VERITAS SOFTWARE CORP /DE/
Form S-4
March 19, 2003

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As filed with the Securities and Exchange Commission on March 19, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VERITAS SOFTWARE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**7372**	**77-0507675**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(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)

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)

Copies to:

Michael J. Kennedy, Esq. **Michael S. Dorf, Esq.** **Michelle L. Whipkey, Esq.** **Wilson Sonsini Goodrich & Rosati** **Professional Corporation** **One Market, Spear Tower, Suite 3300** **San Francisco, California 94105** **(415) 947-2000**	**Shimon Alon** **Chief Executive Officer** **Precise Software Solutions, Inc.** **690 Canton Street** **Westwood, Massachusetts 02090** **(781) 461-0700**	**Anthony H. Rickert, Esq.** **Marjorie Sybul Adams, Esq.** **Piper Rudnick LLP** **1200 Nineteenth Street, NW** **Washington, D.C. 20036** **(202) 861-3900**

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. o

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common stock, par value $0.001 per share, and associated preferred share purchase rights(3)	8,380,799 shares	N/A	$141,569,945	$11,454

(1) Represents the maximum number of shares of common stock of VERITAS Software Corporation, that may be issued to shareholders of Precise Software Solutions Ltd. pursuant to the merger described herein if all Precise shareholders were to receive the mixed cash and stock consideration described herein, calculated by multiplying (i) the maximum number of Precise ordinary shares to be received by VERITAS in the merger, assuming for this purpose the exercise of all vested Precise options and warrants prior to completion of the merger, by (ii) 0.2365, the fraction of a share of VERITAS common stock that may be issued in exchange for each Precise ordinary share in the merger.

(2) Estimated solely for purposes of calculating the registration fee required by the Securities Act of 1933, as amended, and computed pursuant to Rules 457(f) and (c) under the Securities Act based on (i) $16.37, the average of the high and low per share prices of ordinary shares of Precise Software Solutions Ltd. on The Nasdaq National Market on March 12, 2003 and (ii) the maximum number of Precise ordinary shares to be received by VERITAS in exchange for VERITAS common stock. Pursuant to Rule 457(f)(3), the minimum cash portion of the merger consideration to be paid by VERITAS has been deducted from the value of the securities to be received by VERITAS in the merger.

(3) The preferred share purchase rights, which are attached to the shares of VERITAS common stock being registered hereunder, will be issued for no additional consideration. Accordingly, no additional registration fee is payable.

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.

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 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.

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 specified officers and specified modifications to the vesting terms of, and exercise period for, share options held by members of the Precise board of directors. The merger is not conditioned on shareholder approval of the amendment of Precise s articles of association or the modifications of the terms of Precise s director share options. **The Precise board of directors unanimously recommends that you vote FOR the proposal to amend Precise s articles of association and FOR the proposal to modify the terms of Precise s director share options.**

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 32.

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

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

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.

2. To approve the amendment of Article 74 (Insurance and Indemnity) of Precise s articles of association, which amendment is intended to fully reflect the provisions of the Israeli Companies Law, 1999, with respect to insurance and indemnification of directors and specified officers.

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.

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 32.

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 100 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.

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.

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.

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 and specified modifications to the terms of share options held by members of Precise s board of directors. 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 48)

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 other transactions contemplated by the merger agreement (Proposal No. 1);

- approve the amendment of Article 74 (Insurance and Indemnity) of Precise s articles of association intended to fully reflect the provisions of the Israeli Companies Law, 1999, with respect to insurance and indemnification of directors and specified officers (Proposal No. 2); and

- 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).

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 or Proposal No. 3, and Proposal No. 2 and Proposal No. 3 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 65)

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 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: 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 be entitled to receive $12.375 in cash, plus, instead of VERITAS common stock, 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 72)

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 49)

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. In order to be counted, your properly completed and signed proxy card must be received by Precise 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 49)

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 48)

A: If you don t return your proxy card or vote in person at the Precise extraordinary meeting and a quorum is present at the extraordinary meeting, it 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. 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.

Q: If my broker holds my shares in street name, will my broker vote my shares without any instructions from me? (see page 49)

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 49)

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 objected to the merger.

Q: How do I elect to receive the cash consideration or the mixed consideration for my Precise ordinary shares? (see page 66)

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.

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 66)

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[1]	$ 16.50	$16.50
$ 19.00	$16.869	$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.

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 consideration.

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 66)

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 57)

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.

Q: When do you expect the merger to be completed? (see page 65)

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 68)

A: Generally, yes. 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 89)

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 100)

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

The following is a summary of the information contained in this proxy statement/ prospectus. This summary may not contain all of the information that is important to you. For a more complete description of the merger agreement, the merger, the other transactions contemplated by the merger agreement 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 100 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.

Recommendation of Precise s Audit Committee and Board of Directors (see page 57)

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 and FOR the proposal to modify the terms of Precise s director share options.

Opinion of Precise s Financial Advisor (see page 57)

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.

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 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 Merger

Precise s Reasons for the Merger (see page 55)

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.

- 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 s Reasons for the Merger.

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 56)

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 65)

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 62)

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;
- potential severance compensation and additional accelerated option vesting under existing and new employment agreements if the executive officer s employment is terminated;
- retention awards payable under specified circumstances;
- 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 under Precise s existing directors and officers liability insurance covering a period of seven years after the merger.

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.

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Structure of the Transaction (see page 65)

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 68)

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. In general, 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 69)

Israeli law generally 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, generally 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 general, 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 70)

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 70)

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.

The Merger Agreement

The following is a summary of specified provisions 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 73)

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 performance of its obligations under the merger agreement and the accuracy of VERITAS representations to Precise in the merger agreement.

VERITAS 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 81)

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

a material adverse effect has occurred with respect to 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, as defined in the merger agreement, if Precise complies with specified conditions set forth in the merger agreement.

Payment of Termination Fee (see page 82)

If the merger agreement is terminated under specified circumstances, Precise will pay VERITAS a termination fee of $16.2 million.

No Other Negotiations Involving Precise (see page 78)

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 83)

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 84)

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. 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.

Employment Agreements (see page 63)

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 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 48)

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 objected to the merger.

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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 85 and 86)

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 and specified modifications to the terms of share options held by members of Precise s board of directors.

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 voting shares of Precise present and voting at a meeting at which a quorum is present.

In addition, 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 voting shares of Precise present and voting at a meeting at which a quorum is present.

The merger is not contingent on shareholder approval of the amendment of Precise s articles of association or the modifications of the terms of Precise s director share options.

The Precise board of directors unanimously recommends that you vote **FOR** the proposal to amend Precise s articles of association and **FOR** the proposal to modify the terms of Precise s director share options.

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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 100 of this proxy statement/ prospectus.

Selected Historical Consolidated Financial Data of VERITAS

You should read the following table in conjunction with VERITAS 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)				
Consolidated Statement of Operations Data:					
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)		
Consolidated Balance Sheet Data:					
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

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)				
Consolidated Statement of Operations Data:					
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
Total cost of revenues	7,023	3,505	2,435	1,647	720
Gross profit	68,977	52,092	25,113	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	3,994	4,970	6,250	234	300
In-process research and development write-off		86	2,200		
Acquisition related expenses	131				
Total operating expenses	69,197	57,701	38,109	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)				
Consolidated Balance Sheet Data:					
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 Report on Form 8-K filed on March 18, 2003, 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 100 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.

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VERITAS Software Corporation

Unaudited Pro Forma Condensed Combined Balance Sheet

	December 31, 2002			
	Historical			
	VERITAS Software	Precise	Pro Forma Adjustments	Pro Forma Combined
	(in thousands)			
Current assets:				
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
Total current assets	2,545,698	106,803	(373,825)	2,278,676
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
Total assets	$4,199,633	$227,018	$ (24,002)	$4,402,649
Liabilities and Stockholders equity				
Current liabilities:				
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)	
Total current liabilities	665,112	20,282	1,270	686,664
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
Total liabilities	$1,315,866	$ 21,574	$ 1,270	$1,338,710

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

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

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

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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)			
Net Revenues:				
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
Cost of Revenues				
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	0	0	66,917
Total cost of revenues	283,124	7,023	382	290,529
Gross profits	1,223,431	68,977	0	1,292,026
Operating Expenses				
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	3,640	(3,640)(j)	92,464
			20,400(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	69,197	20,602	1,184,925
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
Net income per share:				
Basic	$ 0.14	$ 0.12		$ 0.10
Diluted	$ 0.14	$ 0.12		$ 0.10
Weighted average shares:				

Basic	409,523	28,843	416,667
Diluted	418,959	31,210	427,381

(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.

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
Aggregate purchase price	$589,772

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.

	(in thousands):
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
Aggregate purchase price	$589,772

The preliminary allocation of the purchase price was based upon a preliminary independent, third party appraisal, 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.

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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4. Pro forma net income (loss) per share

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
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
1,278	Potential common shares using the treasury method
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 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 the effective tax rate of 32%.

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Comparative Historical and Pro Forma Per Share Data

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.

	Year Ended December 31, 2002
Historical VERITAS:	
Basic net income per common share	$0.14
Diluted net income per common share	$0.14
Book value per common share(1)	$7.00
Historical Precise:	
Basic net income per common share	$0.12
Diluted net income per common share	$0.12
Book value per ordinary share(1)	$6.86
Pro forma combined per share data:	
Basic net income per combined common share	$0.10
Diluted net income per combined common share	$0.10
Book value per combined ordinary share(1)	$7.31

(1) The historical book value per VERITAS share is computed by dividing assets less liabilities by 412,093,000, the number of shares of VERITAS common stock outstanding at the end of the period presented. The historical book value per Precise ordinary share is computed by dividing assets less liabilities by 29,970,000, the number of Precise ordinary shares outstanding at the end of the period presented. The pro forma combined book value per share is computed by dividing the pro forma assets less liabilities by 419,237,000, the pro forma number of shares of VERITAS common stock outstanding at the end of the period presented, assuming the merger had occurred as of that date.

Comparative Per Share Market Price Data

VERITAS common stock is traded on The Nasdaq National Market under the symbol VRTS. Precise ordinary shares are traded on The Nasdaq National Market under the symbol PRSE.

The following table shows the high and low per share sales prices of VERITAS common stock and Precise ordinary shares as reported on The Nasdaq National Market on (1) December 18, 2002, the last full trading day preceding public announcement that VERITAS and Precise had entered into the merger agreement, and (2) , 2003, the last full trading day for which high and low sales prices were available as of the date of this proxy statement/ prospectus.

The table also includes the equivalent high and low sales prices per Precise ordinary share on those dates for (1) the cash consideration and (2) the mixed consideration. In the case of the cash consideration, these equivalent high and low sales prices per share reflect the $16.50 in cash that you would receive for each Precise ordinary share surrendered for the cash consideration. In the case of the mixed consideration, these equivalent high and low sales prices per share reflect the $12.375 in cash plus the fluctuating value of the 0.2365 of a share of VERITAS common stock that you would receive for each Precise ordinary share surrendered for the mixed consideration if the merger had been completed on either of these dates.

					Equivalent Price Per Share			
	VERITAS Common Stock		Precise Ordinary Shares		Cash Consideration		Mixed Consideration	
	High	Low	High	Low	High	Low	High	Low
December 18, 2002	$17.93	$17.11	$12.20	$11.49	$16.50	$16.50	$16.62	$16.42
, 2003	$	$	$	$	$16.50	$16.50	$	$

The above table shows only historical comparisons. These comparisons may not provide meaningful information to you in determining whether to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement or whether to elect to receive the cash consideration or the mixed consideration for your Precise ordinary shares. If the merger is completed and you have properly made a timely election to receive the mixed consideration, the actual value of the consideration you will receive in the merger may be higher or lower than the amounts set forth above, depending on the actual value of VERITAS common stock. VERITAS and Precise urge you to obtain current market quotations for VERITAS common stock and Precise ordinary shares and to review carefully the information contained in this proxy statement/ prospectus or incorporated by reference into this proxy statement/ prospectus in considering whether to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement and whether to elect to receive the cash consideration or the mixed consideration for your Precise ordinary shares. See the section titled Where You Can Find More Information beginning on page 100 of this proxy statement/ prospectus.

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

Dividend Policy

Neither VERITAS nor Precise has declared any cash dividends. Each company currently intends to retain earnings for use in its business and does not anticipate paying any cash dividends in the foreseeable future.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This proxy statement/ prospectus and the documents incorporated by reference into this proxy statement/ prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to VERITAS and Precise s financial condition, results of operations and business, and the expected impact on VERITAS financial performance of the proposed merger with Precise. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including: any projections of earnings, revenues or synergies; any statements of plans, strategies and objectives for future operations, including the execution of integration plans; and any statements concerning proposed new products. In some cases, words such as anticipates, expects, intends, plans, believes, seeks, estimates, could, would, will, may, can and similar expressions identify forward-looking statements. Such forward-statements involve a number of risks and uncertainties, including: the risk that the merger is not completed or is delayed; the risk that the combined company will not successfully execute its product development and integration efforts; and the risk that the combined company will not gain market acceptance of its products and services. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by any forward-looking statements. VERITAS and Precise are not under any obligation and do not intend to update their respective forward-looking statements. In evaluating the merger agreement, the merger and the other transactions contemplated by the merger agreement, you should carefully consider the risks and uncertainties that are described in the section titled Risk Factors which begins on the next page, and in the documents that are incorporated by reference into this proxy statement/ prospectus.

RISK FACTORS

VERITAS and Precise operate in a market environment that cannot be predicted and that involves significant risks, many of which are beyond their control. In addition to the other information and risk factors contained in, or incorporated by reference into, this proxy statement/ prospectus, you should carefully consider the risks described below before deciding how to vote your Precise ordinary shares and before deciding whether to elect to receive the cash consideration or the mixed consideration for your Precise ordinary shares in the merger. If you properly make a timely election to receive the mixed consideration for your Precise ordinary shares in the merger and you are not an Israeli holder, you will be choosing to exchange your current investment in Precise ordinary shares for, in part, an investment in VERITAS common stock. An investment in VERITAS common stock involves a high degree of risk. Additional risks and uncertainties not presently known to VERITAS or Precise or that are not currently believed to be important to you, if they materialize, also may adversely affect the merger, VERITAS, Precise, or VERITAS and Precise as a combined company.

Risks Related to the Merger

While VERITAS and Precise s share prices have been volatile in recent periods, the merger consideration, including the exchange ratio for the VERITAS common stock component of the mixed consideration, is fixed.

Upon completion of the merger, each ordinary share of Precise will be exchanged for either $16.50 in cash or a combination of $12.375 in cash and 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 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 merger consideration, including the exchange ratio for the VERITAS common stock component of the mixed consideration, will not change even if the market price of either or both the Precise ordinary shares and VERITAS common stock fluctuates. 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 may withdraw from the merger, and Precise may not resolicit the vote of its shareholders, solely because of changes in the market price of Precise ordinary shares or VERITAS common stock. If you elect to receive the mixed consideration for your Precise ordinary shares in the merger, the specific dollar value of VERITAS common stock you will receive upon completion of the merger will depend on the market value of VERITAS common stock at that time, which may be different from the closing price of VERITAS common stock on the last full trading day preceding public announcement of the merger agreement, the last full trading day prior to the date of this proxy statement/ prospectus, the date you make your election or the date of the Precise extraordinary meeting. The mixed consideration may represent more or less value than the cash consideration, depending on fluctuations in VERITAS stock price.

If you are an Israeli holder or 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.

You may only elect to receive either the cash consideration or the mixed consideration for all of your Precise ordinary shares. If the merger is completed and you are an Israeli holder or you elect to receive the cash consideration or you fail to properly make a timely election and are deemed to have elected to receive the cash consideration, 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. The mixed consideration may represent greater or less value than the cash consideration, depending on fluctuations in the price of VERITAS common stock.

VERITAS   stock price may be volatile in the future, and if you elect to receive the mixed consideration in the merger, you could lose the value of your investment in VERITAS common stock.

The market price of VERITAS   common stock has experienced significant fluctuations and may continue to fluctuate significantly, and if you elect to receive the mixed consideration in the merger, you could lose the value of your investment in VERITAS common stock. The market price of VERITAS   common stock may be adversely affected by a number of factors, including:

announcements of VERITAS   quarterly operating results or those of its competitors or its original equipment manufacturer customers;

rumors, announcements or press articles regarding changes in VERITAS   management, organization, operations or prior financial statements;

inquiries by the Securities and Exchange Commission, Nasdaq or regulatory bodies;

changes in earnings estimates by securities analysts;

announcements of planned acquisitions by VERITAS or by its competitors;

the gain or loss of a significant customer;

announcements of new products by VERITAS, its competitors or its original equipment manufacturer customers; and

acts of terrorism, the threat of war and economic slowdowns in general.

The stock market in general, and the market prices of stocks of other technology companies in particular, have experienced extreme price volatility, which has adversely affected and may continue to adversely affect the market price of VERITAS   common stock for reasons unrelated to VERITAS   business or operating results.

Although VERITAS and Precise expect that the merger will result in benefits to the combined company, those benefits may not occur because of integration and other challenges.

Achieving the expected benefits of the merger will depend in part on the integration of VERITAS   and Precise s technology, operations and personnel in a timely and efficient manner. The challenges involved in this integration include:

incorporating Precise s technology and products into VERITAS   next generation of products;

integrating Precise s products into VERITAS   business because VERITAS does not currently sell Precise products;

integrating Precise s technical team with VERITAS   larger and more widely dispersed engineering organization;

coordinating the efforts of the Precise sales organization with VERITAS   larger and more widely dispersed sales organization;

persuading our employees that our business cultures are compatible; and

timely release of products to market.

The integration of VERITAS and Precise will be complex, time consuming and expensive, may disrupt VERITAS   and Precise s businesses and may result in the loss of customers or key employees or the diversion of the attention of management. Some of Precise s suppliers, distributors, customers and licensors are VERITAS   competitors or work with VERITAS   competitors and as a result may terminate their business relationships with Precise as a result of the merger. In addition, the integration process may strain the combined company s financial and managerial controls and reporting systems and procedures. This may result in the diversion of management and financial resources from the combined company s core business

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objectives. There can be no assurance that VERITAS and Precise will successfully integrate their businesses or that the combined company will realize any of the anticipated benefits of the merger.

The directors and executive officers of Precise have a personal interest that could have affected their decision to support or approve the merger.

The personal interest of the directors and executive officers of Precise in the merger and their participation in arrangements that are different from, or are in addition to, those of Precise shareholders generally could have affected their decision to support or to approve the merger. These interests include the following:

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;

potential severance compensation and additional accelerated option vesting under existing and new employment agreements if the executive officer s employment is terminated;

retention awards payable under specified circumstances;

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 under Precise s existing directors and officers liability insurance covering a period of seven years after the merger.

As a result of these interests, these directors and executive officers may be more likely to recommend that you vote in favor of the merger agreement, the merger and the other transactions contemplated by the merger agreement, than if they did not have these interests.

General uncertainty related to the merger could harm the combined company.

VERITAS or Precise s customers may, in response to the announcement of the proposed merger, delay or defer purchasing decisions. If VERITAS or Precise s customers delay or defer purchasing decisions, the combined company s revenue could materially decline or any increases in revenue could be lower than expected. Similarly, VERITAS and Precise employees may experience uncertainty about their future roles with the combined company. This may harm the combined company s ability to attract and retain key management, marketing, sales and technical personnel. Also, speculation regarding the likelihood of the closing of the merger could increase the volatility of VERITAS and Precise s share prices.

Third parties may terminate or alter existing contracts or relationships with Precise or VERITAS.

Precise has contracts with some of its suppliers, distributors, customers, licensors and other business partners. Some of these contracts require Precise to obtain consent from these other parties in connection with the merger. If these consents cannot be obtained, Precise may suffer a loss of potential future revenue and may lose rights that are material to Precise s business and the business of the combined company. In addition, third parties with whom Precise or VERITAS currently has relationships may terminate or otherwise reduce the scope of their relationship with Precise or VERITAS as a result of the merger.

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Failure to complete the merger could harm Precise s ordinary share price and future business and operations.

If the merger is not completed, Precise may be subject to the following risks:

- if the merger agreement is terminated under specified circumstances, Precise will be required to pay VERITAS a termination fee of $16.2 million;
- the price of Precise s ordinary shares may decline to the extent that the current market price of Precise s ordinary shares reflects a market assumption that the merger will be completed;
- costs related to the merger, such as some legal, accounting and certain financial advisory fees, must be paid even if the merger is not completed; and
- if the merger is terminated and Precise s board of directors determines to seek another merger or business combination, Precise may not be able to find a partner willing to pay an equivalent or more attractive price than that which would be paid in the merger.

Regulatory agencies must approve the merger and could impose conditions on, delay or refuse to approve the merger.

VERITAS and Precise intend to comply with the securities and antitrust laws of the United States, and any other jurisdiction in which the merger is subject to review, as well as with Israeli regulatory requirements. The reviewing authorities may seek to impose conditions on VERITAS and Precise before giving their approval or consent to the merger, and those conditions could harm the combined company s business. In addition, a delay in obtaining the necessary regulatory approvals will delay the completion of the merger. 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, the U.S. Department of Justice, the U.S. Federal Trade Commission, the German Federal Cartel Office or private third parties could challenge the merger under antitrust laws before or after the merger is completed. In addition, VERITAS and Precise have not yet obtained other governmental or regulatory approvals required to complete the merger. VERITAS and Precise may be unable to obtain these approvals, or obtain them within the timeframe contemplated by the merger agreement.

Risks Related to VERITAS and the Combined Company

In determining whether to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement and whether to elect to receive the mixed consideration for your Precise ordinary shares in the merger, you should read carefully the risks below which relate to VERITAS current business and which will also apply to the business of the combined company following the merger. In addition, many of the risks outlined below in the section titled Risks Related to Precise s Operations in Israel will also apply to the business of the combined company following the merger.

VERITAS may experience a shortfall in revenue in any given quarter or may announce lower forecasted revenue or earnings, which could cause the market price of VERITAS securities to decline.

VERITAS revenue is difficult to forecast and is likely to fluctuate from quarter to quarter due to many factors outside of its control. Any significant revenue shortfall or lowered forecasts could cause the market price of VERITAS securities to decline substantially. Factors that could affect VERITAS revenue include, but are not limited to:

- the possibility that VERITAS customers may cancel, defer or limit purchases as a result of reduced information technology budgets or the current weak and uncertain economic and industry conditions;
- the possibility that VERITAS customers may defer purchases of VERITAS products in anticipation of new products or product updates from VERITAS or its competitors;

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- the possibility that original equipment manufacturers will introduce, market and sell products that compete with VERITAS products;
- the unpredictability of the timing and magnitude of VERITAS sales through direct sales channels, value-added resellers and distributors, which tend to occur later in a quarter than sales through original equipment manufacturers;
- the timing of new product introductions by VERITAS and the market acceptance of new products, which may be delayed as a result of weak and uncertain economic and industry conditions;
- the seasonal nature of VERITAS sales;
- the rate of adoption and long sales cycles of storage area networks and storage resource management technology;
- changes in VERITAS pricing and distribution terms or those of its competitors; and
- the possibility that VERITAS business will be adversely affected as a result of the threat of terrorism or military actions taken by the United States or its allies.

You should not rely on the results of prior periods as an indication of VERITAS future performance. VERITAS operating expense levels are based, in significant part, on VERITAS expectations of future revenue. If VERITAS has a shortfall in revenue in any given quarter, VERITAS may not be able to reduce its operating expenses quickly in response. Therefore, any significant shortfall in revenue could have an immediate adverse effect on VERITAS operating results for that quarter. In addition, if VERITAS fails to manage its business effectively over the long term, VERITAS may experience high operating expenses, and VERITAS operating results may be below the expectations of securities analysts or investors, which could cause the price of VERITAS common stock to decline.

Sales of only a few product lines make up a substantial portion of VERITAS revenue.

VERITAS derives a substantial majority of its revenue from a small number of software products, including data protection, file system and volume management products. In 2002, VERITAS derived approximately 87% of its user license fees from these core products, and a similar percentage of its service revenue from associated service and maintenance. As a result, VERITAS is particularly vulnerable to fluctuations in demand for these products, whether as a result of competition, product obsolescence, technological change, budget constraints or other factors. If VERITAS revenue declines significantly, VERITAS business and operating results would be adversely affected. In addition, because VERITAS software products are concentrated within the market for data storage, if the demand for storage devices, storage software applications or storage capacity declines, VERITAS business and operating results would be adversely affected.

VERITAS distributes its products through multiple distribution channels, which may conflict and which are subject to special risks.

VERITAS sells its products primarily through indirect sales channels, original equipment manufacturers and direct sales channels. If VERITAS fails to manage its distribution channels successfully, VERITAS distribution channels may conflict with one another or otherwise fail to perform as VERITAS anticipates, which could reduce sales and increase expenses, as well as weaken VERITAS competitive position.

Indirect Sales Channels. A significant portion of VERITAS revenue is derived from sales through value-added resellers and distributors that sell VERITAS products to end-users and other resellers. This channel involves a number of special risks, including:

- VERITAS lack of control over the delivery of its products to end-users;
- the resellers and distributors are not subject to minimum sales requirements or any obligation to market VERITAS products to their customers;

VERITAS resellers and distributors may terminate their relationships with VERITAS at any time; and

VERITAS resellers and distributors may market and distribute competing products.

Original equipment manufacturers. A portion of VERITAS revenue is derived from sales through original equipment manufacturers that incorporate VERITAS products into their products. VERITAS reliance on this channel involves many risks, including:

VERITAS lack of control over the shipping dates or volume of systems shipped;

the original equipment manufacturers are not obligated to make any minimum amount of sales or to recommend or offer VERITAS products to their customers;

the original equipment manufacturers may terminate their arrangements with VERITAS at any time;

the development work that VERITAS must generally undertake under VERITAS agreements with original equipment manufacturer customers may require VERITAS to invest significant resources and incur significant costs with little or no associated revenue;

the time and expense required for the sales and marketing organizations of VERITAS original equipment manufacturer customers to become familiar with VERITAS products makes it more difficult to introduce those products to the market; and

VERITAS original equipment manufacturer customers are able to develop, market and distribute their own storage products and are able to market and distribute storage products of VERITAS competitors which could reduce VERITAS sales.

Direct sales. VERITAS depends on its direct sales force to sell its products. This sales channel involves special risks, including:

longer sales cycles are associated with direct sales efforts;

VERITAS may have difficulty hiring, training, retaining and motivating its direct sales force; and

sales representatives require a substantial amount of training to become productive, and training must be updated to cover new and revised products.

VERITAS faces intense competition, which could cause VERITAS to lose market share.

VERITAS has many competitors in the markets for its various products. If existing or new competitors gain market share in any of these markets, it may be at the expense of VERITAS sales, and VERITAS operating results could be adversely affected. VERITAS principal competitors are the internal development groups of original equipment manufacturers. These groups develop storage management software for the original equipment manufacturer s storage hardware. VERITAS principal competitors also include hardware and software vendors that offer products that compete with VERITAS products.

Many of VERITAS original equipment manufacturer customers have products that compete with VERITAS products or have announced their intention to focus on developing and marketing their own storage software products. These original equipment manufacturers may choose to license their own products rather than offer VERITAS products to their customers or limit VERITAS access to their hardware platforms. End-user customers may prefer to purchase software and hardware that is manufactured by the same company because of perceived advantages in price, technical support, compatibility or other issues. In addition, software vendors may choose to bundle their operating systems with their own or other vendors storage or clustering software. They may also limit VERITAS access to standard product interfaces for their operating systems and inhibit VERITAS ability to develop products for their platform. If VERITAS original equipment manufacturer customers or software vendors were to take any of these actions, VERITAS could lose market share and its operating results could be adversely affected.

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Many of VERITAS competitors have greater financial, technical, sales, marketing and other resources than VERITAS does. VERITAS future and existing competitors could introduce products with superior features, scalability and functionality at lower prices than VERITAS products, and could also bundle existing or new products with other more established products in order to compete with VERITAS. VERITAS competitors could also gain market share by acquiring or forming strategic alliances with VERITAS other competitors. Finally, because new distribution methods offered by the Internet and electronic commerce have removed many of the barriers to entry historically faced by start-up companies in the software industry, VERITAS may face additional competition from these companies in the future.

VERITAS success depends on its ability to develop new and enhanced products that achieve widespread market acceptance.

VERITAS future success depends on its ability to address the rapidly changing needs of its customers by developing and introducing new products, product updates and services on a timely basis. VERITAS must also extend the operation of its products to new platforms and keep pace with technological developments and emerging industry standards. VERITAS intends to commit substantial resources to developing new software products and services, including software products and services for the storage area networking market and the storage resource management market. Each of these markets is new and unproven, and industry standards for these markets are evolving and changing. They also may require development of new channels. If these markets do not develop as anticipated, or demand for VERITAS products and services in these markets does not materialize or occurs more slowly than VERITAS expects, VERITAS will have expended substantial resources and capital without realizing sufficient revenue, and VERITAS business and operating results could be adversely affected.

VERITAS has provided standards-setting organizations and various partners with access to its standard product interfaces through its VERITAS Enabled Program. If these standards-setting organizations or VERITAS partners do not accept its standard product interfaces for use with other products, or if VERITAS partners are better able to capitalize on the use of VERITAS standard product interfaces, then VERITAS business and operating results could be adversely affected.

VERITAS international sales and operations create special problems that could hurt VERITAS operating results.

VERITAS derives a substantial portion of its revenue from customers located outside of the U.S. VERITAS has significant operations outside of the U.S., including engineering, sales, customer support and production operations, and VERITAS plans to expand its international operations. VERITAS international operations are subject to risks, including:

- potential loss of proprietary information due to piracy, misappropriation or weaker laws regarding intellectual property protection;
- imposition of foreign laws and other governmental controls, including trade and employment restrictions;
- fluctuations in currency exchange rates and economic instability such as higher interest rates and inflation, which could reduce VERITAS customers ability to obtain financing for software products or which could make VERITAS products more expensive in those countries;
- restrictions on growth or maintenance of VERITAS revenue from international sales if VERITAS does not invest sufficiently in its international operations;
- difficulties in hedging foreign currency transaction exposures;
- longer payment cycles for sales in foreign countries and difficulties in collecting accounts receivable;
- difficulties in staffing and managing its international operations, including difficulties related to administering VERITAS stock option plan in some foreign countries;

difficulties in coordinating the activities of VERITAS geographically dispersed and culturally diverse operations;

seasonal reductions in business activity in the summer months in Europe and in other periods in other countries;

competition from local suppliers;

costs and delays associated with developing software in multiple languages; and

political unrest, war or terrorism, particularly in areas in which VERITAS has facilities.

In addition, VERITAS receives significant tax benefits from sales to its non-U.S. customers. These benefits are contingent upon existing tax regulations in both the U.S. and in the countries in which VERITAS international customers are located. Future changes in domestic or international tax regulations could affect VERITAS anticipated ability to continue to realize these tax benefits.

VERITAS might experience significant defects in its products, which may subject VERITAS to liability for damages suffered by end users.

Software products frequently contain errors or failures, especially when first introduced or when new versions are released. VERITAS end-user customers use VERITAS products in applications that are critical to their businesses, including for data backup and recovery, and may have a greater sensitivity to product defects than the market for software products generally. If a customer loses critical data as a result of an error in or failure of VERITAS software products or as a result of the customers misuse of VERITAS software products, the customer could suffer significant damages and seek to recover those damages from VERITAS. Although VERITAS software licenses generally contain protective provisions limiting VERITAS liability, a court of law could rule that these provisions are unenforceable. If a customer is successful in proving its damages and a court does not enforce VERITAS protective provisions, VERITAS could be liable for the damages suffered by its customers, which could adversely affect VERITAS operating results.

In addition, product defects could cause delays in new product releases or product upgrades, or VERITAS products might not work in combination with other hardware or software which could adversely affect market acceptance of VERITAS products. If VERITAS customers were dissatisfied with product functionality or performance, or if VERITAS were to experience significant delays in the release of new products or new versions of products, VERITAS could lose competitive position and revenue or be subject to liability for service or warranty costs.

The loss of key personnel and any failure to successfully integrate replacement personnel could adversely affect VERITAS business.

VERITAS future success depends upon the continued service of VERITAS key management, technical and sales personnel. VERITAS officers and other key personnel are employees-at-will, and VERITAS cannot assure you that VERITAS will be able to retain them. Key personnel have left VERITAS over the years, and VERITAS cannot assure you that there will not be additional departures. The loss of any key employee could result in significant disruptions to VERITAS operations, and the integration of replacement personnel could be time consuming, may cause additional disruptions to VERITAS operations and may be unsuccessful. VERITAS does not carry key person life insurance covering any of its personnel.

In 2002, VERITAS hired a new chief financial officer and three other senior management personnel in marketing, product operations and corporate development. In 2003, VERITAS expects to hire a new senior sales executive. Any resulting restructuring of those organizations could adversely affect the timeliness of product releases, the successful implementation and completion of company initiatives and the results of VERITAS operations. Whether VERITAS is able to execute effectively on its business strategy will depend in large part on how well key management and other personnel perform in their positions and are integrated within VERITAS.

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For VERITAS business to succeed, VERITAS needs to attract and retain qualified employees and manage its employee base effectively.

VERITAS success depends on its ability to hire and retain qualified employees and to manage its employee base effectively. If VERITAS is unable to hire and retain qualified employees, VERITAS business and operating results could be adversely affected. Conversely, if VERITAS fails to manage employee performance or reduce staffing levels when required by market conditions, VERITAS costs would be excessive and its business and operating results could be adversely affected. VERITAS may need to hire additional sales, technical and senior management personnel to support its business and to meet customer demand for its products and services. Competition for people with the skills that VERITAS requires is intense, particularly in the San Francisco Bay area where VERITAS headquarters are located, and the high cost of living in this area makes VERITAS recruiting and compensation costs higher. VERITAS cannot assure you that VERITAS will be successful in hiring or retaining qualified personnel, and if VERITAS is unable to do so, its business and operating results will be adversely affected.

VERITAS develops products for operating systems owned by others, and if the owners do not cooperate with VERITAS or VERITAS is unable to devote the necessary resources, VERITAS product development efforts may be delayed or foreclosed.

Many of VERITAS products operate primarily on the UNIX and Windows computer operating systems. VERITAS has also redesigned, or ported, these products to operate on the Linux operating systems for both server-based and embedded solutions. VERITAS continues to develop new products for UNIX, Windows Server and Linux. VERITAS may not accomplish its development efforts quickly or cost-effectively, and it is not clear what the relative growth rates of these operating systems will be. These development efforts require substantial capital investment, the devotion of substantial employee resources and the cooperation of the owners of the operating systems to or for which the products are being ported or developed. For some operating systems, VERITAS must obtain from the owner of the operating system a source code license to portions of the operating system software to port some of its products to or develop products for the operating system. Operating system owners have no obligation to assist in these porting or development efforts. If they do not grant VERITAS a license or if they do not renew VERITAS license, VERITAS may not be able to expand its product line into other areas. VERITAS also cannot predict how quickly, or to what extent, the market for Linux will evolve. If the market for Linux does not develop as anticipated, or demand for VERITAS products and services in this market does not materialize or occurs more slowly than VERITAS expects, VERITAS will have expended substantial resources and capital without realizing sufficient revenue, and VERITAS business and operating results could be adversely affected.

VERITAS derives a significant amount of revenue from only a few customers.

VERITAS derives significant revenue from a small number of customers, including its original equipment manufacturer customers and VERITAS distributors. If any of VERITAS major customers were to reduce purchases of VERITAS products or services, VERITAS business would be adversely affected unless VERITAS were able to increase sales to other customers substantially. Many of VERITAS customers have announced that their own businesses are slowing, which could adversely affect their demand for VERITAS products and services. In addition, many of VERITAS customers may believe that they have sufficient storage products to meet their current needs, which would reduce demand for VERITAS products and services. VERITAS does not have a contract with any of its customers that requires the customer to purchase any specified number of software licenses from VERITAS. Accordingly, VERITAS cannot be sure that these customers will continue to purchase VERITAS products at current levels.

VERITAS cooperation with the SEC concerning its investigation of VERITAS transactions with AOL Time Warner, has required, and will continue to require, significant management attention and accounting and legal resources.

In response to subpoenas issued by the Securities and Exchange Commission in the investigation entitled In the Matter of AOL/ Time Warner, VERITAS has been cooperating with the SEC s requests for

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information, including information relating to transactions VERITAS entered into with AOL in September 2000 and other transactions. The investigation may continue to require significant management attention and accounting and legal resources, which could adversely affect VERITAS business, results of operations and cash flows. If the SEC or other governmental agency were to pursue an action against VERITAS in connection with this matter, VERITAS would be required to devote additional management attention and incur additional accounting and legal expenses, which could adversely affect VERITAS business, results of operations and cash flows.

Following the announcement of VERITAS financial restatement, VERITAS was named as a party to several class action and derivative action lawsuits, and VERITAS may be named in additional litigation, which could result in substantial costs and occupy substantial management attention and resources.

After VERITAS announced in January 2003 that it would restate financial results as a result of transactions entered into with AOL Time Warner in September 2000, numerous separate complaints purporting to be class actions were filed in federal court alleging that VERITAS and some of its officers and directors violated provisions of the Securities Exchange Act of 1934. The complaints contain varying allegations, including that VERITAS made materially false and misleading statements with respect to its 2000, 2001 and 2002 financial results included in its filings with the SEC, press releases and other public disclosures. In addition, several complaints purporting to be derivative actions have been filed in state court against some of VERITAS directors and officers. These complaints are based on the same facts and circumstances as the class actions and generally allege that the named directors and officers breached their fiduciary duties by failing to oversee adequately VERITAS financial reporting. All of the complaints generally seek an unspecified amount of damages. The cases are still in the preliminary stages, and it is not possible for VERITAS to quantify the extent of its potential liability, if any. An unfavorable outcome in any of these cases could have a material adverse effect on VERITAS business, financial condition, results of operations and cash flow. In addition, the expense of defending any litigation may be costly and divert management s attention from the day-to-day operations of VERITAS business, which would adversely affect VERITAS business, financial condition, results of operations and cash flows.

VERITAS growth strategy is risky because it includes business acquisitions.

As part of VERITAS business strategy, VERITAS has in the past acquired and expect in the future to acquire other businesses, business units and technologies. VERITAS recently acquired Jareva Technologies, Inc. and entered into a definitive agreement to acquire Precise Software Solutions Ltd. VERITAS acquisitions involve a number of special risks and challenges, including:

diversion of management s attention from VERITAS core business;

integration of acquired business operations and employees into VERITAS existing business, including coordination of geographically dispersed operations, which in the past has taken longer and was more complex than initially expected for some acquired companies;

incorporation of acquired business technology into VERITAS existing product lines, including consolidating technology with duplicative functionality or designed on different technological architecture;

loss or termination of employees, including costly litigation resulting from the termination of those employees;

dilution of VERITAS then-current stockholders percentage ownership;

assumption of liabilities of the acquired business, including costly litigation related to alleged liabilities of the acquired business;

presentation of a unified corporate image to VERITAS customers and its employees; and

risk of impairment charges related to potential write-down of acquired assets in future acquisitions.

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Acquisitions of businesses, business units and technologies are inherently risky and create many challenges. VERITAS cannot provide any assurance that VERITAS previous or any future acquisitions will achieve the desired objectives.

VERITAS existing stock option plan expires in October 2003, and if VERITAS stockholders do not approve a new stock option plan at VERITAS 2003 annual meeting, VERITAS will have difficulty providing incentives to employees.

VERITAS has historically granted stock options to its employees as an important component of its total compensation package. If VERITAS is unable to continue this practice in the future, VERITAS ability to retain and recruit employees may be adversely affected, or VERITAS cash compensation expenses may increase. VERITAS 1993 Equity Incentive Plan will expire in October 2003. At VERITAS 2003 annual meeting of stockholders, VERITAS intends to present a new stock option plan for stockholder approval that includes a pool of authorized stock satisfying approximately one year of VERITAS expected option needs. There is no guarantee that VERITAS stockholders will approve this stock option plan or subsequent increases in stock authorized to be issued under the plan. If VERITAS fails to obtain stockholder approval of the new stock option plan or any future increases in the amount of authorized shares under the plan, VERITAS may be unable to grant stock options to employees, which could limit or restrict its ability to retain and recruit employees. If VERITAS is unable to use stock options as a meaningful component of its total compensation package, VERITAS may be unsuccessful in attracting or retaining personnel or VERITAS may have to pay higher cash compensation.

As a result of the Seagate Technology leveraged buyout and merger transaction, VERITAS subsidiary may be liable to third parties for liabilities resulting from Seagate s operations before the transaction.

In November 2000, Seagate Technology became VERITAS subsidiary. As part of that transaction, Suez Acquisition (Cayman) Company, or SAC, acquired the operating assets of Seagate Technology. SAC assumed and agreed to indemnify VERITAS for substantially all liabilities arising in connection with Seagate Technology s operations prior to the transaction. However, governmental organizations or other third parties may seek recourse against VERITAS subsidiary or VERITAS for these liabilities. As a result, VERITAS subsidiary could receive claims related to a wide range of possible liabilities. The main area of potential liability for VERITAS Seagate Technology subsidiary relates to tax liabilities. Any such claim, with or without merit, could be time consuming to defend, result in costly litigation and divert management attention. Moreover, if SAC is unable or unwilling to indemnify VERITAS as agreed, VERITAS could incur unexpected costs. For example, the Internal Revenue Service is currently auditing past tax returns of Seagate Technology. VERITAS can predict neither the outcome of these audits, nor the amount of any liability VERITAS might incur arising from these audits.

VERITAS effective tax rate may increase.

VERITAS effective tax rate could be adversely affected by several factors, many of which are outside of VERITAS control. VERITAS effective tax rate is directly affected by the relative proportions of revenue and income before taxes in the various domestic and international jurisdictions in which VERITAS operates. VERITAS is also subject to changing tax laws, regulations and interpretations in multiple jurisdictions in which VERITAS operates. VERITAS does not have a history of audit activity from various taxing authorities and while VERITAS believes it is in compliance with all federal, state and international tax laws, there are various interpretations of their application that could result in additional tax assessments. In addition, in November 2000, VERITAS acquired Seagate Technology, which has certain federal and state tax returns for various fiscal years under examination by tax authorities. VERITAS believes that adequate amounts for tax liabilities have been provided for any final assessments that may result from these examinations. The timing of the settlement of these examinations is uncertain. To the extent the settlements of these audits and the amounts reimbursed by SAC, as required by the Seagate acquisition agreement, are different from the amounts recorded, the difference will be recorded as a component of income tax expense or benefit and may significantly affect the VERITAS effective tax rate for the period in which the settlements take place.

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VERITAS incurs or may incur significant accounting charges that, individually or in aggregate, could create net losses under generally accepted accounting principles.

VERITAS incurs or may incur significant accounting charges that, individually or in aggregate, could create losses under generally accepted accounting principles in future periods. Examples of these charges are:

Amortization of developed technology and other intangibles. VERITAS incurs significant charges related to the amortization of developed technology and other intangibles. VERITAS expects this charge to be approximately $32.8 million for the first quarter of 2003 and $22.4 million for the second quarter of 2003, excluding the impacts of any transactions that close during 2003. The quarterly amortization charge could increase as a result of future business combinations or impairment of VERITAS other intangibles. While VERITAS does not expect to record other intangibles impairment charges, VERITAS cannot be sure that VERITAS will not have to record impairment in the future. As of December 31, 2002, the total carrying amount of VERITAS other intangibles was $72.6 million;

Impairment of goodwill. VERITAS does not amortize goodwill related to business combinations, but instead VERITAS tests it for impairment at least annually. While VERITAS does not expect to record goodwill impairment charges, VERITAS cannot be sure that it will not have to record impairment in the future. As of December 31, 2002, the total carrying amount of VERITAS goodwill was $1,196.6 million;

Loss on strategic investments. In the third quarter of 2001 and in the second quarter of 2002, VERITAS recorded losses on strategic investments. Future losses will depend on the results of VERITAS quarterly reviews to determine if there has been a decline in the fair value of its strategic investments that is other than temporary. As of December 31, 2002, the total carrying amount of VERITAS strategic investments was $10.3 million;

Stock-based compensation. In accounting for VERITAS stock option and stock purchase plans, because the exercise price of options granted under VERITAS stock plans are generally equal to the market value of VERITAS common stock on the date of grant, VERITAS recognizes no compensation cost for grants under these plans. The FASB, among other regulatory entities, is currently considering changes to the treatment of stock options that, if implemented, would require VERITAS to record a charge to earnings for employee stock option grants. Potential changes in practices regarding accounting for stock options could result in significant accounting charges; and

Restructuring charges. VERITAS regularly performs evaluations of its operations and activities. Any decision to restructure VERITAS operations, to exit any activity or to eliminate any excess capacity could result in significant accounting charges. Restructuring charges could also result from future business combinations. As a result of an evaluation of its facilities requirements, VERITAS believes that it has excess capacity in its domestic and foreign facilities. In the fourth quarter of 2002, VERITAS board of directors approved a restructuring plan to exit and consolidate certain of its facilities located in 17 metropolitan areas worldwide. In connection with this restructuring plan, VERITAS recorded a restructuring charge of approximately $98.2 million during the fourth quarter of 2002.

VERITAS may not be able to successfully execute its facility restructuring efforts, or VERITAS may find that the assumptions that underlie its facility restructuring plan are not reflective of future market results.

In the fourth quarter of 2002, VERITAS board of directors approved a restructuring plan to exit and consolidate some of its facilities based on VERITAS evaluation that its existing and planned facilities would exceed its near-term facilities needs due to slower than anticipated growth in the number of VERITAS employees as a result of weak and uncertain economic and industry conditions. In connection with this restructuring plan, VERITAS recorded a restructuring charge of approximately $98.2 million during the fourth quarter of 2002. VERITAS restructuring plan includes assumptions related to its ability to enter into sublease and/or lease termination arrangements regarding some of its facilities. VERITAS cannot predict if, or when, VERITAS will be able to successfully enter into sublease and/or lease termination arrangements for

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these facilities or if the actual terms of these arrangements will be as favorable as those assumed under VERITAS restructuring plan. Should VERITAS be unable to execute its restructuring plan under terms as favorable as those assumed under the restructuring plan, VERITAS may be required to materially increase its restructuring charge in future periods. VERITAS also cannot predict if its needs are accurate or if weak and uncertain economic and industry conditions will continue once VERITAS begins to implement its restructuring plan. VERITAS may find that its facility requirements are greater than estimated under its plan, which could necessitate procuring facilities at rates higher and at costs in addition to facilities that have been vacated by VERITAS. In addition, VERITAS cannot assure you that its restructuring program will achieve the anticipated benefits or will be completed in accordance with the contemplated timetable.

VERITAS has a significant amount of debt that VERITAS may be unable to service or repay.

In October 1997, VERITAS issued $100.0 million in aggregate principal amount at maturity of 5.25% convertible subordinated notes due 2004, of which $64.0 million was outstanding as of December 31, 2002. In August 1999, VERITAS issued $465.8 million in aggregate principal amount at maturity of 1.856% convertible subordinated notes due 2006, of which $464.7 million was outstanding as of December 31, 2002. As of December 31, 2002, the annual interest payments on VERITAS outstanding 5.25% notes were $3.4 million and the annual interest payments on VERITAS outstanding 1.856% notes were $8.6 million, all of which VERITAS plans to fund from cash flows from operations. VERITAS will need to generate substantial amounts of cash from its operations to fund interest payments and to repay the principal amount of debt when it matures, while at the same time funding capital expenditures and VERITAS other working capital needs. If VERITAS does not have sufficient cash to pay interest or principal on its debts as they come due, VERITAS could be in default of those debts. For example, if VERITAS does not make timely payments, the notes could be declared immediately due and payable. VERITAS outstanding debt could also increase VERITAS vulnerability to adverse economic and industry conditions by making it more difficult for VERITAS to raise capital if needed.

Changes in accounting rules regarding VERITAS operating leases may affect VERITAS operating expenses in the future.

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation Number, or FIN, 46, *Consolidation of Variable Interest Entities*, which addresses the consolidation of variable interest entities. FIN 46 provides guidance for determining when an entity that is the primary beneficiary of a variable interest entity should consolidate the variable interest entity into the entity s financial statements. The provisions of FIN 46 are to be applied as of the beginning of the first interim or annual reporting period beginning after June 15, 2003 for variable interest entities created before February 1, 2003 and still existing on June 15, 2003. VERITAS currently has three build-to-suit operating leases, commonly referred to as synthetic leases, of which VERITAS is the primary beneficiary and which were entered into prior to February 1, 2003. If the trusts under VERITAS leasing structures qualify as variable interest entities for purposes of FIN 46, VERITAS would be required to consolidate these entities into its financial statements beginning July 1, 2003. This would require VERITAS to recognize the assets and debt of the leasing structures on its consolidated balance sheet and a cumulative adjustment for the accounting change in its consolidated statements of operation. Alternatively, VERITAS may choose to purchase the properties by exercising its purchase option or seek to restructure the synthetic leases with entities that would not qualify as variable interest entities under FIN 46. VERITAS can give no assurance that it will be able to restructure the synthetic leases with entities that would not qualify as variable interest entities under FIN 46. If VERITAS is unable to restructure the synthetic leases, then it may be required to recognize additional depreciation and losses associated with these properties.

VERITAS may not be able to protect its proprietary information.

VERITAS relies on a combination of copyright, patent, trademark and trade secret laws, confidentiality procedures, contractual provisions and other measures to protect VERITAS proprietary information. All of these measures afford only limited protection. These measures may be invalidated, circumvented or challenged, and others may develop technologies or processes that are similar or superior to VERITAS technology. VERITAS may not have the proprietary information controls and procedures in place that VERITAS needs to protect its proprietary information adequately. In addition, because VERITAS licenses the source code for some of its products to third parties, there is a higher likelihood of misappropriation or other misuse of VERITAS intellectual property. VERITAS also licenses some of its products under shrink wrap license agreements that are not signed by licensees and therefore may be unenforceable under the laws of some jurisdictions. Despite VERITAS efforts to protect its proprietary rights, unauthorized parties may attempt to copy VERITAS products or to obtain or use information that VERITAS regards as proprietary.

Third parties may claim that VERITAS infringes their proprietary rights.

From time to time, VERITAS receives claims that it has infringed the intellectual property rights of others. As the number of products in the software industry increases and the functionality of these products further overlap, VERITAS believes that it may become increasingly subject to infringement claims, including patent and copyright infringement claims. VERITAS has received several trademark claims in the past and may receive more claims in the future based on the name VERITAS, which is a word commonly used in trade names throughout Europe and the western hemisphere. VERITAS has also received patent infringement claims in the past and may receive more claims in the future based on allegations that VERITAS products infringe upon patents held by third parties. In addition, former employers of VERITAS former, current or future employees may assert claims that such employees have improperly disclosed to VERITAS the confidential or proprietary information of these former employers. Any such claim, with or without merit, could:

- be time consuming to defend;
- result in costly litigation;
- divert management s attention from VERITAS core business;
- require VERITAS to stop selling, to delay shipping or to redesign VERITAS product; and
- require VERITAS to pay monetary amounts as damages, for royalty or licensing arrangements, or to satisfy indemnification obligations that VERITAS has with some of its customers.

In addition, VERITAS licenses and uses software from third parties in its business. These third party software licenses may not continue to be available to VERITAS on acceptable terms. Also, these third parties may from time to time receive claims that they have infringed the intellectual property rights of others, including patent and copyright infringement claims, which may affect VERITAS ability to continue licensing this software. VERITAS inability to use any of this third party software could result in shipment delays or other disruptions in its business, which could materially and adversely affect VERITAS operating results.

Natural disasters could disrupt VERITAS business.

VERITAS must protect its business and its network infrastructure against damage from earthquake, flood, hurricane and similar events. Many of VERITAS operations are subject to these risks, particularly VERITAS operations located in California. A natural disaster or other unanticipated problem could adversely affect VERITAS business, including both VERITAS primary data center and other internal operations and VERITAS ability to communicate with its customers or sell its products over the Internet.

Some provisions in VERITAS charter documents may prevent or deter certain corporate actions.

Some of the provisions in VERITAS charter documents may deter or prevent certain corporate actions, such as a merger, tender offer or proxy contest, which could affect the market value of VERITAS securities. These provisions include:

- VERITAS board of directors is authorized to issue preferred stock with any rights it may determine;

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VERITAS board of directors is classified into three groups, with each group of directors to hold office for three years;

VERITAS stockholders are not entitled to cumulate votes for directors and may not take any action by written consent without a meeting; and

special meetings of VERITAS stockholders may be called only by VERITAS board of directors, by the chairman of the board or by VERITAS chief executive officer, and may not be called by VERITAS stockholders.

VERITAS also has in place a stockholder rights plan that is designed to discourage coercive takeover offers.

Risks Related to Precise s Operations in Israel

Potential political, economic and military instability in Israel may adversely affect Precise s results of operations.

Precise s largest research and development facility and the third party manufacturer of many of Precise s products are located in Israel and a small portion of Precise s sales is currently being made to customers in Israel. Accordingly, political, economic and military conditions in Israel directly affect Precise s operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. A state of hostility, varying in degree and intensity, has led to security and economic problems for Israel. Since September 2000, there has been a high level of violence between Israel and the Palestinians. Any armed conflicts or political instability in the region and, specifically, the impending war in Iraq, could negatively affect business conditions and harm Precise s results of operations. Precise cannot predict the effect on the region of the increase in the degree of violence between Israel and the Palestinians. Parties with whom Precise has done business have declined to travel to Israel during periods of heightened unrest and tension, forcing Precise to make alternative arrangements when necessary. Furthermore, several countries restrict business with Israel and Israeli companies, and additional countries may restrict doing business with Israel and Israeli companies as a result of the recent increase in hostilities. These restrictive laws and policies may seriously harm Precise s operating results, financial condition and the expansion of Precise s business.

Precise s operations may be negatively affected by the obligations of Precise s personnel to perform military service.

Many of Precise s employees in Israel are obligated to perform military reserve duty. In addition, in the event of a war, military or other conflict, including the ongoing conflict with the Palestinians and the impending war in Iraq, individuals could be required to serve in the military for extended periods of time. Precise s operations could be disrupted by the absence for a significant period of time of one or more of Precise s key employees or a significant number of Precise s other employees due to military service. Any such disruption in Precise s operations could harm its business.

Because most of Precise s revenues are generated in non-Israeli currencies, but a portion of its expenses are incurred in New Israeli Shekels, inflation and currency fluctuations could seriously harm Precise s results of operations.

Precise generates most of its revenues in U.S. dollars but a portion of the costs associated with its Israeli operations is in New Israeli Shekels, or NIS. Precise also pays some of its international-based sales and support staff in local currencies, such as the British pound sterling and the Euro. As a result, Precise is exposed to risks to the extent that the rate of inflation in Israel, in the U.K. or in Europe exceeds the rate of devaluation of the NIS, the British pound sterling or the Euro in relation to the U.S. dollar or if the timing of such devaluations lags behind inflation in Israel, in the U.K. or in Europe. In that event, the cost of Precise s operations in Israel, the U.K. and Europe measured in terms of U.S. dollars will increase and Precise s U.S. dollar-measured results of operations will suffer. Historically, Israel has experienced periods of high inflation. Precise s results of operations also could be harmed if Precise is unable to guard against currency fluctuations in Israel, the U.K. or other countries in which it may employ sales or support staff in the future.

Precise intends to rely upon tax benefits from the State of Israel but those tax benefits may not be available to Precise at that time.

Precise is eligible for certain tax benefits for the first several years in which Precise generates taxable income pursuant to Israel s Law for the Encouragement of Capital Investments, 1959. Although Precise has not historically generated taxable income for purposes of this law, Precise expects to begin to use these tax benefits in either 2003 or 2004, depending on when Precise becomes profitable in Israel. Precise s financial condition could suffer if these tax benefits were subsequently reduced or not available to Precise.

In order to receive tax benefits, Precise must comply with the conditions of the certificates of approval that were granted to its approved enterprise programs. If Precise fails to comply in whole or in part with these conditions, the tax benefits that it expects to receive could be partially or fully canceled. In that event, Precise could be forced to refund the amount of the benefits it has received, adjusted for inflation and interest. From time to time, the government of Israel has discussed reducing or eliminating the benefits available under the approved enterprise regime. Thus, these tax benefits may not be continued with respect to future programs at their current levels or at all.

Additionally, in the event that Precise increases its activities outside of Israel due to, for example, future acquisitions or internal restructuring, those increased activities generally will not be eligible for inclusion in Israeli tax benefit programs. Accordingly, Precise s effective corporate tax rate could increase significantly in the future as the revenues generated by the new activities will not qualify for approved enterprise treatment.

The transfer and use of portions of Precise s technology are limited because of research and development grants Precise received from the Israeli government.

Precise s research and development efforts associated with the development of the technology embedded in Precise/ Indepth for Oracle software have been partially financed through grants from the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade. Precise has developed software funded partially by Chief Scientist grants that subject it to royalty payments and restrictions, which could limit or prevent Precise s growth and profitability. The know-how developed with this funding may not be transferred outside of Israel. The products incorporating the software developed with this know-how, or any part thereof, may not be manufactured outside of Israel, without appropriate governmental approvals. These restrictions do not apply to the sale or export from Israel of Precise s products incorporating software developed with this know-how. These restrictions will continue to apply to Precise after the merger, despite the fact that it has already paid the full amount of royalties ordinarily payable in respect of the grants. These restrictions extend to any derivative or related products or software containing the technologies developed with the financial assistance of the Office of the Chief Scientist. Since Precise s Indepth for SQL Server and Indepth for DB2 UDB products may contain technologies present in Precise/ Indepth for Oracle, the Office of the Chief Scientist may maintain that these products are also subject to the restrictions discussed above. If the Chief Scientist consents to the manufacture of Precise s software outside Israel, the regulations prescribe the payment of royalties at an increased rate, as well as an increase, which may range from 120% to 300% of the amount of the Chief Scientist grant, depending on the percentage of foreign manufacture, in the total amount of royalties.

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EXTRAORDINARY MEETING OF PRECISE SHAREHOLDERS

General

Precise is furnishing this proxy statement/ prospectus to holders of Precise ordinary shares in connection with the solicitation of proxies by the Precise board of directors for use at the extraordinary meeting of shareholders to be held on , 2003, and any adjournment thereof.

This proxy statement/ prospectus is first being furnished to shareholders of record of Precise on or about , 2003. A preliminary notice of an extraordinary meeting of the shareholders of Precise 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 the shareholders on or about February 26, 2003. The information provided in the this proxy statement/ prospectus is intended to supplement the information provided in the preliminary notice. This proxy statement/ prospectus is also being furnished to Precise shareholders as a prospectus in connection with the potential issuance by VERITAS of shares of VERITAS common stock to Precise shareholders who receive the mixed consideration as contemplated by the merger agreement.

Date, Time and Place

The extraordinary meeting of shareholders will be held on , 2003 at a.m., local time, at Precise s U.S. offices at 690 Canton Street, Westwood, Massachusetts 02090.

Record Date

Precise s board of directors has fixed , 2003, as the record date for determination of Precise shareholders entitled to attend and vote at the extraordinary meeting.

Vote of Precise Shareholders Required

As of the close of business on , 2003, there were ordinary shares of Precise outstanding and entitled to vote. Each Precise ordinary share is entitled to one vote. In general, the affirmative vote of 75% of the voting 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 (Proposal No. 1). However, 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. 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 objected to the merger.

Directors, each in his or her capacity as a shareholder, officers and other affiliated shareholders of Precise who collectively beneficially own approximately 6.8% of Precise s 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.

Amendment of Precise s articles of association (Proposal No. 2) and approval of the modification to the terms of director share options (Proposal No. 3) require the approval of a majority of the voting shares of Precise present and voting at a meeting at which a quorum is present.

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

The quorum required for the extraordinary meeting is shareholders holding collectively at least one-third of the issued share capital of Precise, present in person or by proxy. If within one hour from the time set for the meeting, a quorum is not present, the meeting shall stand adjourned and reconvene on the same day in the next week, at the same time and place.

Voting of Proxies

Precise requests that its shareholders complete, date and sign the accompanying proxy card and promptly return it in the accompanying envelope or otherwise mail it to Precise at its registered office, or at its principal place of business or at the office of its registered and/or transfer agent or in accordance with the instructions noted on the proxy card. Brokers holding ordinary shares in street name may vote the shares only if the shareholder provides instructions on how to vote. Brokers will provide directions on how to instruct the broker to vote the shares. All properly executed proxies that Precise receives at least 24 hours prior to the extraordinary meeting, and that are not revoked, will be voted in accordance with the instructions indicated on the proxies or, if no direction is indicated, to approve Proposal No. 1 as well as approve Proposal No. 2 and Proposal No. 3. Properly executed proxies, other than proxies voting against Proposal No. 1 will also be voted for any adjournment of Precise s extraordinary meeting of shareholders for the purpose of soliciting additional votes to approve such matters, if necessary. Other than as set forth in this proxy statement/ prospectus, Precise s board of directors does not currently intend to bring any other business before the extraordinary meeting and, so far as Precise s board of directors knows, no other matters are to be brought before the extraordinary meeting. If other business properly comes before the extraordinary meeting, the proxies will vote in accordance with their own judgment.

Shareholders may revoke their proxies at any time prior to use by delivering a signed notice of revocation or a later-dated signed proxy in the same way, to the same addresses and at the same time set for delivery of proxies, or by attending the extraordinary meeting in person and revoking the proxy by making a written or oral notice of revocation presented to the chairman of the meeting at the meeting. Attendance at the extraordinary meeting does not in itself constitute the revocation of a proxy.

Precise will bear the costs of solicitation of proxies from its shareholders. In addition to solicitation by use of the mails, proxies may be solicited by directors, officers, employees or agents of Precise in person or by telephone, telegram or other means of communication.

You should notify Precise before voting at the extraordinary meeting or indicate on the proxy card, whether or not you indicate how you want to vote, 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 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 Proposal No. 1 and your vote will not be counted with respect to Proposal No. 1.

Availability of Accountants

Kost, Forer & Gabbay, a member of Ernst & Young Global, independent public accountants in Israel, has acted as Precise s independent accountants since 1997. Representatives of Kost, Forer & Gabbay are expected to be present at the extraordinary meeting and will have an opportunity to make a statement if they desire to do so. They are also expected to be available to respond to appropriate questions.

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PROPOSAL NO. 1

THE MERGER

The following is a description of the material aspects of the merger, including the merger agreement. While we believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire proxy statement/ prospectus, including the merger agreement attached to this proxy statement/ prospectus as Annex A, for a more complete understanding of the merger.

Background of the Merger

VERITAS and Precise have been familiar with each other s businesses for several years and have periodically engaged in discussions regarding possible business arrangements. For example, in early 2002, employees of VERITAS and Precise engaged in several discussions regarding possible licensing or reseller arrangements between the two companies.

On April 22, 2002, Michael J. Miracle was appointed to the Precise board of directors, and elected for a three year term by Precise s shareholders on May 30, 2002. Mr. Miracle formerly served as the vice president of corporate business development of VERITAS from February 1998 to October 2001.

On April 24, 2002, employees of VERITAS met with Shimon Alon, the chief executive officer of Precise, Itzhak (Aki) Ratner, the president of Precise and Benjamin H. Nye, the chief operating officer of Precise, in Westwood, Massachusetts to explore the potential for VERITAS to be a reseller of Precise s products.

On May 7, 2002, Kris Hagerman, the senior vice president of strategic operations of VERITAS and other employees of VERITAS met with Messrs. Alon and Nye in Mountain View, California to discuss the potential for a business combination between VERITAS and Precise. Both parties indicated a willingness to proceed with discussions.

On May 23, 2002, Mr. Hagerman indicated VERITAS interest in a possible business combination with Precise in a conference call with Messrs. Alon and Nye.

From May 30, 2002 to June 5, 2002, representatives of VERITAS and representatives of Credit Suisse First Boston, VERITAS financial advisor, held several telephone conferences to discuss a potential business combination with Precise.

During the week of June 3, 2002, Mr. Hagerman and other employees of VERITAS held several telephone conferences with Messrs. Alon and Nye to discuss the potential for a business combination between VERITAS and Precise.

On June 9, 2002, an employee of VERITAS telephoned Mr. Nye to discuss financial due diligence on Precise.

On June 12, 2002, Messrs. Hagerman and Alon had a telephonic meeting to further discuss the possibility of a business combination between the companies.

On June 13, 2002, VERITAS and Precise executed a nondisclosure agreement to facilitate discussions between the parties.

On June 14, 2002, the VERITAS board of directors held a meeting at which it discussed the possible business combination with Precise. On that same day, VERITAS presented to Precise a non-binding proposal outlining terms for a potential business combination between the companies.

On June 17, 2002, Mr. Hagerman had a telephonic meeting with Messrs. Alon and Nye to discuss VERITAS non-binding proposal. During that conversation, Messrs. Alon and Nye informed Mr. Hagerman that Precise was not willing to accept VERITAS non-binding proposal.

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On June 25, 2002, Mr. Hagerman and other employees of VERITAS met with Messrs. Alon and Nye in Westwood, Massachusetts to discuss valuation. No resolution was reached as to the pricing of the potential business combination.

On June 28, 2002, the VERITAS board of directors held a meeting at which it discussed the potential business combination with Precise.

During the period from July 8, 2002 to July 12, 2002, Mr. Hagerman and other employees of VERITAS held several telephone conferences with Messrs. Alon and Nye to discuss potential synergies and benefits of the potential business combination.

On July 17, 2002, August 13, 2002 and August 28, 2002, the VERITAS board of directors held meetings at which the potential business combination with Precise was discussed.

On August 29, 2002, VERITAS presented to Precise a revised non-binding proposal outlining terms for a possible business combination between the companies.

During the week of September 2, 2002, Messrs. Alon and Nye discussed the possible business combination with Ron Zuckerman, Precise s chairman of the board, and individually with other members of Precise s board of directors.

On September 4, 2002, VERITAS formally engaged Credit Suisse First Boston to act as VERITAS financial advisor in connection with the possible business combination with Precise.

On September 5, 2002, Precise engaged Goldman, Sachs & Co. to act as Precise s financial advisor in connection with the possible business combination with VERITAS.

On September 6, 2002, a second party expressed to Precise an interest in a potential business combination with Precise and requested an opportunity to conduct financial and legal due diligence on Precise.

On September 10, 2002, a telephone conference to discuss upcoming diligence sessions in Dedham, Massachusetts was held between Mr. Hagerman and other employees of VERITAS, Mr. Nye and other employees of Precise, representatives of Credit Suisse First Boston, representatives of Goldman, Sachs & Co., representatives of Wilson Sonsini Goodrich & Rosati, Professional Corporation, legal counsel for VERITAS, and representatives of Piper Rudnick LLP, legal counsel for Precise.

From September 10, 2002 to September 11, 2002, representatives of Precise and the second party and their respective financial advisors and legal counsel met in Dedham, Massachusetts to conduct financial and legal due diligence on Precise.

On September 12, 2002, the second party presented to Precise a non-binding proposal outlining terms for a possible business combination between Precise and the second party, subject to additional due diligence and exclusivity.

On September 13, 2002, the Precise board of directors held a special meeting to consider the proposals by VERITAS and the second party. Representatives from Goldman Sachs and Piper Rudnick advised the board on the status of the proposals. The board designated Mr. Zuckerman, Gary Fuhrman, a Precise director, and Anton Simunovic, a Precise director, to advise Precise s management regarding the proposals. The Precise board of directors determined that the current VERITAS proposal was more favorable than the proposal submitted by the second party. The board directed Goldman Sachs to continue its discussions on behalf of Precise with VERITAS and to communicate to the second party that its proposal was not sufficient for Precise to agree to negotiate exclusively with the second party.

From September 13, 2002 to September 14, 2002, employees of VERITAS, Mr. Nye and other employees of Precise, and representatives of the respective financial advisors and legal counsel for VERITAS and Precise met in Dedham, Massachusetts to conduct financial and legal due diligence on Precise.

During the week of September 16, 2002, the second party revised its non-binding proposal originally submitted on September 12, 2002. Goldman Sachs, on behalf of Precise, indicated to the second party that the second party s revised proposal was not competitive at that time.

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From September 15, 2002 to September 18, 2002, an employee of VERITAS and representatives of Credit Suisse First Boston participated in several telephone conferences with representatives of Goldman Sachs to discuss the potential business combination with Precise.

In mid-September 2002, VERITAS engaged KPMG LLP to conduct accounting due diligence on Precise, following which representatives of KPMG conducted accounting due diligence on Precise in Westwood, Massachusetts and in Israel.

On September 17, 2002, employees of VERITAS met with employees of Precise in Reston, Virginia, to conduct technical due diligence on Precise s storage resource management (SRM) products.

From September 18, 2002 to September 19, 2002, Fred van den Bosch, VERITAS chief technology officer and executive vice president of the advanced technology group, and other employees of VERITAS met with Rami Schwartz, Precise s executive vice president of research and development, in Tel Aviv, Israel, to discuss technical due diligence on Precise.

On September 20, 2002, Gary L. Bloom, the president and chief executive officer of VERITAS, had a telephonic meeting with Mr. Alon. During this discussion, Messrs. Bloom and Alon agreed to suspend their discussions until after September 30, 2002.

On October 3, 2002, at the instruction of VERITAS, Credit Suisse First Boston delivered to Precise a draft merger agreement and a draft exclusivity agreement prepared by Wilson Sonsini Goodrich & Rosati.

On October 7, 2002, Precise agreed to negotiate exclusively with VERITAS until October 23, 2003 with respect to a potential business combination.

On October 11, 2002, Piper Rudnick delivered comments to Wilson Sonsini Goodrich & Rosati to the draft merger agreement previously delivered on October 3, 2002.

From October 14, 2002 to October 16, 2002, employees of VERITAS, representatives of Precise, including Mr. Nye and Marc Venator, the chief financial officer of Precise, and other employees of Precise, and representatives of Credit Suisse First Boston and Goldman Sachs met in Dedham, Massachusetts to continue due diligence on Precise. During this time, Mark Bregman, VERITAS executive vice president, product operations, and other employees of VERITAS met with Messrs. Ratner and Schwartz in Tel Aviv, Israel, to conduct operational due diligence on Precise.

On October 17, 2002, Wilson Sonsini Goodrich & Rosati delivered to Precise a revised draft of the merger agreement. On that same day, Mr. Bregman and other employees of VERITAS met with employees of Precise in Reston, Virginia, to conduct operational due diligence on Precise.

From October 17, 2002 to October 22, 2002, the parties and their respective legal and financial advisors continued to negotiate terms, valuation and structure of a potential transaction, and representatives of VERITAS, Credit Suisse First Boston, KPMG and Wilson Sonsini Goodrich & Rosati continued to conduct due diligence on Precise. On October 18, 2002, Paul Sallaberry, VERITAS executive vice president, sales strategy, and other employees of VERITAS held a telephone conference with Messrs. Alon and Nye and other employees of Precise, to discuss Precise s sales operation.

On October 21, 2002, the Precise board of directors held a regularly scheduled board meeting at which the status of the potential business combination with VERITAS was discussed.

During the evening of October 22, 2002, representatives of Credit Suisse First Boston and Goldman Sachs had a telephone conference to discuss valuation. Goldman Sachs, on behalf of Precise, responded that it believed that the valuation proposed by VERITAS would be insufficient to conclude a transaction with Precise.

On October 23, 2002, the VERITAS board of directors held a meeting at which it discussed the potential business combination with Precise. On that same day, the period during which Precise agreed to negotiate exclusively with VERITAS expired.

On October 24, 2002, Goldman Sachs, on behalf of Precise, contacted the second party regarding its continued interest in a potential transaction with Precise and indicated Precise s desire to resume discussions with the second party.

On October 25, 2002, the VERITAS board of directors held a special telephonic meeting to discuss the potential business combination with Precise.

On October 26, 2002, Mr. Bloom telephoned Mr. Alon to discuss a revised non-binding proposal.

During the week of October 28, 2002, Mr. Bloom contacted Mr. Alon to discuss the revised non-binding proposal. No agreement was reached, but Messrs. Bloom and Alon determined that Messrs. Hagerman and Nye should continue to explore the terms of VERITAS proposal. Messrs. Hagerman and Nye discussed the proposal several times during the following week.

During the weeks of October 28, 2002 and November 4, 2002, Goldman Sachs, on behalf of Precise, conducted further discussions with the second party regarding its continued interest in a p