

LIPMAN ELECTRONIC ENGINEERING LTD

Form 425

June 16, 2006

Filed by VeriFone Holdings, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Lipman Electronic Engineering Ltd.

Commission File No.: 000-50544

A message to VeriFone's North America Customers

To Our Valued Customers:

I'm pleased to update you on the progress we've made since the April 10 announcement of our agreement to acquire Lipman Electronic Engineering Ltd. Last week, we filed a registration statement with the U.S. Securities & Exchange Commission containing a preliminary proxy statement/prospectus regarding the proposed acquisition. The definitive proxy statement/prospectus will be sent to the shareholders of VeriFone and Lipman seeking their approval of the proposed transaction.

As the acquisition is still subject to shareholder and regulatory approvals, the two companies must continue to operate as independent and competitive businesses and may not coordinate their business activities until the official closing of the acquisition. Be assured that the necessary planning to accomplish a smooth post-acquisition integration is well under way in order to ensure that the needs of our customers continue to be met through the integration process. As soon as the acquisition is complete, all of our employees, customers and partners will be apprised of how the new VeriFone will be better positioned to meet their needs.

I'd like to reiterate the primary reason for this acquisition: VeriFone and Lipman are the fastest growing and most profitable providers of point of sale electronic payment technologies, and geographically, the two companies are very complementary. As VeriFone Chairman and CEO Doug Bergeron has communicated since the announcement of the acquisition, no products are being discontinued as a result of this acquisition.

In the meantime, we appreciate your patience as the acquisition completion process continues to its anticipated closure during our fourth fiscal quarter.

Thank you,

Jesse Adams

Executive Vice President, North America Sales

VeriFone/2099 Gateway Place/Suite 600/San Jose/California/95110

NOTE: In connection with the proposed transaction, VeriFone filed a registration statement on Form S-4 (Registration No. 333-134928), including a proxy statement of VeriFone, with the Securities and Exchange Commission (the SEC) on June 9, 2006. Investors and securityholders are urged to read the registration statement, including the proxy statement (and all amendments and supplements

to it) and other materials that VeriFone may file with the SEC when they become available, because they contain important information. Investors and securityholders will be able to obtain free copies of the registration statement, including the proxy statement, as well as VeriFone's other filings, without charge, at the SEC's Web site (www.sec.gov) when they become available. Copies of VeriFone's filings may also be obtained without charge from VeriFone at VeriFone's Web site (www.verifone.com) or by directing a request to: VeriFone Holdings Inc., 2099 Gateway Place, Suite 600, San Jose, CA 95110 (Tel: +1-408-232-7800, Attention: Director, Corporate Development & IR).

VeriFone, Lipman and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding VeriFone's directors and executive officers is available in VeriFone's 2005 Annual Report on Form 10-K filed with the SEC on December 20, 2005 and VeriFone's preliminary proxy statement for its 2006 annual meeting of stockholders, filed with the SEC on February 17, 2006, and information regarding Lipman's directors and executive officers is available in Lipman's 2005 Annual Report on Form 20-F filed with the SEC on March 9, 2006. Additional information regarding the interests of such potential participants is included in the registration statement and proxy statement, and the other relevant documents filed with the SEC when they become available.

Cautionary Language Concerning Forward-Looking Statements

We have included or incorporated by reference in this document financial estimates and other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These estimates and statements are subject to risks and uncertainties, and actual results might differ materially from these estimates and statements. Such estimates and statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, the combined company's plans, objectives, expectations and intentions, the markets for products, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of the management of VeriFone Holdings, Inc. and Lipman Electronic Engineering Inc. and are subject to significant risks and uncertainties outside of our control. There is no assurance the transaction contemplated in this release will be completed at all, or completed upon the same terms and conditions described.

The following factors, among others, could cause actual results to differ from those described in the forward-looking statements in this document: the ability to obtain governmental approvals of the merger on the proposed terms and schedule; the failure of VeriFone stockholders to approve the issuance of VeriFone common shares or the failure of Lipman shareholders to approve the merger; the risk that the businesses of VeriFone and Lipman will not be integrated successfully or as quickly as expected; the risk that the cost savings and any other synergies from the merger may not be fully realized or may take longer to realize than expected; disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers. Additional factors that may affect future results are contained in VeriFone's and Lipman's filings with the Securities and Exchange Commission (SEC), which are available at the SEC's Web site (www.sec.gov). Neither VeriFone nor Lipman is under any obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.
