

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 4, 2005

VASCO DATA SECURITY INTERNATIONAL, INC.

(Exact name of registrant as specified in charter)

Delaware (State or other jurisdiction of incorporation)	000-24389 (Commission File Number)	36-4169320 (IRS Employer Identification No.)
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1901 South Meyers Road, Suite 210
Oakbrook Terrace, Illinois 60181
(Address of principal executive offices)

(630) 932-8844
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

ITEM 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On February 4, 2005, pursuant to a Share Sale and Purchase Agreement (the "Purchase Agreement") by and among VASCO Data Security International, Inc. ("Vasco"), A.O.S. Holding B.V. ("Seller"), Filipan Beheer B.V. ("Guarantor"), Mr. Mladen Filipan ("Surety") and Pijnenburg Beheer N.V. ("Guarantor"), Vasco completed its acquisition of 100% of the total issued share capital of A.O.S. Hagenuk B.V., a private limited liability company organized and existing under the laws of the Netherlands ("A.O.S.").

The base purchase price paid to the Seller for the acquisition was EUR 5,000,000, of which EUR 3,750,000 was paid in cash ("Consideration Cash") and the remainder of which was paid in Vasco common stock ("Consideration Shares"). The Consideration Shares will be held in escrow for the benefit of the Seller for a period of twelve (12) months, pursuant to the terms of an Escrow Agreement. Six (6) months after closing, the Seller shall have the right to pay EUR 1,250,000 into the escrow account against release of the Consideration Shares, pursuant to the terms set forth in the Purchase Agreement. In addition to the base purchase price, a variable amount related to the gross profits collected on the sales of certain equipment will be paid to the Seller over a period of two (2) years following Closing, pursuant to the terms of the Purchase Agreement.

No material relationship, other than in respect of the transaction, between A.O.S. and Vasco or any of its affiliates, or any director or officer of Vasco, or any associate of any such director or officer exists.

The foregoing description of the transactions contemplated by the Purchase Agreement does not purport to be a complete statement of the parties' rights under the Purchase Agreement and is qualified in its entirety by reference to the full text of the Purchase Agreement, a copy of which is filed with this Current Report on Form 8-K as Exhibit 2.1 and incorporated by reference herein.

SECTION 9 FINANCIAL STATEMENTS AND EXHIBITS

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Business Acquired

As permitted by Item 9.01(a)(4) of Form 8-K, the financial statements required by Item 9.01(a)(1) of Form 8-K will be filed pursuant to an amendment to this Current Report on Form 8-K not later than seventy one (71) calendar days after the date this current report must be filed.

(b) Pro Forma Financial Information

As permitted by Item 9.01(b)(2) for Form 8-K, the pro forma financial information required by Item 9.01(b)(1) of Form 8-K will be filed pursuant to an amendment to this Current Report of Form 8-K not later than seventy one (71) calendar days after the date this current report must be filed.

(c) Exhibits

Exhibit Number -----	Description -----
2.1	Share Sale and Purchase Agreement by and among VASCO Data Security International, Inc., A.O.S. Holding B.V., Filipan Beheer B.V., Mr. Mladen Filipan, and Pijnenburg Beheer N.V., dated February 4, 2005.
99.1	Press Release dated February 8, 2005.
99.2	Registration Rights Agreement by and among A.O.S. Holding B.V., Filipan Beheer B.V., Mr. Mladen Filipan, and Pijnenburg Beheer N.V., and VASCO Data Security International, Inc., dated February 4, 2005.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 8, 2005

VASCO Data Security International, Inc.

(Registrant)

By: /s/Clifford K. Bown

Clifford K. Bown
Chief Financial Officer

EXHIBIT INDEX

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DATED FEBRUARY 4, 2005

BETWEEN

VASCO DATA SECURITY INTERNATIONAL, INC.

(as Purchaser)

AOS HOLDING B.V.

(as Seller)

FILIPAN BEHEER B.V.

(as Guarantor)

MR. MLADEN FILIPAN

(as Surety)

PIJNENBURG BEHEER N.V.

(as Guarantor)

SHARE SALE AND PURCHASE AGREEMENT

Baker & McKenzie Amsterdam N.V.
1017 PS Leidseplein
Amsterdam, The Netherlands
Tel: +31-20-5517555
Fax: +31-20-6267949

THIS SHARE SALE AND PURCHASE AGREEMENT is made on this 4th day of February 2005 (the "AGREEMENT")

Between:

- (1) VASCO DATA SECURITY INTERNATIONAL, INC., a Delaware corporation, United States of America with its principal place of business at 1901 South Meyers Road, Oakbrook Terrace, Illinois 60181, United States of America (the "PURCHASER");
- (2) A.O.S. HOLDING B.V., a private limited liability company organized and existing under the laws of The Netherlands with its registered office in 's Hertogenbosch and its principal place of business at De Tweeling 20A, (5215 MC) 's Hertogenbosch, The Netherlands (the "SELLER");
- (3) FILIPAN BEHEER B.V., a private limited liability company organized and existing under the laws of the Netherlands with its registered office at (5492 BK) Emmausstraat 11, Sint Oedenrode, The Netherlands ("FILIPAN BEHEER");
- (4) MR. MLADEN FILIPAN, a private individual residing at (5492 BK) Emmausstraat 11, Sint Oedenrode, The Netherlands, being the ultimate beneficial owner of Art of Security B.V. ("FILIPAN"); and
- (5) PIJNENBURG BEHEER N.V., a private limited liability company organized and existing under the laws of The Netherlands with its registered

office at (5261 NE) Boxtelseweg 70, Vught, being the sole shareholder of C.P.S. International B.V. ("PIJNENBURG BEHEER NV").

WHEREAS:

- (A) The Seller is the legal and beneficial owner of the entire issued share capital of A.O.S. Hagenuk B.V., a private limited liability company organized and existing under the laws of The Netherlands with its registered office at 's Hertogenbosch, The Netherlands and its principal place of business at (5215 MC) De Tweeling 20A, 's Hertogenbosch, The Netherlands ("COMPANY").
- (B) The Company is in the business of the development and marketing of authentication, verification and IT security software and applications therefor, including smart card activities;
- (C) The Purchaser designs, develops, markets and supports patented "Identity Authentication" products for e-business and e-commerce;
- (D) The Seller and the Purchaser have agreed that the Seller shall sell and transfer to the Purchaser and the Purchaser shall purchase and acquire from Seller 100% of the total issued share capital of the Company, consisting of 180 shares, nominal value EUR 100 per share, numbered 1 to 180 (collectively: "SHARES") for the Consideration and on the terms and subject to the conditions contained in this Agreement;

THEREFORE IT IS HEREBY AGREED AS FOLLOWS:

ARTICLE 1 - DEFINITIONS AND INTERPRETATION

- 1.1 DEFINITIONS. In this Agreement, unless the context otherwise requires the words and expressions used in this Agreement shall have the meanings set out in SCHEDULE 1.
- 1.2 HEADINGS. Headings are inserted for convenience only and shall not affect the construction of this Agreement.

ARTICLE 2 - SALE AND PURCHASE OF THE SHARES

- 2.1 SALE AND PURCHASE. The Seller hereby, subject to the terms and conditions of the Agreement, sells ("VERKOOPT") the Shares to the Purchaser, and the Purchaser hereby, subject to the terms and conditions of this Agreement, purchases ("KOOPT") the Shares from the Seller.
- 2.2 TRANSFERS. At Closing, the Seller agrees to transfer ("LEVEREN") to Purchaser the Shares and the Purchaser agrees to accept the transfer of the Shares from the Seller.

ARTICLE 3 - CONSIDERATION AND ADJUSTMENT

- 3.1 CONSIDERATION. The consideration for the Shares payable by the Purchaser to the Seller ("CONSIDERATION") shall consist of:
- (i) the payment of a cash amount of EUR 3,750,000 (Three million seven hundred and fifty thousand Euros) adjusted to (a) add or subtract the amounts required to settle any outstanding balances due from or due to Related Parties as of the Closing Date and (b) add or subtract the amount by which the Company's tangible net equity (defined to be total net equity less net intangible assets) as of January 31, 2005 as reflected in the Financial Statements as defined in EXHIBIT 4 is less respectively more than EUR 85,000 (the net result of all the foregoing, the "CONSIDERATION CASH");
 - (ii) the issuance to Seller of shares of common stock, par value \$.001 per share, of the Purchaser ("CONSIDERATION SHARES"), calculated in accordance with Articles 3.3 and 3.4 below; and
 - (iii) a variable amount related to the gross profits collected on sales of POS equipment to VISA for the Latin/South America markets for a period of two years after Closing ("GROSS PROFITS") ("EARN OUT CONSIDERATION"), calculated in accordance with Article 5.
- 3.2 CLOSING CONSIDERATION. The consideration payable at Closing ("CLOSING CONSIDERATION"), which shall consist of the Consideration Cash and the Closing Consideration Shares, shall at Closing be EUR 5,000,0000 (five million Euros) adjusted as set forth in Article 3.1.(i), if any.

3.3 CLOSING CONSIDERATION SHARES. The number of Consideration Shares issued to Seller on the Closing Date ("CLOSING CONSIDERATION SHARES") will be equal to EUR 1,250,000 divided by the Initial Value. The Initial Value will be measured five (5) business days prior to the Closing Date ("MEASUREMENT DATE") and be equal to the average closing price of Purchaser common stock on the Nasdaq SmallCap Market during a period of thirty (30) trading days prior to the Measurement Date, less five percent (5%) (the "INITIAL VALUE"). The Closing Consideration Shares will be held in escrow for the benefit of the Seller in accordance with the terms and conditions of the Escrow Agreement attached as SCHEDULE 9 (the "ESCROW AGREEMENT").

3.4 ADJUSTMENT OF CLOSING CONSIDERATION SHARES. Twelve months after the Closing Date and five days prior to the expiration of the Escrow Agreement (the "RE-MEASUREMENT DATE") the value of the Closing Consideration Shares will be re-measured as of the Re-measurement Date by reference to the average closing price of the Purchaser common stock on the Nasdaq SmallCap Market during a period of thirty (30) trading days prior to the Re-measurement Date, less five percent (5%) (the "FINAL VALUE"). If:

- (a) the Final Value is 90% of the Initial Value or greater, then there shall be no adjustment of the amount of Closing Consideration Shares;
- (b) the Final Value is 80% or greater but less than 90% of the Initial Value then the amount of Consideration Shares shall be increased to the number of Consideration Shares multiplied by a fraction consisting of the Initial Value divided by the Final Value;
- (c) the Final Value is less than 80% of the Initial Value then the amount of Consideration Shares shall be increased to the number of Closing Shares multiplied by 1.25.

Twelve months after the Closing the Consideration Shares shall be transferred to Seller in accordance with the terms and conditions of the Escrow Agreement, except for those Consideration Shares retained by the escrow agent as additional recourse for indemnity claims made under Article 7 below or those Consideration Shares released pursuant to Article 3.7 below.

3.5 REGISTRATION RIGHTS. The Purchaser will use commercially best efforts to register the Consideration Shares for resale and have such registration declared effective by the Securities and Exchange Commission of the United States ("SEC") within six (6) months of the Closing Date, in accordance with the terms and conditions of the Registration Rights Agreement attached as SCHEDULE 8 ("REGISTRATION RIGHTS AGREEMENT").

3.6 SURVIVAL OF ESCROW. If the registration for resale has not been declared effective by the SEC prior to the release of the Consideration Shares from escrow, the adjustment obligation of the Purchaser pursuant to Article 3.4 will survive until the earliest date that those shares can be transferred by Seller as a result of valid registration for resale or qualification under other rules and regulations of the SEC.

3.7 RELEASE OF ESCROW SHARES. Six months after Closing the Seller will have the right to pay an amount of EUR 1,250,000 into the escrow account against release by the Purchaser of the

Consideration Shares, regardless of the value of those shares at that time and without prejudice to the obligations of the Seller as set out in the Registration Rights Agreement. In such an event the Seller and the Purchaser shall jointly issue written instructions to the escrow agent appointed under the Escrow Agreement.

ARTICLE 4 - CLOSING

4.1 PLACE OF CLOSING AND CONDITIONS PRECEDENT. Closing shall take place at the offices of Baker & McKenzie, Leidseplein 29, 1017 PS Amsterdam, The Netherlands within five business days after all of the following conditions precedent (the "CONDITIONS PRECEDENT") have been either fulfilled or waived by the Purchaser, or at such other place and time as shall be mutually agreed between the Parties:

- (a) Completion of a legal, financial, tax, actuarial, environmental and commercial pre-acquisition review over the business and records of the Company and the results of such review being satisfactory to the Purchaser in its sole and absolute discretion;
- (b) The Seller Warranties and the Additional Seller Warranties remaining in all material respects true and accurate and not misleading at Closing as if repeated at Closing and Seller having complied in all material respects with all of the obligations herein required to be performed by it prior to Closing and Seller having delivered to Purchaser at Closing a certificate, dated the Closing Date, to the foregoing effect;
- (c) Receipt of audited financial statements in accordance with U.S. Generally Accepted Accounting Principles for the years 2004, 2003 and 2002 for the Company, the results of such audits to be consistent with the financial statements previously provided to the Purchaser, except as a result of a difference in accounting principles;
- (d) Receipt of the consent of the AOS's auditors for the Purchaser to use their opinion on the audited financial statements noted in 4.1(c) in any filings to be made with the U.S. Securities and Exchange Commission;
- (e) The delivery of un-audited balance sheet, income statement and cash flow ("Interim Financial Statements") for the month ended just prior to the Closing Date prepared on a basis consistent with the audited financial statements noted in 4.1(c). If closing is on January 31, 2005, Seller will cooperate fully with Purchaser in the preparation of such Interim Financial Statements as soon as practicable following closing and reimburse Purchaser promptly if the tangible net equity is less than 85,000 Euros.
- (f) The execution of an employment agreement, including non-compete provisions, with Mr. M. Filipan, and letters of intent confirming the willingness to stay employed with the Company for each of the individuals referred to in Article 4.1.(a) and (b) below, effective upon the Closing Date, for the following periods:
 - a. M. Filipan, P. Romein and A. Derks for a three-year period, and
 - b. H. Braams, B. Hennink, F. Cornelis, H. Bourguignon, M. Selten and M. Langejans for a two-year period;

- (g) The Company having operated its business in the ordinary course thereof, consistent with past practices, from December 31, 2004 through the Closing Date;
- (h) The Purchaser having reviewed and accepted all significant commitments, agreements or transactions executed prior to the Closing Date, including material contracts with suppliers and/or customers, future employees and contracts out of the ordinary course of business;
- (i) Approval by the board of directors of the Purchaser of this Agreement and all transactions contemplated hereby.

4.2 WAIVER OF CONDITIONS AND TERMINATION. The Purchaser and seller shall each have the right (but not the obligation) to waive any or more of the Conditions Precedent as it may deem fit. If by four weeks after the signing of this Agreement the Conditions Precedent have not been either fulfilled or waived then each of the Seller and the Purchaser shall have the right to terminate this Agreement forthwith, in which event no Party shall be liable to any other Party for damages.

4.3 CONDUCT OF BUSINESS PRIOR TO CLOSING. The Seller and the Purchaser shall use their reasonable best efforts so as to cause the Conditions Precedent to be fulfilled as soon as reasonably possible after the date of this Agreement. Except as expressly contemplated by this Agreement, the Seller will between the date hereof and the Closing Date cause the Company to conduct its operations in the ordinary and usual course of business and consistent with past practice, and the Company shall, and the Seller shall cause the Company to use its best efforts, to preserve intact its business organization, to keep available the services of its officers and employees and to maintain satisfactory relationships with persons and entities having business dealings or business relationships with them. Without limiting the generality of the foregoing, and except as otherwise expressly provided in or contemplated by this Agreement, between the date hereof and Closing Date the Company will not, without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld):

- (j) amend its articles of association;
- (ii) issue, sell, or dispose of any shares in its capital, any options, warrants or rights of any kind to acquire any shares in their capital or any securities which are convertible into or exchangeable for any shares in its capital;
- (iii) split, combine or reclassify any shares in its capital, declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any shares in its capital, or redeem or otherwise acquire any shares in its capital;
- (iv) create, incur, or guarantee long-term indebtedness for borrowed money or short-term indebtedness for borrowed money which in the aggregate exceeds EUR 25,000 or issue or sell any debt securities;
- (v) adopt, enter into or amend any bonus, profit sharing, compensation, stock option, warrant, pension, retirement, deferred compensation, employment, severance, termination or other employee benefit plan, agreement or arrangement for the benefit or welfare of any officer, director or employee or except as reasonably called for pursuant to formulas contained in existing employee benefit plans or arrangements or otherwise in the ordinary course of business and consistent with past practice (none of which shall be unreasonable or unusual), agree to any increase in the compensation

payable or to become payable to any officer, director or employee;

- (vi) purchase or otherwise acquire, by merger, consolidation, acquisition of securities or assets or otherwise, (i) any corporation, partnership, association or other business organization or division thereof or (ii) any assets or properties which would be material, in the aggregate, to the Group taken as a whole;
- (vii) sell, lease, or otherwise dispose of any of its assets or properties which are material to the Company, other than in the ordinary course of business;
- (viii) mortgage or encumber any of its assets or properties which are material to the Company taken as a whole;
- (ix) make any capital expenditures or commitments for capital expenditures which, in the aggregate, exceed EUR 25,000;
- (x) pay or discharge any material claim or liability other than in the ordinary course of business or pursuant to binding contractual obligations of the Company or set forth herein;
- (xi) enter into any material contract other than in the ordinary course of business consistent with past practice or amend any Material Contract (as such term is defined in SCHEDULE 4);
- (xii) take any action which would cause any Warranty not to be true and correct as of the Closing Date; or (xiii) agree, whether in writing or otherwise, to do any of the foregoing.

4.4 SELLER'S CLOSING OBLIGATIONS. At Closing, the Seller shall:

- (a) deliver or cause to be delivered to the Purchaser:
 - (i) the original shareholders registers of the Company;
- (b) execute:
 - (i) the Notarial Transfer Deed;
 - (ii) the Escrow Agreement;
 - (iii) the Registration Rights Agreement.
- (c) cause:
 - (i) the Company to execute the Notarial Transfer Deed;
 - (ii) Messrs. M. Filipan, P. Romein, A. Derks, H. Braams, B. Hennink, F. Cornelis, H. Bourguignon, M. Selten and M. Langejans to execute the employment agreements substantially in form set forth as Schedule 10 hereto.
- (d) authorize the civil law notary executing the Notarial Transfer Deed to make the relevant entries in the shareholders registers of the Companies.

4.5 PURCHASER'S CLOSING OBLIGATIONS. At Closing, and upon the delivery of the items set out in Article 4.2 above, the Purchaser shall:

- (a) execute the Notarial Transfer Deed;
- (b) execute the Escrow Agreement;
- (c) execute the Registration Rights Agreement.
- (d) instruct the civil law notary of Baker & McKenzie (who, prior to Closing, shall have received from the Purchaser an amount equal to the Consideration Cash into its trust account) to pay the Consideration Cash to a bank account designated by the Seller in writing, and Seller's receipt thereof shall be an absolute discharge therefore;
- (e) issue the Closing Consideration Shares to the Escrow Agent.

4.6 NON-COMPLIANCE. If the Seller or Purchaser fails to perform any action required from it under Article 4.4 or 4.5, the other Party may, at its option and without prejudice to any of its other rights and claims (including, also if this Agreement is terminated, any right to payment of damages):

- (a) demand that the defaulting Party performs the relevant actions on a day and at a time to be determined by the non-defaulting Party; or
- (b) terminate this Agreement by written notice (without any liability towards the defaulting Party).

ARTICLE 5 - EARN OUT CONSIDERATION

5.1 EARN OUT CONSIDERATION. The Purchaser shall pay to the Seller the Earn Out Consideration as defined and calculated in more detail in SCHEDULE 7.

5.2 SET-OFF. The Purchaser shall have the right to set off any amount of the Earn Out Consideration against the amount of any Claim.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

6.1 WARRANTIES OF THE SELLER. The Seller represents, warrants and undertakes ("VERKLAART, STAAT ER VOOR IN EN GARANDEERT") to the Purchaser that each of the warranties forth on SCHEDULE 4 (the "SELLER WARRANTIES") is at the date of this Agreement and on the Closing Date (if different) true, accurate and not misleading. The Seller and the Purchaser explicitly agree that the Seller Warranties shall constitute an allocation of risks between the Purchaser and the Seller to the extent that adverse consequences from incorrect and/or incomplete Seller Warranties shall at all times be for the full account and liability of the Seller (even if the Purchaser knew or could have been aware of such incorrectness and/or incompleteness at the time of this Agreement or at the time of Closing).

6.2 ADDITIONAL WARRANTIES OF THE SELLER, FILIPAN BEHEER, FILIPAN AND PIJNENBURG BEHEER NV. Each of the Seller, Filipan Beheer, Filipan and Pijnenburg Beheer NV represents, warrants and

undertakes ("VERKLAART, STAAT ER VOOR IN EN GARANDEERT") to and with the Purchaser that each of the warranties of such person as set forth on SCHEDULE 5 ("ADDITIONAL SELLER WARRANTIES") hereto is at the date of this Agreement and as of the Closing Date (if different) true, accurate and not misleading. Each of the Seller, Filipan, Pijnenburg Beheer NV and the Purchaser explicitly agrees that the Additional Seller Warranties shall constitute an allocation of risks among the Purchaser, Filipan, Pijnenburg Beheer N.V. and the Seller to the extent that adverse consequences from incorrect and/or incomplete Additional Seller Warranties shall at all times be for the full account and liability of the Seller, Filipan and Pijnenburg Beheer NV (even if the Purchaser knew or could have been aware of such incorrectness and/or incompleteness at the time of this Agreement or at the time of Closing).

6.3 WARRANTIES OF THE PURCHASER. The Purchaser represents, warrants and undertakes ("VERKLAART, STAAT ER VOOR IN EN GARANDEERT") to the Seller that each of the warranties set forth in SCHEDULE 6 (the "PURCHASER WARRANTIES") is at the date of this Agreement and as of the Closing Date (if different) true, accurate and not misleading.

6.4 DISCLOSURE LETTER. The Seller Warranties and Additional Seller Warranties are given subject to matters fully and specifically disclosed in the Disclosure Letter but no other information relating to the Company of which the Purchaser has knowledge (actual or constructive) and no investigation by or on behalf of the Purchaser shall prejudice any claim made by the Purchaser under the Seller Warranties or Additional Seller Warranties or operate to reduce any amount recoverable, and liability in respect thereof shall not be confined to breaches discovered before Closing. No letter, document or other communication shall be deemed to constitute a disclosure for the purposes of this Agreement unless the same is expressly referred to in the Disclosure Letter.

6.5 QUALIFICATIONS. Where any statement in the Seller Warranties or Additional Seller Warranties or any confirmation or certificate given by the Seller hereunder or pursuant hereto is qualified by the expression "so far as the Seller is aware" or "to the best of the Seller's knowledge and belief" or any similar expression, that statement shall be deemed to include an additional statement that it has been made after due and careful enquiry.

ARTICLE 7 - REMEDIES FOR BREACHES

7.1 BREACHES AND INFRINGEMENTS. In the event of a breach of any of the Seller Warranties or Additional Seller Warranties or covenants given by the Seller ("BREACH"), the Seller shall reimburse and hold harmless ("SCHADELOOS STELLEN") either the Purchaser or the Company (at the option of the Purchaser) for all damages, losses, reasonable costs and expenses ("DAMAGES") suffered by the Purchaser or the Company as a result of the Breach, without prejudice to other statutory rights of the Purchaser. The Parties agree that the Damages shall include the amount necessary to put the Purchaser - or at the option of the Purchaser, the Company - in a position similar to the position the Purchaser or the Company would have been in without the relevant Breach.

7.2 CLAIM ON BEHALF OF THE COMPANY. It is expressly understood that if and to the extent an event gives rise to a Claim under more than one Warranty, the Purchaser shall be entitled to file a Claim under any such breached Warranty as it may deem fit, on its own behalf and/or on behalf of the Company as third party beneficiary of the right to be reimbursed and held

harmless pursuant to this Article 7, provided, however, that it cannot claim reimbursement of the same Damages twice. Also, for the avoidance of doubt it is expressly confirmed and understood that where this Article 7 refers to "Damages suffered by the Purchaser or the Company", such damages shall not be deemed to have been doubly incurred by both the Purchaser and the Company, which means that any Damages suffered for which the Company is reimbursed cannot be claimed twice by the Purchaser, and vice versa.

7.3 ADDITIONAL INDEMNITY. In addition, and without prejudice to Article 7.1, the Seller shall indemnify and hold the Purchaser, its respective representatives, stockholders, controlling persons and affiliates, and the Company harmless from any and all Damages arising out of or in connection with:

- (a) all liability of the Company for Taxes attributable to tax periods ending on or before the Closing Date to the extent not reserved against in the Balance Sheet;
- (b) all liability associated with predecessors to the Company, including but not limited to liabilities for profit sharing payments;

it being understood and agreed that the limitation of liability as set forth in Article 7.4 through 7.6 shall not apply.

7.4 SURVIVAL. Subject to Article 7.6, all Seller Warranties and Additional Seller Warranties shall survive the Closing Date for the period set forth in Article 7.5, provided, however, that the Seller Warranties set forth in Schedule 4, Section 22 (Taxation) shall survive the Closing Date until the relevant statute of limitations with respect to Taxes, including the term during which additional assessments can be levied ("NAVORDERINGSTERMIJN or NAHEFFINGSTERMIJN", as referred to in Section 16 and 20 of the "Algemene wet inzake Rijksbelastingen"), shall have expired. All such Seller Warranties and Additional Seller Warranties shall expire on such dates, except for Claims asserted by the Purchaser prior to such dates.

7.5 THRESHOLD AND LIMITATIONS FOR INDEMNIFICATION.

- (i) The Purchaser shall not be entitled to seek indemnification for any Claim for Breach unless the total amount of Damages arising from such Breach exceeds EUR 5,000. Individual Breaches of a similar nature which are each less than EUR 5,000 shall be accumulated for purposes of determining whether this EUR 5,000 threshold is reached.
- (ii) Subject to Article 7.6, the Purchaser agrees not to enforce any Claim until the aggregate amount of all indemnifiable Claims exceeds EUR 25,000 and then the Purchaser shall be entitled to recover all Claims from the first Euro.
- (iii) The maximum liability of the Seller shall be EUR 2,500,000, which maximum liability shall decrease to zero as of 4 February 2007.

7.6 QUALIFICATIONS TO LIMITATIONS. If in any case a Claim has arisen by reason of:

- (i) fraud or willful concealment or dishonesty or deliberate non-disclosure on the part of the Seller prior to the date of this Agreement; or
- (ii) the Seller not having good and unencumbered title to any of the Shares;

then in any such case none of the limitations set forth in Articles 7.4 and 7.5 shall apply.

7.7 EVENTS AFTER CLOSING. No Claim by Purchaser for any Breach shall arise to the extent that the Claim arises as a result of (i) any change in the accounting principles applied by the Company subsequent to Closing, or of (ii) any changes in applicable laws or regulations after Closing or of (iii) a new interpretation of existing laws by a court or other public authority in a judgment or decision published after Closing.

7.8 PAYMENTS RECEIVED. If the Seller has made a payment for Damages and the Purchaser or the Company simultaneously therewith or subsequently thereto receives any benefit other than from the Seller which would not have been received but for the circumstance giving rise to the Claim in respect of which the payment for Damages was made by the Seller, the Purchaser shall, once it or the Company has received the benefit, forthwith repay to the Seller an amount equal to the lesser of the amount of such benefit and the amount paid by the Seller.

7.9 CLAIM PROCEDURE.

(a) The Purchaser shall give the Seller written notice (the "INDEMNIFICATION NOTICE") of any facts and the circumstances giving rise to a Claim within 30 days of the Purchaser's becoming aware of the facts and circumstances giving rise to such Claim. However, failure of the Purchaser to give such notice within such 30-day period shall not relieve the Seller of its liability with respect to such Claim except to the extent that Purchaser's failure to give notice within such period causes damages to Seller.

(b) If the Claim relates to a claim or the commencement of an action or proceeding by a Third Party against the Company and/or the Purchaser, then the Seller shall have, upon request within sixty (60) days after receipt of the Indemnification Notice (but not in any event after the settlement or compromise of such Claim), the right to defend, at its own expense and by its own counsel, any such matter involving the asserted liability of the Company and/or the Purchaser; provided, however, that if the Company and/or the Purchaser determines that there is a reasonable probability that a Claim may materially and adversely affect it, it shall at its own discretion have the right to defend (with the participation of the Seller, if the Seller so elects), compromise or settle such claim or suit, provided however the Seller has been timely informed of settlement negotiations. The Seller shall make reasonable endeavours to strike a fair balance between the interests of the Seller in keeping the compensation as low as possible and the interests of the Purchaser and any of the Company to maintain good business relations with the Third Party concerned. If the Seller shall decide that it will not defend, at its own expense and by its own counsel, any such matter involving the asserted liability of the Company and/or the Purchaser and the Company and/or the Purchaser shall incur costs directly or indirectly relating to this decision of the Seller, the Purchaser shall have full recourse against the Seller as to the costs incurred.

(c) If the Claim does not relate to a claim or the commencement of an action or proceeding by a Third Party, the Seller shall have thirty (30) days after receipt of the Indemnification Notice during which it shall have the right to object to the subject matter and the amount of the Claim set forth in the Indemnification Notice by

delivering written notice thereof to the Purchaser. If the Seller does not so object within such thirty-day period, it shall be conclusively deemed to have agreed that it is obligated to indemnify Purchaser for the matters set forth in the Indemnification Notice. If the Seller sends notice to the Purchaser objecting to the matters set forth in the Indemnification Notice, the Seller and the Purchaser shall use their best efforts to settle the Claim. If the Seller and the Purchaser are unable to settle the Claim, the matter shall be resolved in the manner set forth in Article 13.2 of this Agreement.

7.9 NO KNOWLEDGE. Purchaser is not currently aware of any facts or circumstances that could give rise for a Breach or an indemnifiable event as defined in Article 7.3.

ARTICLE 8 - RESTRICTIVE COVENANTS

8.1 RESTRICTIONS. The Seller and Purchaser recognize and acknowledge that the Company has unique proprietary know how, technology and goodwill, the value of which constitute a significant portion of the Consideration. Accordingly in order to preserve this know how, technology and goodwill the Seller and Guarantors undertake on a several but not joint basis ("INDIVIDUEEL NIET HOOFDELIJK"), that, except with the prior written consent of the Purchaser and except as provided for in this Agreement:

- (a) for the period of three years after Closing they will not, within any country in which the Company has carried on business during the year preceding Closing either on their own account or in conjunction with or on behalf of any person, firm or company carry on or be engaged, concerned or interested, directly or indirectly, whether as shareholder, director, employee, partner, agent or otherwise carry on the business of the Company (other than as permitted by this Agreement or as a holder of not more than 5 per cent of the issued shares or debentures of any company listed on a stock exchange);
- (b) for the period of five years after Closing they will not either on their own account or in conjunction with or on behalf of any other person, firm or company solicit or entice away or attempt to solicit or entice away from the Company the custom of any person, firm, company or organisation who shall at any time within the year preceding Closing have been a customer, identified prospective customer, representative, agent or distributor of the Company or in the habit of regularly dealing with the Company;
- (c) for the period of five years after Closing they will not either on their own account or in conjunction with or on behalf of any other person, firm or company employ, solicit, entice away or attempt to employ, solicit or entice away from the Company any person who at Closing is, or within the year preceding such employment, solicitation, enticement or attempt shall have been, a manager, consultant, agent or employee of the Company whether or not such person would commit a breach of contract by reason of leaving such employment;
- (d) they will not at any time hereafter make use of or disclose or divulge to any person (other than to employees or directors of the Company whose province it is to know the same) and will keep confidential any information that is confidential by nature or

expressly labeled as confidential (other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction) relating to the Company, the identity of their customers and suppliers, their products, finance, contractual arrangements, business or methods of business.

8.2 CONTINUED EFFECTIVENESS. While the restrictions contained in Article 8.1 are considered by the Parties to be reasonable in all the circumstances, it is recognized that restrictions of the nature in question may fail for technical reasons and accordingly it is hereby agreed and declared that if any of such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the Purchaser, but would be valid if part of the wording thereof were deleted or the periods thereof reduced or the range of activities or area dealt with thereby reduced in scope the said restriction shall apply with such modifications as may be necessary to make it valid and effective.

8.3 CONTINUED ASSISTANCE. The Seller and its Related Parties will continue to render such services to the Company as may reasonably be required by the Purchaser at such terms and conditions as may further be agreed by the Parties.

ARTICLE 9 - MISCELLANEOUS

9.1 PARTIES' COSTS. Each Party to this Agreement shall pay its own costs and disbursements of and incidental to this Agreement and the sale and purchase of the Shares, provided that all costs associated with the Notarial Transfer Deed shall be borne by the Purchaser. The Company shall not pay any fees or other costs of outside advisors in connection with the transactions contemplated hereby.

9.2 NOTICES. Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant Party at its address or fax number set out below (or such other address or fax number as the addressee has by five (5) days' prior written notice specified to the other Parties):

To the Purchaser: VASCO Data Security International, Inc.
 1901 South Meyers Road
 Oakbrook Terrace, Illinois 60181
 United States of America
 Telephone No.: +1 630 932-8844
 Facsimile No.: +1 630 932-8852
 Attention: Cliff Bown

With a copy to: Baker & McKenzie, Attorneys at Law
 Postbus 2720
 1000 CS Amsterdam
 Telephone No: +31 20 55 17 555
 Fascimile No: +31 20 626 79 49
 Attention: Jeroen O. Hoekstra
 Peter Roos

To the Seller: AOS Holding B.V.
De Tweeling 20A,
5215 MC `s Hertogenbosch
The Netherlands
Telephone No: +31 73 691 88 88
Fascimile No: +31 73 691 88 99
Attention: Mr. M. Filipan

With a copy to: Holsteijn Timmermans Advocaten
Mr J.F. Holsteijn
Rapenburg 35, 2311 GG Leiden
The Netherlands
Telephone No. 00 31 71 5160060
Fascimile No. 00 31 71 5160066

Any notice, demand or other communication so addressed to the relevant Party shall be deemed to have been delivered (a) if given or made by letter, when actually delivered to the relevant address; and (b) if given or made by fax, when dispatched.

- 9.3 WAIVER. No failure or delay by the Purchaser in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by the Purchaser of any breach by the Seller of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.
- 9.4 ASSIGNMENT. This Agreement and the rights and obligations hereunder shall be assignable only by the Purchaser without the prior written consent of the Seller being required. None of Seller, Filipan and Pijnenburg shall assign this Agreement or any of their respective rights or obligations hereunder without the prior written consent of the Purchaser. Any assignments without the prior written consent of the Purchaser shall be null and void.
- 9.5 ENTIRE AGREEMENT. This Agreement (together with the Schedules, Exhibits and Annexes hereto and any documents referred to herein or executed contemporaneously or at Closing by the Parties in connection herewith) constitutes the whole agreement between the Parties and supersedes any previous agreements or arrangements between them relating to the subject matter of this Agreement, including but not limited to the confidentiality agreement dated November 22, 2004 and it is expressly declared that no variations of this Agreement shall be effective unless made in writing and executed by the Parties.
- 9.6 CONTINUITY OF OBLIGATIONS. All the provisions of this Agreement shall remain in full force and effect notwithstanding Closing (except insofar as they set out obligations that have been fully performed at Closing).
- 9.7 SEVERABILITY. If any provision or part of a provision of this Agreement shall be, or be found by any authority or court of competent jurisdiction to be, invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions or parts of such provisions of this Agreement, all of which shall remain in full force and effect.
- 9.8 OTHER RIGHTS AND REMEDIES. Any right of termination conferred upon the Purchaser hereby shall

be in addition to and without prejudice to all other rights and remedies available to it (and, without prejudice to the generality of the foregoing, shall not extinguish any right to damages to which the Purchaser may be entitled in respect of the breach of this Agreement) and no exercise or failure to exercise such a right of termination shall constitute a waiver by the Purchaser of any such other right or remedy.

9.9 FURTHER ACTS. Upon and after Closing the Seller and the Purchaser shall do and execute or cause to be done and executed all such further acts, deeds, documents and things as may be necessary to give effect to the terms of this Agreement.

9.10 INTERPRETATION. This Agreement shall constitute an allocation of risks between the Seller and the Purchaser. The Parties deem the security they may derive from the provisions of this Agreement essential.

ARTICLE 10 - RESTRICTION ON ANNOUNCEMENTS

Each of the Parties hereto undertake that prior to Closing and thereafter it will not (save as required by law) make any announcement in connection with this Agreement, unless the other Party hereto shall have given its written consent to such announcement (which consent may not be unreasonably withheld and may be given either generally or in a specific case or cases and may be subject to conditions). The Parties acknowledge that the Purchaser will be required to issue a press release regarding this transaction and make appropriate filings with the SEC regarding this transaction. Seller agrees to use its best efforts to supply material required to be filed with the SEC and finalize a press release that is mutually acceptable to both parties as soon as practicable following the Closing Date.

ARTICLE 11 - CONFIDENTIAL INFORMATION

11.1 NON-DISCLOSURE. The Parties undertake that they shall treat as strictly confidential all Confidential Information received or obtained by them or their employees, agents or advisers as a result of entering into or performing this Agreement including information relating to the provisions of this Agreement, the negotiations leading up to this Agreement, the subject matter of this Agreement or the business or affairs of each of the Parties or any member of their group and subject to the provisions of Article 11.2 that they will not at any time hereafter make use of or disclose or divulge to any person any such Confidential Information and shall use their best endeavours to prevent the publication or disclosure of any such information.

11.2 EXCEPTIONS. The restrictions contained in Article 11.1 shall not apply so as to prevent the Parties from making any disclosure required by law or by any securities exchange or supervisory or regulatory or governmental body pursuant to rules to which the relevant Party is subject or from making any disclosure to any professional adviser for the purposes of obtaining advice (provided always that the provisions of this Article shall apply to and the Parties shall procure that they apply to, and are observed in relation to, the use or disclosure by such professional adviser of the information provided to him) nor shall the restrictions apply in respect of any information which comes into the public domain otherwise than by a breach of this Article by the Parties.

ARTICLE 12 - GUARANTORS

- 12.1 Filipan Beheer and Pijnenburg Beheer NV hereby irrevocably and unconditionally guarantee for the benefit of the Purchaser and the Company for to keep the Seller funded to a level sufficient for (i) the due performance by the Seller of its respective obligations under, and compliance by the Seller with the terms of, this Agreement, (ii) the full and prompt payment when due of all obligations and liabilities of the Seller to the Purchaser under this Agreement, which guarantee shall be limited for the period and to the amounts set out under (iii) in Art. 7.5 of this Agreement. In the event the Seller turns out to be insufficiently funded to meet all of foregoing obligations then Filipan Beheer and Pijnenburg Beheer N.V. shall each be 50% liable for the extent of the obligations the Seller cannot meet. In the event Filipan Beheer turns out to be unable to meet all of foregoing obligations then Filipan shall personally assume all obligations of Filipan Beheer hereunder, as a surety ("BORG").
- 12.2 The Company shall have the right to set off any amount due from Filipan Beheer or Filipan under Article 12.1 or any other Article of this Agreement, against any amount payable by the Company under Filipan's employment agreement.

ARTICLE 13 - GOVERNING LAW AND JURISDICTION

- 13.1 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of The Netherlands.
- 13.2 JURISDICTION. All disputes arising in connection with this Agreement, or further agreements or contracts resulting thereof, shall be submitted to the competent court in Amsterdam (subject to appeal as provided by law).
- 13.3 MEDIATION. The parties to this Agreement will make a best effort to solve a dispute before an NMI certified mediator before bringing a case to court, without prejudice to the jurisdiction of the summary proceedings judge ("voorlopige voorzieningen rechter").

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IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

VASCO DATA SECURITY INTERNATIONAL, INC.

By: [_____]
Title: [_____]

AOS HOLDING B.V.

By: Mr. Mladen Filipan
Title: Director ("bestuurder")

FILIPAN BEHEER B.V.

By: Mr. Mladen Filipan
Title: Director ("bestuurder")

MR. MLADEN FILIPAN

PIJNENBURG BEHEER NV

By: MR. COR PIJNENBURG
Director: ("bestuurder")

I, [name spouse Filipan], hereby acknowledge that I am aware that my husband has assumed certain joint liabilities under this Agreement. With a view to Article 1:88 of the First Book of the Dutch Civil Code I hereby consent to my husband entering into such joint liability commitments.

[name spouse]

SCHEDULE 1

DEFINITIONS

"Additional Seller Warranties"	Has the meaning ascribed to it in Article 6.2;
"Agreement"	Means this share sale and purchase agreement;
"Balance Sheet"	Means the balance sheet that are part of the 2004 financial statements of the Company, attached as Annex 4(b) to Schedule 4;
"Balance Sheet Date"	Has the meaning ascribed to it in Section 4(b) of Schedule 4;
"Benefit Plans"	Has the meaning ascribed to it in Section 21 of Schedule 4;
"Breach"	Has the meaning ascribed to it in Article 7.1;
"Business Day"	Means any day on which the banks are not required or authorized to be closed for business in The Netherlands, excluding Saturdays and Sundays;
"Claim"	Means a claim for a Breach, a Third Party claim or an Indemnification Claim under Article 7.3, relating to the conduct of the business of the Company prior to the Closing Date;
"Closing"	Means completion of the sale and purchase of the Shares as specified in Article 4;
"Closing Consideration"	Has the meaning ascribed to it in Article 3.1;
"Closing Consideration Shares"	Has the meaning ascribed to it in Article 3.3;
"Closing Date"	Means the date on which the Closing occurs;
"Closing Documents"	Has the meaning ascribed to it in Section 3 of Schedule 4;
"Closing"	Means the fulfillment of the Parties' obligations as set out in Article 4;
"Company"	Has the meaning ascribed to it in the Recitals;

"Company Real Property"	Has the meaning ascribed to it in Section 8(d) of Schedule 4;
"Conditions Precedent"	Has the meaning ascribed to it in Article 4.1;
"Confidential	Information" Means any and all data and information relating to the Company and/or to the business and affairs of a Party that may be provided, orally, in writing or digitally, to the other Party that is marked or expressly stated as being "confidential";
"Consideration"	Has the meaning ascribed to it in Article 3.1;
"Consideration Cash"	Has the meaning ascribed to it in Article 3.1(i);
"Consideration Shares"	Has the meaning ascribed to it in Article 3.1;
"Damages"	Has the meaning ascribed to it in Article 7.1;
"Disclosure	Letter" Means the disclosure from the Seller to the Purchaser, in the form set out in SCHEDULE 2 disclosing information constituting exceptions to the Seller Warranties;
"Earn Out Consideration"	Has the meaning ascribed to it in Article 3.1;
"Encumbrance"	Means any mortgage, assignment of receivables, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, right of first refusal, usufruct ("VRUCHTGEBRUIK") or limited right (BEPERKT RECHT) and any other encumbrance, attachment ("BESLAG") or condition whatsoever;
"Environmental Laws"	Means all environmental, health, safety, occupational safety and zoning, laws, statutes, ordinances, regulations, orders, directives, zoning plans, decrees and requirements concerning those activities and properties, handling of any materials, discharges to the air, ground, ground water, surface water, and storage treatment or disposal of any waste at or connected with any activity at such properties, applicable to the Group and its operations having been and being in force at any time on or before the Closing Date;
"Environmental Permits"	Means all conditions and requirements of all permits, licenses or similar approvals, necessary to operate in compliance with Environmental Laws;
"Escrow Agent"	Means the escrow agent appointed in the Escrow Agreement;
"Escrow Agreement"	Means the escrow agreement attached hereto as Schedule 9;

"EUR" or "Euro"	Means Euro, the lawful currency of certain participating States members of the European Union;
"Filipan"	Has the meaning ascribed to it in the Recitals;
"Filipan Beheer"	Has the meaning ascribed to it in the Recitals;
"Final Gross Profits"	Has the meaning ascribed to it in Article 5.2;
"Final Value"	Has the meaning ascribed to it in Article 3.4;
"Gross Profits"	Means the gross profits collected by the Company on sales of POS equipment to VISA for the Latin/South America markets for a period of two (2) years after Closing;
"Indemnification Notice"	Has the meaning ascribed to it in Article 7.10;
"Initial Value"	Has the meaning ascribed to it in Article 3.3;
"Intellectual Property Rights"	Has the meaning ascribed to it in Section 11b of Schedule 4;
"Material Adverse Effect"	Means material adverse effect on the condition (financial or otherwise), results of operations, assets, properties or prospects of the Group;
"Material Contracts"	Has the meaning ascribed to it in Section 13 of SCHEDULE 4;
"Measurement Date"	Has the meaning ascribed to it in paragraph 3.3;
"Notarial Transfer Deed"	Means the notarial deed pursuant to which the Shares will be transferred from the Seller to the Purchaser, attached hereto as SCHEDULE 3;
"Parties"	Means the Seller, the Purchaser, Filipan Beheer, Filipan and Pijnenburg Beheer;
"Person"	Means any existing or future, legal or natural person;
"Proposed Gross Profits"	Has the meaning ascribed to it in Article 5.1;
"Purchaser"	Has the meaning assigned to it in the introduction to the Agreement;
"Purchaser Warranties"	Has the meaning ascribed to it in Article 6.3;
"Recitals"	Means the recitals A through D;
"Re-measurement Date"	Has the meaning ascribed to it in Article 3.4;

"Registration Rights Agreement"	Has the meaning ascribed to it in Article 3.5;
"Seller"	Has the meaning assigned to it in the introduction to the Agreement;
"Seller Warranties"	Has the meaning ascribed to it in Article 6.1;
"Shares"	Has the meaning assigned to it in the Recitals;
"Taxes" or "Taxation"	Means all forms of taxation, including all national or local taxation, past, present and deferred (including, without limitation, income tax (including net income and gross income), corporate, value added, occupation, real and personal property, social security, gross receipts, sales, use, ad valorem, franchise, profits, license, withholding, payroll, employment, excise, severance, occupation, premium or windfall profit taxes, estate duty, customs and other import or export duties, or charges of any kind whatsoever, estimated and other taxes, together with any interest and levies and all penalties, charges, costs and additions to tax, payable by or due from the Group, or any additional amounts imposed by any Governmental Instrumentality or any revenue authority, upon the Group;
"Tax Return"	means any report, return or other information required to be supplied to a governmental authority in connection with any Taxes;
"The Netherlands"	Means that portion of the kingdom of The Netherlands in Europe;
"Third Party"	Any person which is not a Party;
"Seller Warranties"	Means the representations, warranties and undertakings of the Seller set out in Article 6 and in SCHEDULE 4, and "Seller Warranty" means any of the Seller Warranties.

SCHEDULE 2

DISCLOSURE LETTER

SCHEDULE 3

NOTARIAL TRANSFER DEED

[separate document]

SCHEDULE 4

SELLER WARRANTIES

SCHEDULE 5

ADDITIONAL SELLER WARRANTIES

SCHEDULE 6

PURCHASER WARRANTIES

SCHEDULE 7

EARN-OUT CONSIDERATION

SCHEDULE 8

REGISTRATION RIGHTS AGREEMENT

SCHEDULE 9

ESCROW AGREEMENT

SCHEDULE 10

EMPLOYMENT AGREEMENTS

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VASCO Announces Acquisition of Secure Smart Card Reader Specialist,
AOS-Hagenuk

IMPORTANT SYNERGIES BETWEEN DIGIPASS AND AOS-HAGENUK PRODUCT LINES; ACQUISITION EXPANDS AND STRENGTHENS VASCO SMART CARD READER PRODUCT LINE; ADDS SUBSTANTIAL DEPTH TO ENGINEERING CAPABILITY AND ACCELERATES GROWTH RATE

OAKBROOK TERRACE, Ill., and BRUSSELS, Belgium, February 8, 2005 - VASCO Data Security International, Inc. (NASDAQ: VDSI), (www.vasco.com), the global number one vendor of strong user authentication products to the financial sector, today announced its acquisition of AOS-Hagenuk of 's-Hertogenbosch, The Netherlands, a worldwide innovator of security-based Internet appliances and secure smart card readers (www.aos-hagenuk.com). VASCO will acquire all of the stock of AOS-Hagenuk, in exchange for consideration totalling Euro 5 million (\$6.5 million U.S. dollars using the exchange rate at the date of close), consisting of Euro 3.75 million cash & Euro 1.25 million VASCO common stock

AOS-Hagenuk is an established, privately-owned company with a growing revenue base and significant technical expertise in the smart card related e-banking market. AOS-Hagenuk generated revenues of Euro 4.4 million in 2004 (\$5.4 million U.S. dollars using the average exchange rates for 2004), an eighty-five percent increase over 2003. AOS-Hagenuk has a strong market position in The Netherlands and its customers include Fortis and ABN-Amro. AOS-Hagenuk generated modest operating profits in both 2004 and 2003 and is debt free. AOS-Hagenuk has a strong installed base of more than 2.5 million smart card based authentication devices. Although before today VASCO and AOS-Hagenuk were competitors, there is hardly any overlap in the current product offerings of VASCO & AOS-Hagenuk

With the acquisition of AOS-Hagenuk, VASCO expands and strengthens its product line and position in the smart card enabled secure e-banking and e-commerce market. With the addition of AOS-Hagenuk's technical expertise, VASCO expects to be able to further accelerate its product development and revenue growth.

VASCO will centralize its smart card related R&D activities in AOS-Hagenuk's offices in The Netherlands, thus creating a secure smart card reader research and development center focused on smart card technology. VASCO believes that the combination will allow it to take advantage of current and future opportunities and evolutions in the global smart card authentication business, including the emerging EMV (Europay-Mastercard-Visa) environment.

"We welcome AOS-Hagenuk, its products and its people," said Jan Valcke, VASCO's President and COO. "During our Q3 2004 conference call, we announced that we would grow our number of employees, our geographical presence, our market penetration and our product range. With regards to products, we announced that we would implement a "make or buy" strategy. The acquisition of AOS-Hagenuk reinforces VASCO's position in the smart card enabled e-banking authentication market. In addition, AOS-Hagenuk

brings us a number of highly experienced smart card developers, which allows us to accelerate the development of VASCO's smart card reader offerings and to be confident about future evolutions in the smart card market. We believe that there are important synergies between VASCO's Digipass and AOS-Hagenuk's PocketID unconnected smart card reader."

"The acquisition of AOS-Hagenuk is another excellent example of how VASCO is executing its growth strategy," said Ken Hunt, VASCO's Chairman and CEO. "AOS is a profitable company with proven technology and proven success in the market. With the acquisition of AOS, we are able to expand our product line and customer base, as well as enhance our technological expertise. We believe that all of these factors will help accelerate VASCO's growth in revenues and profitability. With the synergies that exist between the two companies, and the fact that AOS is a profitable company, we expect that the acquisition will be modestly accretive in 2005."

"The authentication market has become truly global," said Mladen Filipan, CEO of AOS-Hagenuk. "Therefore, AOS-Hagenuk has looked for a strong, global partner. Although AOS-Hagenuk was very well positioned, a strong, international partner was needed to address the current global authentication & security market. I am convinced that the combination of the experience, market vision, R&D capacity and extended product range of both companies will allow them to be successful all over the world."

Mr Mladen Filipan, CEO of AOS-Hagenuk, will join VASCO as VP Business Development.

ABOUT VASCO: VASCO designs, develops, markets and supports patented "Identity Authentication" products for e-business and e-commerce. VASCO's Identity Authentication software is delivered via its Digipass hardware and software security products. For user access control, VASCO's VACMAN products guarantee that only designated Digipass users get access to the application. With over 12,5 million Digipass products sold and ordered, VASCO has established itself as a world-leader for strong Identity Authentication with over 300 international financial institutions and approximately 1,400 blue-chip corporations and governments located in more than 80 countries.

Forward Looking Statements

Statements made in this news release that relate to future plans, events or performances are forward-looking statements. Any statement containing words such as "believes," "anticipates," "plans," "expects," and similar words, is forward-looking, and these statements involve risks and uncertainties and are based on current expectations. Consequently, actual results could differ materially from the expectations expressed in these forward-looking statements. Reference is made to the Company's public filings with the US Securities and Exchange Commission for further information regarding the Company and its operations.

FOR MORE INFORMATION CONTACT:

Jochem Binst, +32 2 456 9810, jbinst@vasco.com [<mailto:jbinst@vasco.com>]

SCHEDULE 8

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "AGREEMENT") dated as of February 4, 2005 by and among A.O.S. Holding B.V., a private limited liability company organized under the laws of The Netherlands ("SELLER"), Filipan Beheer B.V., a private limited liability company organized under the laws of the Netherlands ("FILIPAN BEHEER"), Mr. Mladen Filipan ("FILIPAN"), Pijenburg Beheer N.V. ("PIJNENBURG BEHEER") and VASCO Data Security International, Inc., a Delaware corporation ("VASCO").

WHEREAS, simultaneously with the execution and delivery of this Agreement, Seller, VASCO, Filipan Beheer B.V., Filipan and Pijenburg Beheer are entering into The Share Sale and Purchase Agreement dated the date hereof (the "PURCHASE AGREEMENT"), pursuant to which Seller is selling to VASCO and VASCO is purchasing from Seller all of the issued and outstanding capital stock of A.O.S. Hagenuk B.V., and Seller is receiving, as partial consideration for the sale, shares (the "CONSIDERATION SHARES") of the class of common stock, par value \$.001 per share, of VASCO (the "COMMON STOCK") (TERMS NOT DEFINED HEREIN SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE PURCHASE AGREEMENT); and

WHEREAS, VASCO desires to grant to Seller the registration rights set forth herein with respect to the Consideration Shares.

NOW, THEREFORE, the parties hereto mutually agree as follows:

Section 1. REGISTRABLE SECURITIES. As used herein the term "REGISTRABLE SECURITY" means all of the Consideration Shares; PROVIDED, HOWEVER, that any such Registrable Securities shall cease to be Registrable Securities (i) when sold pursuant to the Registration Statement (as defined below), (ii) when sold pursuant to Rule 144 (or any similar provision then in force) under the Securities Act ("RULE 144") or (iii) such time as, in the opinion of counsel to VASCO, such Consideration Shares may be sold pursuant to Rule 144(k) (or any similar provision then in effect) under the Securities Act. In the event of any merger, reorganization, consolidation, recapitalization or other change in corporate structure affecting the Common Stock, such adjustment shall be deemed to be made in the definition of "Registrable Security" as is appropriate in order to prevent any dilution or enlargement of the rights granted pursuant to this Agreement.

Section 2. RESTRICTIONS ON TRANSFER. Seller acknowledges and understands that, in the absence of an effective Registration Statement covering the resale of the Consideration Shares as provided herein, the Consideration Shares are "restricted securities" as defined in Rule 144. Seller understands that no disposition or transfer of the Consideration Shares may be made by Seller in the absence of (i) an opinion of counsel to Seller, in form and substance reasonably satisfactory to VASCO, that such transfer may be made without registration under the Securities Act or (ii) such registration.

With a view to making available to Seller the benefits of Rule 144, VASCO agrees:

(a) to comply with the provisions of paragraph (c)(1) of Rule 144; and

(b) to use commercially reasonable efforts to file with the Securities and Exchange Commission (the "COMMISSION") in a timely manner all reports and other documents required to be filed by VASCO pursuant to Section 13(a) or 15(d) under the Exchange Act; and furnish Seller with such other reports and documents of VASCO as Seller may reasonably request to avail itself of any similar rule or regulation of the Commission allowing it to sell any such securities without registration.

Section 3. REGISTRATION RIGHTS WITH RESPECT TO THE SECURITIES.

(a) VASCO agrees that it will prepare and file with the Commission, within sixty (60) days after the date hereof (the "Filing Date"), a registration statement (on Form S-3, or other appropriate form of registration statement) under the Securities Act (the "REGISTRATION STATEMENT"), at the sole expense of VASCO (except as provided in Section 3(c) hereof), in respect of Seller, so as to permit a public offering and resale of the Consideration Shares under the Securities Act by Seller. VASCO shall use

commercially reasonable efforts to cause the Registration Statement to become effective within one-hundred eighty (180) days of the Filing Date or five (5) days following notice from the Commission staff indicating it has completed its review, or has determined it will not review, the Registration Statement, and will within said five (5) days request acceleration of the effective date and time of the Registration Statement. VASCO will notify Seller of the effectiveness of the Registration Statement within one business day of such event.

(b) VASCO will maintain the Registration Statement or post-effective amendment filed under this Section 3 hereof effective under the Securities Act until the earliest of the date on which Seller no longer holds Registrable Securities and 360 days from the date the Registrable Securities are issued.

(c) All fees, disbursements and out-of-pocket expenses and costs incurred by VASCO in connection with the preparation and filing of the Registration Statement under subparagraph 3(a) and in complying with applicable federal and state securities laws (including, without limitation, all attorneys' fees of VASCO) shall be borne by VASCO. Seller shall bear the cost of underwriting and/or brokerage discounts, fees and commissions, if any, applicable to the Consideration Shares being registered and the fees and expenses of its counsel. Seller and its counsel shall have a reasonable period, not to exceed two (2) business days, to review the proposed Registration Statement or any amendment thereto, prior to filing with the Commission, and VASCO shall provide Seller with copies of any comment letters received from the Commission with respect thereto within two (2) business days of receipt thereof. VASCO shall make reasonably available for inspection by Seller, any underwriter participating in any disposition pursuant to the Registration Statement, and any attorney, accountant or other agent retained by Seller or any such underwriter all relevant financial and other records, pertinent corporate documents and properties of VASCO and its subsidiaries, and cause VASCO's officers, directors and employees to supply all information reasonably requested by Seller or any such underwriter, attorney, accountant or agent in connection with the Registration Statement; PROVIDED, HOWEVER, that all records, information and documents supplied by VASCO shall be kept confidential by Seller and any such underwriter, attorney, accountant or agent, unless such disclosure is made pursuant to judicial process in a court proceeding (after first giving VASCO an opportunity promptly to seek a protective order or otherwise limit the scope of the information sought to be disclosed) or is required by law, or such records, information or documents become available to the public through a third party not in violation of an accompanying obligation of

confidentiality; and PROVIDED FURTHER that, if the foregoing inspection and information gathering would otherwise disrupt VASCO's conduct of its business, such inspection and information gathering shall, to the maximum extent possible, be coordinated on behalf of Seller and the other parties entitled thereto by one firm of counsel designed by and on behalf of the majority in interest of Seller and other parties. VASCO at its expense will supply Seller with such reasonable number of copies of the Registration Statement and the final prospectus included therein (the "PROSPECTUS") and other related documents as Seller may request in order to facilitate the public sale or other disposition of the Registrable Securities.

(d) If at any time or from time to time after the effective date of the Registration Statement, VASCO notifies Seller in writing of the existence of a Potential Material Event (as defined in Section 3(e) below), Seller shall cease to offer or sell any Consideration Shares under the Registration Statement or engage in any other transaction involving or relating to Consideration Shares, from the time of the giving of notice with respect to a Potential Material Event until Seller has received copies of a supplemented or amended Prospectus or until Seller is advised in writing by VASCO that the Prospectus may be used and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus.

(e) "POTENTIAL MATERIAL EVENT" means any of the following: (i) the possession by VASCO of material information that is not ripe for disclosure in a registration statement, as determined in good faith by the Chief Executive Officer or the Board of Directors of VASCO or that disclosure of such information in the Registration Statement would be detrimental to the business or affairs of VASCO; or (ii) any material engagement, development or activity by VASCO which would, in the good faith determination of the Chief Executive Officer or the Board of Directors of VASCO, be adversely affected by disclosure in a registration statement at such time, which determination shall be accompanied by a good faith determination by the Chief Executive Officer or the Board of Directors of VASCO that the Registration Statement would be materially misleading absent the inclusion of such information; or (iii) pursuant to applicable law, a fundamental change in the information set forth in the Registration Statement that requires VASCO to file a post-effective amendment to the Registration Statement, change the plan of distribution to the Prospectus, or must update the information included in the Prospectus pursuant to Section 10(a)(3) of the Securities Act.

Section 4. COOPERATION WITH COMPANY. Seller will cooperate with VASCO in all respects in connection with this Agreement, including timely supplying all information reasonably requested by VASCO (which shall include all information regarding Seller and proposed manner of sale of the Registrable Securities required to be disclosed in the Registration Statement) and executing and returning all documents reasonably requested in connection with the registration and sale of the Registrable Securities and entering into and performing its obligations under any underwriting agreement, if the offering is an underwritten offering, in usual and customary form, with the managing underwriter or underwriters of such underwritten offering. Seller hereby consents to be named as an underwriter in the Registration Statement.

Section 5. REGISTRATION PROCEDURES. VASCO shall (except as otherwise provided in this Agreement) subject to Seller's assistance and cooperation as reasonably required:

(a) comply with the provisions of the Securities Act with respect to the sale or other disposition of the Consideration Shares covered by the Registration Statement;

(b) prior to filing the Registration Statement (including any amendments thereto) and the distribution or delivery of the Prospectus (including any supplements thereto), provide draft copies thereof to Seller and its counsel and (ii) furnish to Seller such numbers of copies of the Prospectus including a preliminary prospectus or any amendment or supplement to the Prospectus, as applicable, in conformity with the requirements of the Securities Act, and such other documents, as Seller may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities;

(c) use commercially reasonable efforts to register or qualify the Registrable Securities covered by the Registration Statement under the applicable blue sky laws as requested by Seller (subject to the limitations set forth in Section 3(c) above), and do any and all other acts and things which may be reasonably necessary or advisable to enable Seller to consummate the public sale or other disposition in such jurisdiction of the Registrable Securities, except that VASCO shall not for any such purpose be required to qualify to do business as a foreign corporation in any jurisdiction wherein it is not so qualified or to execute any general consent to service of process;

(d) list such Registrable Securities on any exchange or market on which the Common Stock is then listed, if the listing of such Registrable Securities is then required under the rules of such exchange or market;

(e) after becoming aware of such event, promptly notify Seller (or, in the event of an underwritten offering, the managing underwriters) of the issuance by the Commission or any state authority of any stop order or other suspension of the effectiveness of the Registration Statement and use commercially reasonable efforts to effect the withdrawal, rescission or removal of such stop order or other suspension; and

(f) maintain a transfer agent for the Common Stock.

Section 6. INDEMNIFICATION.

(a) VASCO agrees to indemnify and hold harmless Seller and each person, if any, who controls Seller within the meaning of the Securities Act ("DISTRIBUTING PERSON") against any losses, claims, damages or liabilities, joint or several (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees), to which the Distributing Person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, or any related preliminary prospectus, the Prospectus or amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; PROVIDED, HOWEVER, that VASCO will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, preliminary prospectus, the Prospectus or amendment or supplement thereto in reliance upon, and in conformity with, written information furnished to VASCO by the Distributing Person specifically for use in the preparation thereof. This Section 6(a) shall not inure to the benefit of any Distributing Person with respect to any person asserting such loss,

claim, damage or liability who purchased the Registrable Securities which are the subject thereof if the Distributing Person failed to send or give (in violation of the Securities Act or the rules and regulations promulgated thereunder) a copy of the Prospectus to such person at or prior to the written confirmation to such person of the sale of such Registrable Securities, where the Distributing Person was obligated to do so under the Securities Act or the rules and regulations promulgated thereunder. This indemnity will be the sole remedy for Seller and the Distributing Person and will be limited to the value of the Consideration Shares on the Closing.

(b) Each of Seller, Filipan Beheer, Filipan and Pijnenburg Beheer agrees that it will indemnify and hold harmless VASCO, and each officer, director of VASCO or person, if any, who controls VASCO within the meaning of the Securities Act, against any losses, claims, damages or liabilities (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees) to which VASCO or any such officer, director or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, or any related preliminary prospectus, the Prospectus or amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, but in each case only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, preliminary prospectus, the Prospectus or amendment or supplement thereto in reliance upon, and in conformity with, written information furnished to VASCO by Seller specifically for use in the preparation thereof.

(c) Promptly after receipt by an indemnified party under this Section 6 of notice of the commencement of any action as to which indemnity may be sought under this Section 6, notify the indemnifying party of the commencement thereof and shall permit the indemnifying party to assume the defense of any claim or any litigation resulting therefrom; but the failure to notify the indemnifying party will not relieve the indemnifying party from any obligations which it may have to any indemnified party except to the extent of actual prejudice demonstrated by the indemnifying party. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 6 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, unless the indemnifying party shall not pursue the action to its final conclusion. The indemnified party shall have the right, at such party's own expense, to employ separate counsel in any such action and to participate in the defense thereof; provided that the indemnifying party shall pay such expense if: (i) the employment of such counsel has been specifically authorized in writing by the indemnifying party, or (ii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party and the indemnified party reasonably concludes that representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to a conflict of interest between the indemnified party and any other party represented by such counsel in such proceeding; provided further that in no event shall the indemnifying party be required to pay the expenses of more than one law firm per jurisdiction as counsel for the indemnified party. No indemnifying party, in the defense of any such claim or litigation shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such

indemnified party of a release from all liability in respect of such claim or litigation, and no indemnified party shall consent to entry of any judgment or settle such claim or litigation without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 7. NOTICES. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be delivered as set forth in the Purchase Agreement.

Section 8. ASSIGNMENT. Neither this Agreement nor any rights of Seller or VASCO hereunder may be assigned by either party to any other person.

Section 9. COUNTERPARTS/FACSIMILE. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when together shall constitute but one and the same instrument, and shall become effective when one or more counterparts have been signed by each party hereto and delivered to the other party. In lieu of the original, a facsimile transmission or copy of the original shall be as effective and enforceable as the original.

Section 10. REMEDIES AND SEVERABILITY. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of those that may be hereafter declared invalid, illegal, void or unenforceable.

Section 11. HEADINGS. The headings in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 12. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois applicable to contracts made in Illinois and without regard to its principles of conflicts of laws. VASCO and Seller agree to submit themselves to the IN PERSONAM jurisdiction of the state and federal courts situated within the Northern District of the State of Illinois and agree that such courts shall have exclusive jurisdiction with regard to any controversy arising out of or relating to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Registration Rights Agreement to be duly executed as of the date set forth above.

VASCO DATA SECURITY INTERNATIONAL, INC.

By: -----

Name:

Title:

A.O.S. HOLDING B.V.

By: -----

Name:

Title:

FILIPAN BEHEER B.V.

By: -----

Name: M. Filipan

Title: Managing Director

MLADEN FILIPAN

PIJNENBURG BEHEER N.V.

By: -----

Name: C. Pijnenburg

Title: Managing Director