(1,761,912)
Deferred stock compensation	0	(77)	77 (h) (11,819)(i)	(11,819)
Accumulated other comprehensive income (loss)	(3,469)	1,356	(1,356)(h)	(3,469)
Treasury stock	(1,702,064)	0	0	(1,702,064)
<b>Total stockholders equity</b>	<b>2,883,767</b>	<b>205,444</b>	<b>(25,272)</b>	<b>3,063,939</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 4,199,633</b>	<b>\$ 227,018</b>	<b>\$ (24,002)</b>	<b>\$ 4,402,649</b>

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Information.

**Table of Contents****VERITAS Software Corporation****Unaudited Pro Forma Condensed Combined Statement of Operations**

Year Ended December 31, 2002

	Historical			
	VERITAS Software	Historical Precise	Pro Forma Adjustments	Pro Forma Combined
	(in thousands, except per share amounts)			
<b>Net Revenues:</b>				
User license fees	\$ 1,006,713	\$ 52,672	\$ 0	\$ 1,059,385
Services	499,842	23,328	0	523,170
Total net revenues	1,506,555	76,000	0	1,582,555
<b>Cost of Revenues</b>				
User license fees	37,107	628	0	37,735
Services(1)	179,100	6,395	382(1)	185,877
Amortization of developed technology	66,917	2,107	(2,107)(j)	76,892
			9,975(k)	
Total cost of revenues	283,124	9,130	8,250	300,504
Gross profits	1,223,431	66,870	(8,250)	1,282,051
<b>Operating Expenses</b>				
Selling and marketing(2)	505,039	43,611	1,753(1)	550,403
Research and development(3)	273,192	12,793	1,282(1)	287,267
General and administrative(4)	141,446	8,668	807(1)	150,921
Amortization of other intangibles	72,064	1,533	(1,533)(j)	82,489
			10,425(k)	
Loss on disposal of assets	3,122		0	3,122
Acquisition and restructuring costs	100,263	131	0	100,394
Stock-based compensation		354	0	354
Total operating expenses	1,095,126	67,090	12,734	1,174,950
Income (loss) from operations	128,305	(220)	(20,984)	107,101
Interest and other income net	42,509	4,021	(7,477)(m)	39,053
Interest expenses	(30,770)	0	0	(30,770)
Loss on strategic investments	(11,799)	0	0	(11,799)
Income before income taxes	128,245	3,801	(28,461)	103,585
Provision for income taxes	70,869	210	(9,108)(n)	61,971
Net income	\$ 57,376	\$ 3,591	\$(19,353)	\$ 41,614
<b>Net income per share:</b>				
Basic	\$ 0.14	\$ 0.12		\$ 0.10
Diluted	\$ 0.14	\$ 0.12		\$ 0.10

**Weighted average shares:**

Basic	409,523	28,843	416,667
	<u>          </u>	<u>          </u>	<u>          </u>
Diluted	418,959	31,210	427,381
	<u>          </u>	<u>          </u>	<u>          </u>

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(1) Historical Precise excludes \$2 in amortization of deferred stock compensation

(2) Historical Precise excludes \$170 in amortization of deferred stock compensation

(3) Historical Precise excludes \$34 in amortization of deferred stock compensation

(4) Historical Precise excludes \$148 in amortization of deferred stock compensation

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Information.

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**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

**1. Basis of pro forma presentation**

The unaudited pro forma condensed combined balance sheet is based on historical balance sheets of VERITAS and Precise and has been prepared to reflect the merger as if it had been consummated on December 31, 2002.

The unaudited pro forma condensed combined statement of operations combine the results of operations of VERITAS and Precise for the year ended December 31, 2002, as if the merger had occurred on January 1, 2002.

On a combined basis, there were no transactions between VERITAS and Precise during the period presented.

There are no material difference between the accounting policies of VERITAS and Precise.

The pro forma combined provision for income taxes may not represent the amounts that would have resulted had VERITAS and Precise filed consolidated income taxes during the periods presented.

**2. Preliminary purchase price**

The unaudited pro forma combined condensed financial statements reflect an estimated purchase price of approximately \$590 million. The preliminary fair value of VERITAS common stock to be issued was determined using an average price of \$17.30, which was the average trading price from December 17, 2002 through December 23, 2002, the five trading days surrounding the date the merger was announced. The preliminary fair value of VERITAS stock options to be issued was determined using Black-Scholes option pricing model. The following assumptions were used to determine the fair value of the options: estimated contractual life of two to three years, risk-free interest rate of 3.05%, expected volatility of 90% and no expected dividend yield.

The estimated purchase price assumes that all Precise shareholders will receive consideration of 0.2365 of a share of VERITAS common stock plus \$12.375 in cash for each ordinary share of Precise outstanding as of February 28, 2003. There were 30,208,113 Precise shares outstanding as of February 28, 2003.

The estimated purchase price also assumes that all Precise share options will be exchanged on a one to one basis for VERITAS stock options. Pursuant to Section 5.11 of the merger agreement, the cash value of each outstanding ordinary share of Precise is fixed at a price of \$16.50. Therefore VERITAS used \$16.50 as the per share price in calculating the value of options using the Black-Scholes option pricing model and the intrinsic value calculation.

The actual number of shares of VERITAS common stock to be issued and Precise share options and warrants to be assumed will be based on the actual number of Precise ordinary shares and share options and warrants outstanding at the closing date assuming that all shareholders of Precise were to receive the mixed consideration of 0.2365 of a share of VERITAS common stock plus \$12.375 in cash for each ordinary share of Precise outstanding as of the closing date. The shareholders of Precise can also elect to receive \$16.50 in cash and no stock for each ordinary share of Precise outstanding as of the closing date. If all cash or any combination of elections are made, the number of VERITAS shares issued and Precise options and warrants to be assumed could vary significantly from the preliminary purchase price calculation below.

The estimated acquisition-related costs consist primarily of investment banking, legal and accounting fees, printing costs and other external costs directly related to the acquisition.

The final purchase price is dependent on the actual number of Precise ordinary shares exchanged, the actual number of options and warrants issued, and actual merger costs. The final purchase price will be

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determined upon completion of the merger. The estimated total purchase price of the proposed Precise merger is as follows:

**Preliminary purchase price (in thousands):**

Cash consideration	\$ 373,825
Fair value of VERITAS common stock to be issued	123,595
Estimated fair value of Precise options and warrants to be assumed, less \$11,819 representing the portion of the intrinsic value of Precise's unvested options applicable to the remaining vesting period	84,596
Estimated acquisition-related costs	7,756
	<hr/>
Aggregate purchase price	\$ 589,772
	<hr/>

**3. Preliminary purchase price allocation**

Under the purchase method of accounting, the total estimated purchase price will be allocated to Precise's net tangible and identifiable intangible assets based upon their estimated fair value as of the date of completion of the merger. Based upon the estimated purchase price and preliminary independent valuation, the following represents the preliminary allocation of the aggregate purchase price to the acquired net assets of Precise and is based on Precise's net assets as of December 31, 2002. This allocation is subject to change based on VERITAS' final analysis.

	<b>(in thousands):</b>
	<hr/>
Net tangible assets	\$ 130,380
Goodwill	366,073
Identifiable intangible assets	65,300
Unearned stock-based compensation	11,819
In-process research and development	16,200
	<hr/>
Aggregate purchase price	\$ 589,772
	<hr/>

The preliminary allocation of the purchase price was based upon a preliminary independent, third party appraisal prepared by Standard & Poor's Corporate Value Consulting, as described below, and management's estimates and is subject to change upon the finalization of the appraisal.

Net tangible assets were valued at their respective carrying amounts as management believes that these amounts approximate their current fair values. Precise's net tangible assets were \$130.4 million as of December 31, 2002, and exclude goodwill and other intangible assets of \$57.4 million, as well as a reduction in deferred revenue of \$6.5 million and deferred tax liability of \$24.2 million.

Goodwill represents the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired. The unaudited pro forma condensed combined statement of operations does not reflect the amortization of goodwill acquired in the merger consistent with the guidance in SFAS 142, *Goodwill and Other Intangible Assets*.

VERITAS has not given effect in the pro forma statement of operations to the amortization of deferred revenue as an adjustment to revenue as the adjustment is directly related to the merger and the effect is non-recurring. Such adjustment will be reflected in the post-merger statement of operations of the combined entity.

The deferred revenue adjustment will have the effect of reducing the amount of revenue the combined company will recognize in periods subsequent to the merger compared to the amount of revenue Precise would have recognized in the same period absent the merger.



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VERITAS management valued the identifiable intangible assets to be acquired using a preliminary valuation performed by an independent appraiser. Identifiable intangible assets consist of (in thousands):

Identifiable Intangible Asset	Fair Value	Estimated Useful Life	Estimated Annual Amortization
Developed technology	\$28,400	4 yrs	\$ 7,100
Customer contracts	16,100	4 yrs	4,025
Patented technology	11,500	4 yrs	2,875
Noncompete agreements	3,500	1 yr	3,500
Partner agreements	3,400	2 yrs	1,700
Tradenames and trademarks	2,400	2 yrs	1,200

In order to value purchased in-process research and development (IPR&D), research projects in areas for which technological feasibility had not been established were identified. The value of these projects was determined by estimating the expected cash flows from the projects once commercially viable and, discounting the net cash flows back to their present value, using the adjusted discount rates based on the percentage of completion of the completed research and development projects.

*Net cash flows.* The net cash flows from the identified projects are based on the appraiser's estimates of revenues, cost of sales, research and development costs, selling, general and administrative costs, royalty costs and income taxes from those projects. These revenue estimates are based on the assumptions mentioned below. The research and development costs included in the model reflect costs to sustain projects, but exclude costs to bring in-process projects to technological feasibility.

The estimated revenues are based on management projections of each in-process project and the business projections were compared and found to be in line with industry analysts' forecasts of growth in substantially all of the relevant markets. Estimated total revenues from the IPR&D product areas are expected to peak in the year ending December 31, 2005 and decline from 2006 into 2007 as other new products are expected to become available.

These projections are based on VERITAS management estimates of market size and growth, expected trends in technology and the nature and expected timing of new project introductions by Precise.

*Discount rate.* Discounting the net cash flows back to their present value is based on the industry weighted average cost of capital ( WACC ). VERITAS believes the industry WACC is approximately 15%. The discount rate used in discounting the net cash flows from IPR&D is 30%. The discount rate used is higher than the industry WACC due to inherent uncertainties surrounding the successful development of the IPR&D, market acceptance of the technology, the useful life of such technology and the uncertainty of technological advances which could potentially impact the estimates described above.

*Percentage of completion.* The percentage of completion for Precise technology was determined using costs incurred to date on each project as compared to the remaining research and development to be completed as well as major milestones to bring each project to technological feasibility. The percentage of completion related to Precise technology was approximately 20-25%.

If the projects discussed above are not successfully developed, the sales and profitability of the combined company may be adversely affected in future periods.

VERITAS management has estimated that \$16.2 million of the purchase price represents purchased in-process technology that has not yet reached technological feasibility and has no alternative future use. This amount will be expensed as a non-recurring, non-tax deductible charge upon consummation of the merger. This amount has been reflected as a reduction to shareholders' equity and has not been included in the pro forma combined statement of operations due to its nonrecurring nature.

The value assigned to purchased in-process technology will be modified upon completion of the independent appraisal. The valuation methodology will incorporate a percentage of completion approach.





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The VERITAS unaudited pro forma combined condensed statement of operations has been prepared as if the proposed merger had occurred at the beginning of the period presented. The pro forma basic and diluted income per share are based on the weighted average number of shares of VERITAS common stock outstanding during each period and the number of shares of VERITAS common stock to be issued in connection with the merger, plus net Precise share options assumed in connection with the merger using an assumed conversion ratio of one VERITAS stock option for each Precise share option exchanged. This assumed conversion ratio is based on an assumed market value of \$16.50 for each share of VERITAS common stock. If the average closing price of VERITAS common stock for the five trading days prior to the completion of the merger declined to \$4 per share, Precise optionees would receive an option to purchase 4.13 shares of VERITAS common stock in exchange for each Precise share option. Alternatively, if the average closing price of VERITAS common stock for the five trading days prior to the completion of the merger increased to \$33 per share, Precise optionees would receive an option to purchase 0.50 shares of VERITAS common stock in exchange for each Precise share option. The following table shows the adjusted pro forma combined basic and diluted shares at the end of the period presented (in thousands except conversion ratio):

	VERITAS Weighted Average Shares	Adjustments, New Equivalent VERITAS Shares	Pro Forma Combined Weighted Average Shares
Shares outstanding as of 12/31/02			
Basic	409,523	7,144(a)	416,667
Diluted	418,959	8,422(b)	427,381

- (a) Assuming that all Precise shareholders were to receive the mixed consideration of 0.2365 shares of VERITAS common stock plus \$12.375 in cash for each outstanding ordinary share of Precise as of February 28, 2003, the following shares of VERITAS would have been issued:

30,208	Number of Precise outstanding shares
0.2365	Conversion ratio
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7,144	VERITAS shares to be issued for Precise outstanding shares

- (b) Estimated impact of the Precise share options to be assumed:

7,144	VERITAS shares to be issued for Precise outstanding shares
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1,278	Potential common shares using the treasury method
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8,422	Pro forma diluted share count for the year ended December 31, 2002

**5. Pro forma adjustments**

The measurement date to determine the final purchase price in the proposed merger has not occurred. The following pro forma adjustments are based on preliminary estimates which may change as additional information is obtained:

- (a) To record cash paid related to the proposed merger.
- (b) To eliminate Precise's existing capitalized intangible assets and goodwill.
- (c) To record the intangible assets and goodwill related to the proposed merger.
- (d) To record the adjustment for deferred tax liabilities associated with non-goodwill intangible assets recorded as part of this transaction. These liabilities were recorded using a statutory tax rate of 37%.

- (e) To accrue for acquisition costs related to investment banking, legal and accounting fees, printing costs, and other external costs.
- (f) To eliminate Precise s deferred revenue.

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- (g) To record deferred revenue based on costs to perform the services related to Precise's deferred maintenance contracts.
- (h) To eliminate Precise's stockholders' equity accounts.
- (i) To record stockholders' equity related to the proposed merger including \$16,200,000 related to in-process research and development (IPR&D), research projects in areas for which technological feasibility has not been established were identified, and \$11,819,000 related to the portion of the intrinsic value of Precise's unvested options applicable to the remaining vesting period. This preliminary purchase price assumes that all Precise shareholders will receive consideration of 0.2365 of a share of VERITAS common stock plus \$12.375 in cash for each ordinary share of Precise outstanding as of February 28, 2003. There were 30,208,113 Precise shares outstanding as of February 28, 2003. Based on the above, the total purchase price was \$589,772,000 composed of \$373,825,000 paid in cash, \$123,595,000 in fair value of common stock, \$84,596,000 of estimated fair value of Precise share options to be assumed net of intrinsic value of unvested options, and \$7,756,000 in estimated acquisition related costs.

If all shareholders opt for the cash consideration of \$16.50 per share for each Precise share outstanding, the total purchase price would be \$590,786,000, composed of \$498,434,000 paid in cash, \$84,596,000 of estimated fair value of Precise share options to be assumed net of intrinsic value of unvested options, and \$7,756,000 in estimated acquisition-related costs.

- (j) To eliminate amortization of Precise's other intangible assets as all intangible assets would have been eliminated had the acquisition occurred on January 1, 2002.
- (k) To record the amortization expenses related to developed technology and other intangible assets to be acquired as part of the proposed merger.
- (l) To record the amortization of stock-based compensation which is amortized over the remaining vesting period of the options as of the closing date of approximately one to four years.
- (m) To reduce interest income as a result of cash paid related to the proposed merger, using an interest rate of 2%.
- (n) To record income tax impact at a tax rate of 32% which represents VERITAS' annual effective tax rate excluding the impact of the unbenefited foreign loss related to restructuring costs and the tax benefits of losses on strategic investments not realized.

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The following tables set forth certain historical per share data of VERITAS and Precise and combined per share data on an unaudited pro forma basis after giving effect to the merger using the purchase method of accounting assuming 0.2365 of a share of VERITAS common stock is issued and \$12.375 in cash is paid for each Precise ordinary share. The following data should be read in conjunction with the separate historical consolidated financial statements of VERITAS and the historical consolidated financial statements of Precise incorporated by reference into this proxy statement/ prospectus. The unaudited pro forma combined per share data do not necessarily indicate the operating results that would have been achieved had the merger been completed as of the beginning of the earliest period presented and should not be taken as representative of future operations. No cash dividends have ever been declared or paid on VERITAS common stock or Precise ordinary shares.

	<b>Year Ended December 31, 2002</b>
<b>Historical VERITAS:</b>	
Basic net income per common share	\$0.14
Diluted net income per common share	\$0.14
Book value per common share(1)	\$7.00
<b>Historical Precise:</b>	
Basic net income per common share	\$0.12
Diluted net income per common share	\$0.12
Book value per ordinary share(1)	\$6.86
<b>Pro forma combined per share data:</b>	
Basic net income per combined common share	\$0.10
Diluted net income per combined common share	\$0.10