AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 21, 1997
REGISTRATION NO. 333-

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VERISIGN, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	7371	94-3221585
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

1390 SHOREBIRD WAY
MOUNTAIN VIEW, CALIFORNIA 94043
(650) 961-7500
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

DANA L. EVAN
CHIEF FINANCIAL OFFICER
VERISIGN, INC.
1390 SHOREBIRD WAY
MOUNTAIN VIEW, CALIFORNIA 94043
(650) 961-7500
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

LAIRD H. SIMONS III, ESQ.	TIMOTHY TOMLINSON, ESQ.	ROBERT P. LATTA, ESQ.
JEFFREY R. VETTER, ESQ.	TOMLINSON ZISKO MOROSOLI & MASER LLP	CHRIS F. FENNELL, ESQ.
MICHAEL J. MCADAM, ESQ.	200 PAGE MILL ROAD	CHRIS E. MONTEGUT, ESQ.
FENWICK & WEST LLP	SECOND FLOOR	WILSON SONSINI GOODRICH & ROSATI,
TWO PALO ALTO SQUARE	PALO ALTO, CALIFORNIA 94306	PROFESSIONAL CORPORATION
PALO ALTO, CALIFORNIA 94306	(650) 325-8666	650 PAGE MILL ROAD
(650) 494-0600		PALO ALTO, CALIFORNIA 94304-1050
		(650) 493-9300

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [_]

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. [_]

If this form is a post-effective amendment filed pursuant to Rule 462(c) 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. [_]

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. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [_]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE

Common Stock, $.001 par value per share.....	$40,000,000	$12,122

(1) Estimated pursuant to Rule 457(o) solely for the purpose of calculating the amount of the registration fee.

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.

+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

PROSPECTUS (Subject to Completion)
Issued November 21, 1997

Shares

[LOGO OF VERISIGN]

COMMON STOCK

ALL OF THE SHARES OF COMMON STOCK OFFERED HEREBY ARE BEING SOLD BY THE COMPANY. PRIOR TO THIS OFFERING, THERE HAS BEEN NO PUBLIC MARKET FOR THE COMMON STOCK OF THE COMPANY. IT IS CURRENTLY ESTIMATED THAT THE INITIAL PUBLIC OFFERING PRICE WILL BE BETWEEN $ AND $ PER SHARE. SEE "UNDERWRITERS" FOR A DISCUSSION OF THE FACTORS TO BE CONSIDERED IN DETERMINING THE INITIAL PUBLIC OFFERING PRICE. APPLICATION HAS BEEN MADE TO LIST THE SHARES OF COMMON STOCK ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "VRSN."

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" COMMENCING ON PAGE 5 HEREOF.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PRICE $ A SHARE

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO COMPANY(2)
Per Share.....	$	$	$
Total(3).....	$	$	$

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(1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriters."
(2) Before deducting expenses payable by the Company estimated at $.
(3) The Company has granted the Underwriters an option, exercisable within 30 days of the date hereof, to purchase up to an aggregate of additional Shares at the price to public less underwriting discounts and commissions for the purpose of covering over-allotments, if any. If the Underwriters exercise such option in full, the total price to public, underwriting discounts and commissions and proceeds to Company will be $, $ and $, respectively. See "Underwriters."

The Shares are offered, subject to prior sale, when, as and if accepted by the Underwriters named herein and subject to approval of certain legal matters by Wilson Sonsini Goodrich & Rosati, Professional Corporation, counsel for the Underwriters. It is expected that delivery of the Shares will be made on or about , 1998 at the office of Morgan Stanley & Co. Incorporated, New York, N.Y., against payment therefor in immediately available funds.

MORGAN STANLEY DEAN WITTER

HAMBRECHT & QUIST

, 1998

NO PERSON IS AUTHORIZED IN CONNECTION WITH ANY OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH IT RELATES OR AN OFFER TO, OR A SOLICITATION OF, ANY PERSON IN ANY JURISDICTION WHERE SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

UNTIL , 1998 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS DELIVERY REQUIREMENT IS IN ADDITION TO THE OBLIGATIONS OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

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The Company intends to furnish its stockholders with annual reports containing consolidated financial statements audited by an independent public accounting firm and quarterly reports containing unaudited consolidated financial data for the first three quarters of each year.

Unless the context otherwise requires, the terms "VeriSign" and the "Company" refer to VeriSign, Inc., a Delaware corporation, and its majority-owned subsidiary, VeriSign Japan K.K. ("VeriSign Japan"). Except as otherwise noted herein, information in this Prospectus (i) assumes no exercise of the Underwriters' over-allotment option, (ii) gives effect to the conversion of all outstanding shares of Preferred Stock of the Company into shares of Common Stock of the Company, which will occur upon the closing of this offering, (iii) gives effect to the increase in the authorized shares of Common Stock to 50,000,000 shares to be effected in December 1997 and (iv) gives effect to the filing, upon the closing of this offering, of a Restated Certificate of Incorporation, authorizing 5,000,000 shares of undesignated Preferred Stock.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS

THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK. SPECIFICALLY, THE UNDERWRITERS MAY OVERALLOT IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, SHARES OF COMMON STOCK IN THE OPEN MARKET. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITERS."

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and the Consolidated Financial Statements and notes thereto appearing elsewhere in this Prospectus.

THE COMPANY

VeriSign is the leading provider of digital certificate solutions and infrastructure needed by companies, government agencies, trading partners and individuals to conduct trusted and secure communications and commerce over the Internet and over intranets and extranets using the Internet Protocol (collectively, "IP Networks"). The Company has established strategic relationships with industry leaders, including Cisco, McAfee Associates, Microsoft, Netscape, RSA, Security Dynamics, VeriFone and VISA, to enable widespread deployment of the Company's digital certificate technology and products and to assure their interoperability among a wide variety of applications. The Company's digital certificates, called Digital IDs, are enabled in millions of copies of Microsoft and Netscape Web browsers, tens of thousands of copies of popular Web servers and a variety of other software applications. The Company believes that it has issued more digital certificates than any other company, having issued over 1.5 million of its Digital IDs for individuals and over 35,000 of its Digital IDs for Web sites. In addition to providing Digital IDs for individuals and Web sites, the Company provides turn-key and custom digital certificate solutions needed by organizations, such as Dow Jones, NOVUS/Discover and VISA, to conduct trusted and secure communications and commerce over IP networks. The Company markets its products and services worldwide through multiple distribution channels, including the Internet, direct sales, telesales, VARs, systems integrators and OEMs, and intends to continue to expand these distribution channels.

THE OFFERING

Common Stock offered.....	shares
Common Stock to be outstanding after the offering.....	shares(1)
Use of proceeds.....	For general corporate purposes, including capital expenditures and working capital. See "Use of Proceeds."
Proposed Nasdaq National Market symbol.....	VRSN

SUMMARY CONSOLIDATED FINANCIAL DATA (IN THOUSANDS, EXCEPT PER SHARE DATA)

	PERIOD FROM APRIL 12, 1995 (INCEPTION) TO DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1997
CONSOLIDATED STATEMENT OF OPERATIONS DATA:				
Revenues.....	$ 382	$ 1,351	$ 774	$ 6,115
Total costs and expenses.....	2,524	12,365	7,168	20,891
Operating loss.....	(2,142)	(11,014)	(6,394)	(14,776)
Net loss.....	(1,994)	(10,243)	(5,952)	(12,722)
Pro forma net loss per share(2).....		$ (.74)	$ (.47)	$ (.75)
Shares used in per share computations(2).....		13,836	12,532	17,006

	SEPTEMBER 30, 1997		
	ACTUAL	PRO FORMA(3)	PRO FORMA AS ADJUSTED(4)
CONSOLIDATED BALANCE SHEET DATA:			
Cash, cash equivalents and short-term investments.....	$13,612	$13,612	$
Total assets.....	25,659	25,659	
Stockholders' equity.....	15,876	17,876	

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(1) Based on the number of shares outstanding as of September 30, 1997. Excludes (i) 2,000,974 shares of Common Stock issuable upon the exercise of options then outstanding, with a weighted average exercise price of $1.49 per share, and a maximum of 3,790,282 shares reserved or to be reserved for issuance under the Company's stock plans. See "Capitalization,"

"Management--Employee Benefit Plans" and Note 6 of Notes to Consolidated Financial Statements.

(2) See Note 1 of Notes to Consolidated Financial Statements for an explanation of the determination of the number of shares used in per share computations.

(3) Pro forma to reflect (i) the conversion of all outstanding shares of Preferred Stock into shares of Common Stock upon the closing of this offering, (ii) the issuance in November 1997 of 250,000 shares of Common Stock, valued at $2.0 million, in connection with the execution of certain agreements with VeriFone, which included a settlement of claims of VeriFone, and (iii) the issuance in November 1997 of 100,000 shares of Common Stock, valued at $800,000, to Microsoft in connection with the execution of a preferred provider agreement.

(4) Pro forma as adjusted to reflect the sale of the shares of Common Stock offered hereby at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the Company. See "Use of Proceeds" and "Capitalization."

THE COMPANY

VeriSign is the leading provider of digital certificate solutions and infrastructure needed by companies, government agencies, trading partners and individuals to conduct trusted and secure communications and commerce over IP networks. A digital certificate functions as an electronic credential in the digital world, identifying the certificate owner, authenticating the certificate owner's membership in a given organization or community or establishing the certificate owner's authority to engage in a given transaction, thereby creating a framework for trusted interaction over IP networks. The Company has established strategic relationships with industry leaders, including Cisco, McAfee Associates, Inc. ("McAfee Associates"), Microsoft, Netscape, RSA Data Security Inc. ("RSA"), Security Dynamics Technologies, Inc. ("Security Dynamics"), VeriFone, Inc. ("VeriFone") and Visa International Service Association ("VISA"), to enable widespread deployment of the Company's digital certificate technology and products and to assure their interoperability among a wide variety of applications. The Company's digital certificates, called Digital IDs, are enabled in millions of copies of Microsoft and Netscape Web browsers, tens of thousands of copies of popular Web servers and a variety of other software applications. The Company believes that it has issued more digital certificates than any other company, having issued over 1.5 million of its Digital IDs for individuals and over 35,000 of its Digital IDs for Web sites. In addition to providing Digital IDs for individuals and Web sites, the Company also provides turn-key and custom solutions needed by organizations, such as Dow Jones, NOVUS/Discover and VISA, to conduct trusted and secure communications and commerce over IP networks.

IP networks are revolutionizing communications and commerce because of their global reach, accessibility, use of open standards and ability to enable real-time interaction. The use of IP networks is beginning to extend beyond informal messaging, general information browsing and the exchange of non-sensitive data to a number of more valuable and sensitive activities including business-to-business transactions and electronic data interchange ("EDI"), online retail purchases and payments, Web-based access to account and benefits information and secure messaging for both personal and business use. Forrester Research estimates that Internet business-to-business commerce alone will grow from approximately $8 billion in 1997 to more than $327 billion in 2002. However, despite the convenience and the compelling economic incentives for the use of IP networks, they cannot reach their full potential as a platform for global communications and commerce until the current lack of trust and security associated with the use of these networks is resolved. Digital certificates are emerging as the leading technology for establishing a framework for trusted and secure communications and commerce over IP networks, with many Internet security protocols dictating the use of digital certificates. Just as an individual may have many forms of credit cards and IDs, he or she may require multiple digital certificates, each corresponding to a unique digital relationship between the individual and an organization. Thus, there is the potential need over time for hundreds of millions of digital certificates to be issued and managed.

The Company has invested significant resources to develop a highly reliable and secure operations infrastructure, a modular software architecture and a comprehensive set of security and trust practices to enable trusted and secure communications and commerce over IP networks using digital certificates. The Company's Digital ID Centers in Mountain View, California and Kawasaki, Japan are designed to provide the high levels of availability, security and scaleability required to meet the needs of customers for high volume digital certificate issuance and management. The Company's modular WorldTrust software architecture, which serves as the foundation for the Company's products and services, automates many aspects of digital certificate issuance and lifecycle management and provides the scaleability necessary to deploy millions of digital certificates for distinct communities ranging from individual corporations to the entire population of Internet users. The Company also has been instrumental in defining comprehensive trust practices and procedures, which the Company believes has been important in establishing its reputation as the leading provider of digital certificate solutions.

The Company's objective is to enhance its position as the leading provider of digital certificate solutions and infrastructure needed to conduct trusted and secure communications and commerce over IP networks. The Company's strategy to achieve this objective includes leveraging its leadership position to drive market penetration, leveraging and expanding strategic relationships with industry leaders, maintaining leadership in technology, infrastructure and practices and continuing to build the VeriSign brand. The Company markets its products and services worldwide through multiple distribution channels, including the Internet, direct sales, telesales, value-added resellers ("VARs"), systems integrators and original equipment manufacturers ("OEMs"), and intends to continue to expand these distribution channels.

The Company was incorporated in Delaware in April 1995. The Company's executive offices are located at 1390 Shorebird Way, Mountain View, California 94043, its telephone number at this location is (650) 961-7500 and its Web site is located at http://www.verisign.com. Information contained in the Company's Web site is not part of this Prospectus.

RISK FACTORS

In addition to the other information in this Prospectus, the following factors should be considered carefully in evaluating an investment in the shares of Common Stock offered hereby. This Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in such forward-looking statements. Factors that may cause such a difference include, but are not limited to, those discussed below, in the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this Prospectus.

Limited Operating History; History of Losses and Anticipation of Future Losses. The Company was incorporated in April 1995 and began introducing its products and services in June 1995. Accordingly, the Company has only a limited operating history on which to base an evaluation of its business and prospects. The Company's prospects must be considered in light of the risks and uncertainties encountered by companies in the early stages of development, particularly companies in new and rapidly evolving markets. The Company's success will depend on many factors, including, but not limited to, the following: the rate and timing of the growth and use of IP networks for communications and commerce and the extent to which digital certificates are used for such communications and commerce; the demand for the Company's products and services; the levels of competition; the perceived security of communications and commerce over IP networks, and of the Company's infrastructure, products and services in particular; and the Company's continued ability to maintain its current and enter into additional strategic relationships. To address these risks the Company must, among other things: attract and retain qualified personnel; respond to competitive developments; successfully introduce new products and services; successfully introduce enhancements to its existing products and services to address new technologies and standards; and successfully market its digital certificates and its enterprise and electronic commerce solutions. There can be no assurance that the Company will succeed in addressing any or all of these risks, and the failure to do so would have a material adverse effect on the Company's business, operating results and financial condition. In addition, the Company has experienced substantial net losses in each fiscal period since its inception and, as of September 30, 1997, had an accumulated deficit of $25.0 million. Such net losses and accumulated deficit resulted from the Company's lack of substantial revenues and the significant costs incurred in the development and sale of the Company's products and services and in the establishment and deployment of the Company's operations infrastructure and practices. The Company's limited operating history, the emerging nature of its market and the factors described under "--Adoption of IP Networks" and "--Potential Fluctuations in Quarterly Operating Results; Unpredictability of Future Revenues," among other factors, make prediction of the Company's future operating results difficult. In addition, the Company intends to increase its expenditures in all areas in order to execute its business plan. As a result, the Company expects to incur substantial additional losses for the foreseeable future. Furthermore, to the extent the Company's majority-owned subsidiary, VeriSign Japan, is unable to continue to fund its operations with investments from minority shareholders, the Company may be required to fund the operations of VeriSign Japan, which could have a material adverse effect on the Company's business, operating results and financial condition. Although the Company has experienced revenue growth in recent periods, there can be no assurance that such growth rates are sustainable and, therefore, they should not be considered indicative of future operating results. There can also be no assurance that the Company will ever achieve significant revenues or profitability or, if significant revenues and profitability are achieved, that they could be sustained. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Strategy."

Adoption of IP Networks. In order for the Company to be successful, IP networks must be adopted as a means of trusted and secure communications and commerce to a sufficient extent and within an adequate time frame. Because trusted and secure communications and commerce over IP networks is new and evolving, it is difficult to predict with any assurance the size of this market and its growth rate, if any. To date, many businesses and consumers have been deterred from utilizing IP networks for a number of reasons, including, but not limited to, potentially inadequate development of network infrastructure, security concerns, inconsistent quality of service, lack of availability of cost-effective, high-speed service, limited numbers of local access points for corporate users, inability to integrate business applications on IP networks, the need to interoperate with multiple

and frequently incompatible products, inadequate protection of the confidentiality of stored data and information moving across IP networks and a lack of tools to simplify access to and use of IP networks. The adoption of IP networks for trusted and secure communications and commerce, particularly by individuals and entities that historically have relied upon traditional means of communications and commerce, will require a broad acceptance of new methods of conducting business and exchanging information. Companies and government agencies that already have invested substantial resources in other methods of conducting business may be reluctant to adopt a new strategy that may limit or compete with their existing efforts. Furthermore, individuals with established patterns of purchasing goods and services and effecting payments may be reluctant to alter those patterns.

The use of IP networks for trusted and secure communications and commerce may not increase or may increase more slowly than expected because the infrastructure required to support widespread trusted and secure communications and commerce on such networks may not develop. For example, the Internet has experienced, and may continue to experience, significant growth in its number of users and amount of traffic. There can be no assurance that the Internet infrastructure will continue to support the demands placed on it by this continued growth or that the performance or reliability of the Internet will not be adversely affected by this continued growth. In addition, IP networks could lose their viability due to delays in the development or adoption of new standards and protocols to handle increased levels of activity or due to increased governmental regulation. Changes in or insufficient availability of communications services to support IP networks could result in slower response times and also adversely affect usage of IP networks. If the market for trusted and secure communications and commerce over IP networks fails to develop or develops more slowly than expected, or if the Internet infrastructure does not adequately support any continued growth, the Company's business, operating results and financial condition would be materially adversely affected. See "--Industry Regulation" and "Business--Industry Background" and "--Customers and Markets."

No Assurance of Market Acceptance for Digital Certificates and the Company's Products and Services. The Company's products and services are targeted at the market for trusted and secure communications and commerce over IP networks, a market that is at an early stage of development and is rapidly evolving. Accordingly, demand for and market acceptance of digital certificate solutions are subject to a high level of uncertainty. There can be no assurance that digital certificates will gain market acceptance as a necessary element of trusted and secure communications and commerce over IP networks. In addition, there can be no assurance that the market for the Company's products and services will develop in a timely manner, or at all, or that demand for the Company's products and services will emerge or be sustainable. The factors that may affect the level of market acceptance of digital certificates and, consequently, the Company's products and services, include the following: market acceptance of products and services based upon authentication technologies other than those used by the Company; public perception of the security of digital certificates and of the inherent security levels of IP networks; the ability of the Internet infrastructure to accommodate increased levels of usage; and the enactment of government regulations affecting communications and commerce over IP networks. Even if digital certificates achieve market acceptance, there can be no assurance that the Company's products and services will adequately address the market's requirements. If digital certificates do not achieve market acceptance in a timely manner and sustain such acceptance, or if the Company's products and services in particular do not achieve or sustain market acceptance, the Company's business, operating results and financial condition would be materially adversely affected. See "Business--Industry Background" and "--Customers and Markets."

Potential Fluctuations in Quarterly Operating Results; Unpredictability of Future Revenues. The Company's operating results have varied on a quarterly basis during its short operating history and may fluctuate significantly in the future as a result of a variety of factors, many of which are outside the Company's control. Factors that may affect the Company's quarterly operating results include the following: market acceptance of digital certificates; market acceptance of its products and services, particularly VeriSign OnSite, VeriSign V-Commerce and VeriSign SET; the long sales and implementation cycles for and potentially large order sizes of certain of the Company's products and services; the timing and execution of individual contracts; the timing of releases of new versions of Internet browsers or other third-party software products in which the Company's public root keys are embedded; customer renewal rates for the Company's products and services; the Company's

success in marketing other products and services to its existing customer base and to new customers; development of the Company's direct and indirect distribution channels; market acceptance of the Company's or competitors' new products and services; the amount and timing of expenditures relating to expansion of the Company's operations; price competition or pricing changes; general economic conditions and economic conditions specific to the Internet, intranet and extranet industries. Any one of these factors could cause the Company's revenues and operating results to vary significantly in the future. In addition, the Company will need to expand its operations and attract, integrate, retain and motivate a substantial number of sales and marketing and research and development personnel. The timing of such expansion and the rate at which new personnel become productive could cause material fluctuations in the Company's quarterly results of operations. See "Business--Industry Background" and "--Strategy."

The Company's limited operating history and the emerging nature of its market make prediction of future revenues difficult. The Company's expense levels are based, in part, on its expectations regarding future revenues, and to a large extent such expenses are fixed, particularly in the short term. There can be no assurance that the Company will be able to predict its future revenues accurately and the Company may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall of revenues in relation to the Company's expectations could cause significant declines in the Company's quarterly operating results.

Due to all of the foregoing factors, the Company's quarterly revenues and operating results are difficult to forecast. The Company believes that period-to-period comparisons of its operating results will not necessarily be meaningful and should not be relied upon as an indication of future performance. Also, it is likely that the Company's operating results will fall below the expectations of the Company, securities analysts or investors in some future quarter. In such event, the market price of the Company's Common Stock could be materially and adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

System Interruption and Security Breaches. The Company's success is largely dependent on the uninterrupted operation of its Digital ID Centers and its other computer and communications systems, which is dependent on the Company's ability to protect such systems from loss, damage or interruption caused by fire, earthquake, power loss, telecommunications failure or other events beyond the Company's control. Most of the Company's systems are located at, and most of its customer information is stored in, its facilities in Mountain View, California and Kawasaki, Japan, areas susceptible to earthquakes. Although the Company believes that its existing and planned precautions are adequate to prevent any significant loss of information or system outage, there can be no assurance that unanticipated problems will not cause such loss or failure. Any damage or failure that causes interruptions in the Company's Digital ID Centers and its other computer and communications systems could have a material adverse effect on the Company's business, operating results and financial condition. In addition, the ability of the Company to issue digital certificates is also dependent on the efficient operation of the Internet connections from customers to its Digital ID Centers. Such connections, in turn, are dependent upon efficient operation of Web browsers, Internet Service Providers ("ISPs") and Internet backbone service providers, all of which have had periodic operational problems or experienced outages in the past. Any such problems or outages could adversely affect customer satisfaction with the Company's products and services, which could have a material adverse effect on the Company's business, operating results and financial condition. The Company's success also depends in large part upon the scaleability of its systems, which have not been tested at high volumes. As such, it is possible that a substantial increase in demand for the Company's products and services could cause interruptions in the Company's systems that could adversely affect the Company's ability to deliver its products and services. Any such interruptions could have a material adverse effect on the Company's business, operating results and financial condition.

The Company retains confidential customer information in its Digital ID Centers. It is critical to the Company's business strategy that the Company's facilities and infrastructure remain secure and that such facilities and infrastructure are perceived by the marketplace to be secure. Despite the implementation of security measures, the Company's infrastructure may be vulnerable to physical break-ins, computer viruses, attacks by

hackers or similar disruptive problems, and it is possible that in the future the Company may have to expend additional financial and other resources to further address such problems. Any physical or electronic break-ins or other security breaches or compromises of the private root keys stored at the Company's Digital ID Centers may jeopardize the security of information stored on the Company's premises or stored in and transmitted through the computer systems and networks of the businesses and individuals utilizing the Company's products or services, which could result in significant liability to the Company and could deter existing and potential customers from using the Company's products and services. Such an occurrence could result in adverse publicity and therefore adversely affect the market's perception of the security of communications and commerce over IP networks as well as of the security or reliability of the Company's products and services, which would have a material adverse effect on the Company's business, operating results and financial condition. See "Business--The VeriSign Solution," "--Strategy," "--Infrastructure," "--Security and Trust Practices" and "--Facilities."

Competition. The Company's digital certificate solutions are targeted at the new and rapidly evolving market for trusted and secure communications and commerce over IP networks. Although the competitive environment in this market has yet to develop fully, the Company anticipates that it will be intensely competitive, subject to rapid change and significantly affected by new product and service introductions and other market activities of industry participants.

The Company's primary competitors are Entrust Technologies, Inc. ("Entrust"), GTE CyberTrust Solutions Incorporated ("GTE/CyberTrust") and International Business Machines Corporation ("IBM"). The Company also experiences competition from a number of smaller companies that provide digital certificate solutions. The Company expects that competition from established and emerging companies in the financial and telecommunications industries will increase in the near term, and that the Company's primary long-term competitors may not yet have entered the market. Netscape has introduced software products that enable the issuance and management of digital certificates, and the Company believes that other companies could introduce such products. There can be no assurance that additional companies will not offer digital certificate solutions that are competitive with those of the Company. Increased competition could result in pricing pressures, reduced margins or the failure of the Company's products and services to achieve or maintain market acceptance, any of which could have a material adverse effect on the Company's business, operating results and financial condition.

Several of the Company's current and potential competitors have longer operating histories and significantly greater financial, technical, marketing and other resources than the Company and therefore may be able to respond more quickly than the Company to new or changing opportunities, technologies, standards and customer requirements. Many of these competitors also have broader and more established distribution channels that may be used to deliver competing products or services directly to customers through bundling or other means. If such competitors were to bundle competing products or services for their customers, the demand for the Company's products and services might be substantially reduced and the ability of the Company to distribute its products successfully and the utilization of its services would be substantially diminished. In addition, browser companies that embed the Company's root keys or otherwise feature the Company as a provider of digital certificate solutions in their Web browsers or on their Web sites could also promote competitors of the Company or charge the Company substantial fees for such promotions in the future. New technologies and the expansion of existing technologies may increase the competitive pressures on the Company. There can be no assurance that competing technologies developed by others or the emergence of new industry standards will not adversely affect the Company's competitive position or render its products or technologies noncompetitive or obsolete. In addition, the market for digital certificates is nascent and is characterized by announcements of collaborative relationships involving competitors of the Company. The existence or announcement of such relationships could adversely affect the Company's ability to attract and retain customers. As a result of the foregoing and other factors, there can be no assurance that the Company will compete effectively with current or future competitors or that competitive pressures faced by the Company will not have a material adverse effect on the Company's business, operating results and financial condition.

In connection with the Company's first round of financing, RSA contributed certain technology to the Company and entered into a noncompetition agreement with the Company pursuant to which RSA agreed that it

would not compete with the Company's certificate authority business for a period of five years. This noncompetition agreement will expire in April 2000. The Company believes that, because RSA (which is now a wholly-owned subsidiary of Security Dynamics) has already developed expertise in the area of cryptography, should it choose to enter any of the Company's markets, its barriers to entry would be lower than those that would be encountered by other potential competitors of the Company. If RSA were to enter into the digital certificate market, the Company's business, operating results and financial condition could be materially adversely affected. See "Business--Competition."

Rapid Technological Change; New Product and Services Introductions. Substantially all of the Company's limited revenues to date have been derived from the sale of digital certificate products and related services. These products and services are expected to account for substantially all of the Company's revenues for the foreseeable future. The emerging market for digital certificate products and related services is characterized by rapid technological developments, frequent new product introductions and evolving industry standards. The emerging nature of this market and its rapid evolution will require that the Company continually improve the performance, features and reliability of its products and services, particularly in response to competitive offerings and that it introduce new products and services or enhancements to existing products and services as quickly as possible and prior to its competitors. The success of new product introductions is dependent on several factors, including proper new product definition, timely completion and introduction of new products, differentiation of new products from those of the Company's competitors and market acceptance of the Company's new products and services. There can be no assurance that the Company will be successful in developing and marketing new products and services that respond to competitive and technological developments and changing customer needs. The failure of the Company to develop and introduce new products and services successfully on a timely basis and to achieve market acceptance for such products and services could have a material adverse effect on the Company's business, operating results and financial condition. In addition, the widespread adoption of new Internet, networking or telecommunication technologies or standards or other technological changes could require substantial expenditures by the Company to modify or adapt its products and services. To the extent that a method other than digital certificates is adopted to enable trusted and secure communications and commerce over IP networks, sales of the Company's existing and planned products and services will be adversely affected and the Company's products and services could be rendered unmarketable or obsolete, which would have a material adverse effect on the Company's business, operating results and financial condition. The Company believes there is a time-limited opportunity to achieve market share, and there can be no assurance that the Company will be successful in achieving widespread acceptance of its products and services or in achieving market share before competitors offer products and services with features similar to the Company's current offerings. Any such failure by the Company could have a material adverse effect on the Company's business, operating results and financial condition. See "Business--Products and Services" and "--Research and Development."

Management of Growth and Expansion. The Company is currently experiencing a period of significant expansion. The Company's historical growth has placed, and such growth and any further growth is likely to continue to place, a significant strain on the Company's managerial, operational, financial and other resources. The Company has grown from 30 employees at December 31, 1995 to 162 employees at September 30, 1997. In addition, the Company has opened additional sales offices and has significantly expanded its operations during this time period. The Company's future success will depend, in part, upon the ability of its senior management to manage growth effectively, which will require the Company to implement additional management information systems, to develop further its operating, administrative, financial and accounting systems and controls and to maintain close coordination among its engineering, accounting, finance, marketing, sales and operations organizations. Any failure to implement or improve systems or controls or to manage any future growth and expansion effectively could have a material adverse effect on the Company's business, operating results and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Dependence on Key Personnel. The Company's future success will be highly dependent on the performance of its senior management team and other key employees, many of whom have worked together for only a short

period of time. For example, the Company has only recently hired its Vice President of Sales and Field Operations. The Company's success will also depend on its ability to attract, integrate, motivate and retain additional highly skilled technical and sales and marketing personnel. There is intense competition for senior management and technical and sales and marketing personnel in the areas of the Company's activities. In addition, the Company's stringent hiring practices for all operations personnel and executive management and for certain engineering personnel, which consist of background checks into prospective employees' criminal and financial histories, further limit the number of qualified persons for such positions. See "Business--Security and Trust Practices." The Company has no employment agreements with any of its key executives. In addition, the Company does not maintain key person life insurance for any of its officers or key employees other than Stratton D. Sclavos, its President and Chief Executive Officer. The loss of the services of any of the Company's senior management team or other key employees or the failure of the Company to attract, integrate, motivate and retain additional key employees could have a material adverse effect on the Company's business, operating results and financial condition. See "Business--Employees" and "Management."

Need to Establish and Maintain Strategic Relationships. A significant business strategy of the Company is to enter into strategic or other similar collaborative relationships in order to offer products and services to a larger customer base than could be reached through direct sales and marketing efforts. The Company will need to enter into additional strategic relationships to execute its business plan. There can be no assurance that the Company will be able to enter into additional, or maintain its existing, strategic relationships on commercially reasonable terms, if at all. If the Company were unable to enter into additional strategic relationships or maintain its existing strategic relationships, it would be required to devote substantially more resources to the distribution, sale and marketing of its products and services than it would otherwise plan to do. Furthermore, as a result of the Company's emphasis on these relationships, the Company's success will depend both on the ultimate success of the other parties to such relationships, particularly in the use and promotion of IP networks for trusted and secure communications and commerce, and on the ability of these parties to market the Company's products and services successfully. Failure of one or more of the Company's strategic relationships to result in the development and maintenance of a market for the Company's products and services could have a material adverse effect on the Company's business, operating results and financial condition.

In addition, the Company's existing strategic relationships do not and any future strategic relationships may not afford the Company any exclusive marketing or distribution rights. There can be no assurance that the other parties to such relationships view their relationships with the Company as significant for their own businesses or that they will not reduce their commitment to the Company at any time in the future. In addition, there can be no assurance that such parties will not pursue alternative technologies or develop alternative products and services in addition to or in lieu of the Company's products and services either on their own or in collaboration with others, including the Company's competitors. Any future inability of the Company to maintain its strategic relationships or to enter into additional strategic relationships could have a material adverse effect on the Company's business, operating results and financial condition. See "Business--Strategy," "--Strategic Relationships" and "--Marketing, Sales and Distribution."

Risk of Defects. Products as complex as those offered or developed by the Company frequently contain undetected defects or failures that may be detected at any point in the product's life. There can be no assurance that, despite testing by the Company and potential customers, defects or errors will not occur in existing or new products, which could result in loss of or delay in revenues, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to the Company's reputation, increased insurance costs or increased service and warranty costs, any of which could have a material adverse effect on the Company's business, operating results and financial condition. Furthermore, the Company often renders implementation, customization, consulting and other technical services in connection with the implementation of the Company's enterprise and electronic commerce solutions and its digital certificate service and product development agreements. The performance of these services typically involves working with sophisticated software, computing and networking systems. The Company's failure or inability to meet customer expectations or project milestones in a timely manner could also result in loss of or delay in revenues, loss of market share, failure to

achieve market acceptance, injury to reputation and increased costs. Because customers rely on the Company's digital certificate solutions for critical security applications, any significant defects or errors in the Company's products or services, or in the products of third parties that embed the Company's products, might discourage such third parties or other customers from utilizing the Company's products and services or result in tort or warranty claims, which could have a material adverse effect on the Company's business, operating results and financial condition. Although the Company attempts to reduce the risk of losses resulting from such claims through errors and omissions insurance, warranty disclaimers and liability limitation clauses in its sales agreements, there can be no assurance that such insurance coverage will adequately cover the Company for such claims or that such other measures will be effective in limiting the Company's liability. If a court refused to enforce the liability-limiting provisions of the Company's contracts for any reason, or if liabilities arose that were not contractually limited or adequately covered by insurance, the Company's business, operating results and financial condition could be materially and adversely affected. See "Business--Products and Services" and "--Research and Development."

Potentially Lengthy Sales and Implementation Cycles for Certain Products and Services. A key element of the Company's strategy is to market certain of its products and services directly to large companies and government agencies. Based on its sales experience to date, the Company expects that the sale and implementation of its enterprise and electronic commerce solutions to such entities will typically involve a lengthy education process and a significant technical evaluation and commitment of capital and other resources. The sale and implementation of the Company's enterprise and electronic commerce solutions will be subject to the risk of delays associated with customers' internal budget and other procedures for approving large capital expenditures, deploying new technologies within their networks and testing and accepting new technologies that affect key operations. For these and other reasons, the sales and implementation cycles associated with certain of the Company's products and services are expected to be lengthy, potentially lasting from three to 12 months, and are expected to be subject to a number of significant risks that are beyond the Company's control. Because of the anticipated lengthy sales and implementation cycle and the potentially large size of such orders, if orders forecasted for a specific customer for a particular quarter are not realized or revenues are not otherwise recognized in that quarter, the Company's operating results for that quarter could be materially adversely affected. See "--Potential Fluctuations in Quarterly Operating Results; Unpredictability of Future Revenues" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Risks Relating to Cryptography Technology. The Company's digital certificate products and related services are dependent on the use of public key cryptography technology, which depends in part on the application of certain mathematical principles known as "factoring." The security afforded by public key cryptography technology is predicated on the assumption that the factoring of the composite of large prime numbers is difficult. Should an easy factoring method be developed, then the security afforded by encryption products utilizing public key cryptography technology would be reduced or eliminated. Furthermore, any significant advance in techniques for attacking cryptographic systems could also render some or all of the Company's existing products and services obsolete or unmarketable. There can be no assurance that such developments will not occur. Moreover, even if no breakthroughs in factoring or other methods of attacking cryptographic systems are made, factoring problems can theoretically be solved by computer systems significantly faster and more powerful than those presently available. If such improved techniques for attacking cryptographic systems are ever developed, the Company would likely have to reissue digital certificates to some or all of its customers, which could adversely affect market perception of the reliability of the Company's products and services or otherwise have a material adverse effect on the Company's business, operating results and financial condition. In the past there have been public announcements of the successful decoding of certain cryptographic messages. The publicity around any breaches could adversely affect the public perception as to the safety of the public key cryptography technology included in the Company's digital certificates. Such adverse public perception could have a material adverse effect on the Company's business, operating results and financial condition. See "Business--Industry Background" and "--Products and Services."

Risks Associated with International Operations. Revenues of VeriSign Japan and revenues from other international customers accounted for approximately 15% of the Company's revenues for the nine

months ended September 30, 1997. A key component of the Company's strategy is to expand its international operations and its international sales and marketing activities. Expansion into these markets has required and will continue to require significant management attention and resources and may require the Company to localize its products and services for a particular market and to enter into international distribution and operating relationships. The Company has limited experience in localizing its products and in developing international distribution or operating relationships. There can be no assurance that the Company will be successful in expanding its product and service offerings into international markets. In addition to the uncertainty regarding the Company's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, export and import restrictions, tariffs and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the Company's international operations. All of the Company's international revenues from sources other than VeriSign Japan are denominated in U.S. dollars. To the extent the Company expands its international operations and has additional portions of its international revenues denominated in foreign currencies, the Company could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Company's future international operations and, consequently, on the Company's business, operating results and financial condition. See "--Industry Regulation," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business--Strategy" and "--Marketing, Sales and Distribution."

Uncertain Maintenance and Strengthening of the VeriSign Brand. The Company believes that maintaining and strengthening the VeriSign brand is critical to achieving widespread acceptance of its digital certificates and related products and services and that the importance of brand recognition will increase as competition in the market for digital certificates and related products and services increases. Promoting and positioning the VeriSign brand will depend largely on the success of the Company's marketing efforts and the ability of the Company to provide, on an uninterrupted basis, high quality, secure, trustworthy and cost effective digital certificate solutions. The Company will also be dependent on the success of its strategic relationships in order to promote its brand and increase brand awareness. See "--Need to Establish and Maintain Strategic Relationships." If current or potential customers do not perceive the Company's products and services as secure or trustworthy, the Company will be unsuccessful in maintaining and strengthening its brand. Furthermore, in order to promote the VeriSign brand in response to competitive pressures, the Company may find it necessary to increase its marketing budget or otherwise increase its financial commitment to creating and maintaining brand loyalty among customers. If the Company fails to promote and maintain its brand or incurs excessive expenses in an attempt to promote and maintain its brand, or if the Company's existing or future strategic relationships fail to promote the Company's brand or increase brand awareness, the Company's business, operating results and financial condition could be materially adversely affected. See "Business--Strategy" and "--Marketing, Sales and Distribution."

Dependence on Authentication Information. The Company relies upon information provided by third-party sources to authenticate the identity of customers requesting certain of the Company's digital certificates. This information is presently only available from a limited number of sources and the Company currently procures such information from single sources. The Company's reliance on these single sources involves certain risks and uncertainties, including the possibility of delayed or discontinued availability. Any such delay or unavailability, coupled with any inability of the Company to develop alternative sources quickly and cost-effectively, could materially impair the Company's ability to deliver certain of its digital certificates on a timely basis and result in the cancellation of orders, increased costs and injury to reputation, which could have a material adverse effect on the Company's business, operating results and financial condition. The Company's reliance on third-party information sources for authentication has also limited the distribution of certain of its digital certificates outside of the United States, where access to such sources has been unavailable or limited. Additionally, accurate authentication of the identity of the individuals and entities to which the Company issues its digital certificates is necessary for such digital certificates to provide security. Therefore, the inaccuracy of authentication information

on which the Company relies, including information the Company receives from third parties, could result in material injury to the Company's reputation and tort or warranty claims from customers relying upon the Company's digital certificates, which could have a material adverse effect on the Company's business, operating results and financial condition. See "--Risk of Defects" and "Business--Products and Services."

Industry Regulation. Exports of software products utilizing encryption technology are generally restricted by the U.S. and various foreign governments. All cryptographic products require export licenses from certain U.S. government agencies. Although the Company has obtained approval to export its Global Server ID product and none of the Company's other products and services is currently subject to export controls under U.S. law, there can be no assurance that the list of products and countries for which export approval is required, and the regulatory policies with respect thereto, will not be revised from time to time to include digital certificate products and related services, or that the Company will be able to obtain necessary regulatory approvals for the export of future products. The inability of the Company to obtain required approvals under these regulations could adversely affect the ability of the Company to make international sales. Furthermore, competitors of the Company may also seek to obtain approvals to export products that could increase the amount of competition faced by the Company. There are currently no federal laws or regulations that specifically control certification authorities, but a limited number of states have enacted legislation or regulations with respect to certification authorities. If the market for digital certificates grows, the United States, state or foreign governments may choose to enact further regulations governing digital certificate authorities or other providers of digital certificate products and related services. Such regulations or the costs of complying with such regulations could have a material adverse effect on the Company's business, operating results and financial condition.

Many companies conducting commercial transactions over IP networks do not collect sales or other similar taxes with respect to shipments of goods into other states or foreign countries or with respect to other transactions conducted between parties in different states or countries. It is possible that states or foreign countries may seek to impose sales taxes on out of state companies that engage in commerce over IP networks. In the event that states or foreign countries succeed in imposing sales or other taxes on Internet commerce, the growth of the use of IP networks for commerce could slow substantially, which could have a material adverse effect on the Company's business, operating results and financial condition.

Due to the increasing popularity of the Internet and other IP networks, it is possible that laws and regulations may be enacted covering issues such as user privacy, pricing, content and quality of products and services. For example, the Telecommunications Act of 1996 prohibits the transmission over the Internet of certain types of information and content. The increased attention focused upon these issues as a result of the adoption of other laws or regulations may reduce the rate of growth of the Internet or the use of other IP networks, which in turn could result in decreased demand for the Company's products and services or could otherwise have a material adverse effect on the Company's business, operating results and financial condition. See "Business--Industry Background."

Intellectual Property; Potential Litigation. The Company relies primarily on a combination of copyrights, trademarks, trade secret laws, restrictions on disclosure and other methods to protect its intellectual property and trade secrets. The Company also enters into confidentiality agreements with its employees and consultants, and generally controls access to and distribution of its documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's intellectual property or trade secrets without authorization. In addition, there can be no assurance that others will not independently develop substantially equivalent intellectual property. There can be no assurance that the precautions taken by the Company will prevent misappropriation or infringement of its technology. A failure by the Company to protect its intellectual property in a meaningful manner could have a material adverse effect on the Company's business, operating results and financial condition. In addition, litigation may be necessary in the future to enforce the Company's intellectual property rights, to protect the Company's trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of management and technical resources, either of which could have a material adverse effect on the Company's business, operating results and financial condition.

The Company also relies on certain licensed third-party technology, such as public key cryptography technology licensed from RSA. In these license agreements, the licensor has agreed to defend, indemnify and hold the Company harmless with respect to any claim by a third party that the licensed software infringes any patent or other proprietary right. Although these licenses are fully paid, there can be no assurance that the outcome of any litigation between the licensor and a third party or between the Company and a third party will not lead to royalty obligations of the Company for which the Company is not indemnified or for which such indemnification is insufficient, or that the Company will be able to obtain any additional license on commercially reasonable terms or at all. In the future, the Company may seek to license additional technology to incorporate in its products and services. There can be no assurance that any third-party technology licenses that the Company may be required to obtain in the future will be available to the Company on commercially reasonable terms or at all. The loss of or inability to obtain or maintain any of these technology licenses could result in delays in introduction of the Company's products or services until equivalent technology, if available, is identified, licensed and integrated, which could have a material adverse effect on the Company's business, operating results and financial condition.

From time to time, the Company has received, and may receive in the future, notice of claims of infringement of other parties' proprietary rights. There can be no assurance that infringement or other claims will not be asserted or prosecuted against the Company in the future or that any past or future assertions or prosecutions will not materially adversely affect the Company's business, operating results and financial condition. Any such claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel, cause product shipment delays or require the Company to develop non-infringing technology or enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Company, or at all. In the event of a successful claim of product infringement against the Company and the failure or inability of the Company to develop non-infringing technology or license the infringed or similar technology on a timely basis, the Company's business, operating results and financial condition could be materially adversely affected. See "Business--Intellectual Property."

Year 2000 Compliance. Many currently installed computer systems and software products are coded to accept only two digit entries in the date code field. These date code fields will need to accept four digit entries to distinguish 21st century dates from 20th century dates. As a result, many companies' software and computer systems may need to be upgraded or replaced in order to comply with such "Year 2000" requirements. Although the Company believes that its products and systems are Year 2000 compliant, the Company utilizes third-party equipment and software that may not be Year 2000 compliant. Failure of such third-party equipment or software to operate properly with regard to the year 2000 and thereafter could require the Company to incur unanticipated expenses to remedy any problems, which could have a material adverse effect on the Company's business, operating results and financial condition. Furthermore, the purchasing patterns of customers or potential customers may be affected by Year 2000 issues as companies expend significant resources to correct their current systems for Year 2000 compliance. These expenditures may result in reduced funds available to implement the infrastructure needed to conduct trusted and secure communications and commerce over IP networks or to purchase products and services such as those offered by the Company, which could have a material adverse effect on the Company's business, operating results and financial condition. See "Business--Industry Background."

Future Capital Needs; Uncertainty of Additional Funding. The Company may require additional capital to finance its growth and marketing and research and development projects beyond the next 12 months. The Company's capital requirements will depend on many factors including, but not limited to, demand for the Company's products and services and the extent to which such products achieve market acceptance and the timing of such market acceptance, the timing of and extent to which the Company invests in new technology, the expenses of sales and marketing and new product development, the extent to which competitors are successful in developing their own products and services and increasing their own market share and brand awareness, the success of the Company's strategic relationships, the costs involved in maintaining and enforcing intellectual property rights, the level and timing of revenues, available borrowings under line of credit

arrangements, the degree and timing of growth of IP networks for trusted and secure communications and commerce, and other factors. To the extent that resources are insufficient to fund the Company's activities, the Company may need to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Company, or at all. Strategic relationships, if necessary to raise additional funds, may require the Company to relinquish rights to certain of its technologies or products. The failure of the Company to raise capital when needed could have a material adverse effect on the Company's business, operating results and financial condition. If additional funds are raised through the issuance of equity securities, the percentage ownership of the Company by its then-current stockholders would be reduced. Furthermore, such equity securities might have rights, preferences or privileges senior to those of the Company's Common Stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

Certain Anti-Takeover Provisions. Upon completion of this offering, the Company's Board of Directors will have the authority to issue up to 5,000,000 shares of Preferred Stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any further vote or action by the stockholders. The rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock that may be issued in the future. The issuance of Preferred Stock, while providing flexibility in connection with possible financings, acquisitions or other corporate purposes, may have the effect of delaying, deferring or preventing a change in control of the Company, may discourage bids for the Company's Common Stock at a premium over the market price of the Common Stock and may adversely affect the market price of, and the voting and other rights of the holders of, the Common Stock. The Company has no current plans to issue shares of Preferred Stock. In addition, certain provisions of the Company's Amended and Restated Bylaws will have the effect of delaying, deferring or preventing a change of control of the Company. These provisions will provide, among other things, that the Board of Directors is divided into three classes to serve staggered three-year terms, that stockholders may not take actions by written consent and that the ability of stockholders to call special meetings will be restricted. In addition, the Company is subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which will prohibit the Company from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The Company's indemnity agreements provide and the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws will provide that the Company will indemnify officers and directors against losses that they may incur in investigations and legal proceedings resulting from their services to the Company, which may be broad enough to include services in connection with takeover defense measures. Such provisions may have the effect of preventing changes in the management of the Company. See "Description of Capital Stock."

Shares Eligible for Future Sale. Sales of a substantial number of shares of Common Stock in the public market following this offering could adversely affect the market price of the Company's Common Stock. The number of shares of Common Stock available for sale in the public market is limited by restrictions under the Securities Act of 1933, as amended (the "Securities Act"), and lock-up agreements executed by each of the security holders of the Company under which such security holders have agreed not to sell or otherwise dispose of any of their shares for a period of 180 days after the date of this Prospectus without the prior written consent of Morgan Stanley & Co. Incorporated. Morgan Stanley & Co. Incorporated may, however, in its sole discretion and at any time without notice, release all or any portion of the shares subject to lock-up agreements. In addition to the shares of Common Stock offered hereby (assuming no exercise of the Underwriters' over-allotment option), there will be 17,018,509 shares of Common Stock outstanding as of the date of this Prospectus, all of which are "restricted" shares under the Securities Act. On the date of this Prospectus, no shares other than the shares offered hereby will be eligible for sale. Upon the expiration of lock-up agreements 180 days after the date of this Prospectus, an additional 16,668,509 shares will become eligible for sale in the public market, subject in the case of all but 2,661,052 shares to the volume limitations and other conditions of Rule 144 adopted under the Securities Act ("Rule 144"). The remaining 350,000 shares will become eligible for sale in November 1998, subject to the volume limitations and other conditions of Rule 144. In addition, the

Company intends to file a registration statement on Form S-8 with the Securities and Exchange Commission shortly after this offering covering (i) the 2,650,000 shares of Common Stock reserved or to be reserved for issuance under the Company's Equity Incentive Plan, Purchase Plan and Directors Plan, (ii) an additional number of shares of Common Stock to be reserved for issuance under the Equity Incentive Plan equal to the number of shares reserved for future issuance under the 1995 Stock Option Plan and 1997 Stock Option Plan as of the date of this Prospectus (717,482 as of October 31, 1997), and (iii) the shares subject to outstanding options granted under the Company's 1995 Stock Option Plan and 1997 Stock Option Plan as of the date of this Prospectus (2,362,528 as of October 31, 1997). The holders of approximately 14,719,339 shares of Common Stock are also entitled to certain rights with respect to registration of such shares of Common Stock for offer or sale to the public. If such holders, by exercising their registration rights, cause a large number of shares to be registered and sold in the public market, such sales could have a material adverse effect on the market price for the Company's Common Stock. See "Management--Director Compensation," "--Employee Benefit Plans," "Description of Capital Stock--Registration Rights" and "Shares Eligible for Future Sale."

Acquisitions. The Company from time to time may acquire or invest in businesses, technologies and product lines that are complementary to the Company's business. Although the Company currently has no understandings, commitments or agreements with respect to any acquisitions, any such acquisitions would be accompanied by the risks commonly encountered in such transactions, including, among others, the difficulty of assimilating the operations and personnel of the acquired businesses, the potential disruption of the Company's ongoing business, the diversion of the Company's management from the day-to-day operations of the Company, the inability of the Company to incorporate acquired technologies successfully into the Company's products and services, the additional expense associated with amortization of acquired intangible assets, the potential impairment of the Company's relationships with its employees, customers and strategic partners, the inability of the Company to retain key technical and managerial personnel of the acquired business and the inability of the Company to maintain uniform standards, controls, procedures and policies. Because of these and other factors, any such acquisitions, if consummated, could have a material adverse affect on the Company's business, operating results and financial condition. See "Use of Proceeds."

No Prior Trading Market; Possible Volatility of Stock Price. Prior to this offering, there has been no public market for the Common Stock of the Company and there can be no assurance that an active trading market will develop or be sustained upon completion of this offering. The initial public offering price, which will be established by negotiations between the Company and the representatives of the Underwriters based upon a number of factors, may not be indicative of prices that will prevail in the trading market. See "Underwriters" for a discussion of the factors to be considered in determining the initial public offering price. The stock market from time to time has experienced significant price and volume fluctuations. In addition, the market prices of securities of other technology companies, particularly Internet-related companies, have been highly volatile. Factors such as fluctuations in the Company's operating results, announcements of technological innovations or new products or services by the Company or its competitors, analysts' reports and projections, regulatory actions and general market conditions may have a significant effect on the market price of the Company's Common Stock. See "Underwriters."

Control by Existing Stockholders. Upon completion of this offering, the present executive officers, directors and 5% stockholders of the Company and their affiliates will beneficially own approximately % of the Company's outstanding Common Stock (% if the Underwriters' over-allotment option is exercised in full). As a result, these stockholders would be able to significantly influence the management and affairs of the Company and all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions such as a merger, consolidation or sale of substantially all of the Company's assets. Such concentration of ownership might have the effect of delaying or preventing a change in control of the Company and might affect the market price of the Company's Common Stock and the voting and other rights of the Company's other stockholders. See "Principal Stockholders."

Immediate and Substantial Dilution. Investors participating in this offering will incur immediate, substantial dilution in the amount of $ per share. To the extent that outstanding options to purchase the Company's Common Stock are exercised, there will be further dilution. See "Dilution."

Unspecified Use of Proceeds. The Company plans to use substantially all of the net proceeds from this offering for general corporate purposes, including working capital and capital expenditures. The Company may also use a portion of the net proceeds from this offering to acquire or invest in businesses, technologies and product lines that are complementary to the Company's business. The Company has no present plans or commitments and is not currently engaged in any negotiations with respect to such transactions. As a result, the Company will have significant discretion as to the use of the net proceeds from this offering. Pending such uses, the Company intends to invest the net proceeds from this offering in short-term, interest-bearing, investment-grade securities. See "Use of Proceeds."

USE OF PROCEEDS

The net proceeds to the Company from the sale of the shares of Common Stock offered by the Company hereby are estimated to be approximately $ million (approximately $ million if the Underwriters' over-allotment option is exercised in full), at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the Company. The primary purposes of this offering are to obtain additional equity capital, create a public market for the Company's Common Stock and facilitate future access by the Company to the public equity markets.

The Company intends to use approximately $5.0 million of the net proceeds of this offering to fund its capital expenditures for 1998 and to utilize the remainder of the net proceeds of this offering primarily for general corporate purposes, including working capital. The Company may also use a portion of the net proceeds from this offering to acquire or invest in businesses, technologies and product lines that are complementary to the Company's business. The Company has no present plans or commitments and is not currently engaged in any negotiations with respect to such transactions. As a result, the Company will have significant discretion as to the use of the net proceeds from this offering. Pending such uses, the Company intends to invest the net proceeds from this offering in short-term, interest-bearing, investment-grade securities. See "Risk Factors--Acquisitions" and "--Unspecified Use of Proceeds."

DIVIDEND POLICY

The Company has never declared or paid any cash dividends on its Common Stock or other securities and does not anticipate paying any cash dividends in the foreseeable future. In addition, the terms of the Company's equipment line of credit agreement prohibit the payment of dividends on its capital stock.

CAPITALIZATION

The following table sets forth the capitalization of the Company (i) as of September 30, 1997, (ii) on a pro forma basis, giving effect to the conversion of all outstanding shares of Preferred Stock into shares of Common Stock upon the closing of this offering, the issuance in November 1997 of 250,000 shares of Common Stock, valued at $2.0 million, in connection with the execution of certain agreements with VeriFone, which included a settlement of claims of VeriFone, and the issuance in November 1997 of 100,000 shares of Common Stock, valued at $800,000, to Microsoft in connection with the execution of a preferred provider agreement and (iii) on a pro forma as adjusted basis to reflect the receipt by the Company of the estimated net proceeds from the sale of the shares of Common Stock offered by the Company hereby at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the Company.

	SEPTEMBER 30, 1997		
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(IN THOUSANDS)		
Stockholders' equity:			
Convertible Preferred Stock, $.001 par value; actual--10,282,883 shares authorized, 10,031,006 shares issued and outstanding; pro forma and pro forma as adjusted--5,000,000 shares authorized, no shares issued and outstanding	$ 10	$ --	$ --
Common Stock, $.001 par value; actual--15,940,217 shares authorized, 6,568,257 shares issued and outstanding; pro forma--50,000,000 shares authorized, 16,949,263 shares issued and outstanding; pro forma as adjusted-- shares issued and outstanding(1)	6	17	
Additional paid-in capital	41,651	44,450	
Notes receivable from stockholders	(644)	(644)	(644)
Deferred compensation	(188)	(188)	(188)
Accumulated deficit	(24,959)	(25,759)	(25,759)
Total stockholders' equity	15,876	17,876	
Total capitalization	$ 15,876	$ 17,876	$

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(1) Excludes (i) 2,000,974 shares of Common Stock issuable upon the exercise of options outstanding as of September 30, 1997 under the Company's 1995 Stock Option Plan (the "1995 Stock Option Plan"), with a weighted average exercise price of $1.49 per share, and 340,282 shares of Common Stock reserved for future issuance thereunder, (ii) 800,000 shares of Common Stock reserved for issuance under the Company's 1997 Stock Option Plan (the "1997 Stock Option Plan"), (iii) 2,000,000 shares of Common Stock reserved for issuance under the Company's 1998 Equity Incentive Plan (the "Equity Incentive Plan"), (iv) 400,000 shares of Common Stock to be reserved for issuance under the Company's 1998 Employee Stock Purchase Plan (the "Purchase Plan"), (v) 250,000 shares of Common Stock reserved for issuance under the Company's 1998 Directors Stock Option Plan (the "Directors Plan") and (vi) 17,500 shares of Common Stock subject to a warrant that would become issuable in the event that the Company borrows funds under an equipment loan agreement. See "Management--Employee Benefit Plans," "Description of Capital Stock" and Note 6 of Notes to Consolidated Financial Statements.

DILUTION

The pro forma net tangible book value of the Company's Common Stock as of September 30, 1997 was $17.9 million, or $1.05 per share. Pro forma net tangible book value per share is equal to the Company's total tangible assets less its total liabilities, divided by the pro forma shares of Common Stock outstanding as of September 30, 1997. After giving effect to the issuance and sale of the shares of Common Stock offered by the Company hereby (at an assumed initial public offering price of $ per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the Company), the Company's as adjusted net tangible book value as of September 30, 1997 would have been $, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new public investors. The following table illustrates the per share dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share at September 30, 1997	$1.05	
Increase in pro forma net tangible book value per share attributable to new public investors		
As adjusted net tangible book value per share after offering		
Dilution per share to new public investors		$

The following table summarizes on a pro forma basis, as of September 30, 1997, the difference between the existing stockholders and the purchasers of shares of Common Stock in this offering (at an assumed initial public offering price of $ per share and before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the Company) with respect to the number of shares of Common Stock purchased from the Company, the total cash consideration paid and the average price paid per share.

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders(1)	16,949,263	%	$38,640,000	%	$2.28
New public investors					
Total		100.0%	$	100.0%	

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(1) Reflects (i) the conversion of the Preferred Stock upon the closing of this offering, (ii) the issuance in November 1997 of 250,000 shares of Common Stock, valued at $2.0 million, in connection with the execution of certain agreements with VeriFone, which included a settlement of claims of VeriFone, and (iii) the issuance in November 1997 of 100,000 shares of Common Stock, valued at $800,000, to Microsoft in connection with the execution of a preferred provider agreement. See "Certain Transactions" for a description of certain noncash consideration paid by Microsoft and RSA for the shares of Common Stock issued to them. See Note 8 of Notes to Consolidated Financial Statements for a description of certain noncash consideration paid for the shares of Common Stock issued in connection with the agreements with VeriFone.

The foregoing discussion and tables assume no exercise of any stock options outstanding as of September 30, 1997 and no exercise of a warrant to purchase 17,500 shares of Common Stock that would become issuable in the event that the Company borrows funds under an equipment loan agreement. As of September 30, 1997, there were options outstanding to purchase a total of 2,000,974 shares of Common Stock with a weighted average exercise price of $1.49 per share. To the extent that any of these options are exercised, there will be further dilution to new public investors. See "Capitalization," "Management--Employee Benefit Plans" and Note 6 of Notes to Consolidated Financial Statements.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with the Company's Consolidated Financial Statements and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Prospectus. The selected consolidated statement of operations data presented below for the period from April 12, 1995 (inception) to December 31, 1995, the year ended December 31, 1996 and the nine months ended September 30, 1997, and the selected consolidated balance sheet data as of December 31, 1995 and 1996 and September 30, 1997, are derived from consolidated financial statements of the Company that have been audited by KPMG Peat Marwick LLP, independent auditors, and are included elsewhere in this Prospectus. The selected consolidated statement of operations data for the nine months ended September 30, 1996 are derived from unaudited Consolidated Financial Statements included elsewhere in this Prospectus that have been prepared on substantially the same basis as the audited consolidated financial statements and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company's consolidated operating results for such period. The operating results for the nine months ended September 30, 1997 are not necessarily indicative of the results to be expected for any other interim period, the full fiscal year or any future fiscal year.

	PERIOD FROM APRIL 12, 1995 (INCEPTION) TO DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1997
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
CONSOLIDATED STATEMENT OF OPERATIONS DATA:				
Revenues	$ 382	$ 1,351	$ 774	$ 6,115
Costs and expenses:				
Cost of revenues	412	2,791	1,593	5,166
Sales and marketing	790	4,876	2,768	7,264
Research and development	642	2,058	1,290	3,560
General and administrative	680	2,640	1,517	2,901
Litigation settlement	--	--	--	2,000
Total costs and expenses	2,524	12,365	7,168	20,891
Operating loss	(2,142)	(11,014)	(6,394)	(14,776)
Other income (expense)	148	(67)	84	860
Loss before minority interest	(1,994)	(11,081)	(6,310)	(13,916)
Minority interest in net loss of subsidiary	--	(838)	(358)	(1,194)
Net loss	$(1,994)	$(10,243)	$(5,952)	$(12,722)
Pro forma net loss per share(1)		$ (.74)	$ (.47)	$ (.75)
Shares used in per share computations (1)		13,836	12,532	17,006

	DECEMBER 31, 1995	DECEMBER 31, 1996	SEPTEMBER 30, 1997
	(IN THOUSANDS)		
CONSOLIDATED BALANCE SHEET DATA:			
Cash, cash equivalents and short-term investments	$ 2,687	$29,983	$13,612
Working capital	2,284	24,823	6,708
Total assets	4,052	36,503	25,659
Long-term obligations	--	--	--
Stockholders' equity	3,376	28,555	15,876

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(1) See Note 1 of Notes to Consolidated Financial Statements for an explanation of the determination of the number of shares used in per share computations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and notes thereto appearing elsewhere in this Prospectus. The following discussion contains forward-looking statements. The Company's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this Prospectus.

OVERVIEW

VeriSign is the leading provider of digital certificate solutions and infrastructure needed by companies, government agencies, trading partners and individuals to conduct trusted and secure communications and commerce over IP networks. The Company was incorporated in April 1995 and introduced its first product, the Secure Server ID for Netscape Commerce Servers, in June 1995. In October 1995, the Company introduced additional Server Digital IDs for the Web server products of Microsoft, IBM, Open Market and other vendors. In May 1996, the Company began providing online enrollment and issuance of client Digital IDs for Netscape Navigator through its Digital ID Center and began shipping another form of Digital ID known as a Software Developer Digital ID for Microsoft's Authenticode program. The Company began issuing Digital IDs for Microsoft's Internet Explorer through the Company's Digital ID Center in August 1996. During 1997, the Company introduced its Universal Digital IDs and three new types of server digital certificate products--its Global Server ID, Financial Server ID and EDI Server ID.

In April 1996, the Company entered the enterprise and electronic commerce markets by introducing custom SET digital certificate solutions targeted at certified banks, payment processors and major card brands. During 1997, the Company introduced VeriSign OnSite and VeriSign V-Commerce, which are enterprise and electronic commerce digital certificate solutions that are targeted at mid-sized to large companies, managed intranets and extranets, payment card industry service providers and Web sites with large customer or user bases. During 1997, the Company began providing technology and products for digital certificate management to OEMs.

Historically, the Company has derived substantially all of its revenues from the sale of Digital IDs and from fees for services rendered in connection with the Company's digital certificate solutions and digital certificate service and product development agreements. The purchase of a Digital ID allows the customer to use the Digital ID for a limited period of time, generally 12 months. After this period, the Digital ID must be renewed for continued usage by the customer. Renewal fees are typically lower than the fees charged for the initial Digital ID. Revenues from the sale or renewal of Digital IDs are deferred and recognized ratably over the life of the digital certificate. Revenues from the Company's enterprise and electronic commerce solutions consist of fees for the issuance of digital certificates, which are recognized ratably over the term of the particular license agreement relating to the enterprise or electronic commerce solution, and fees for set-up services, which are recognized upon completion of the service. Revenues from other services are recognized using the percentage-of-completion method for fixed-fee development arrangements, on a time-and-materials basis for consulting and training services or ratably over the term of the agreement for support and maintenance services. Deferred revenues increased from $46,000 at December 31, 1995 to $1.9 million at December 31, 1996 and to $3.1 million at September 30, 1997. In the future, the Company anticipates that it may receive additional revenues from sales of software products and value-added services, licensing and royalty fees from licenses of digital certificates and related technology and maintenance, and fees for customer support services.

The Company markets its products and services worldwide through multiple distribution channels, including the Internet, direct sales, telesales, VARs, systems integrators and OEMs. Although a significant portion of its revenues to date has been generated through sales from the Company's Web site, the Company intends to increase its direct sales force, both domestically and internationally, and intends to continue to expand its other distribution channels.

In February 1996, the Company formed VeriSign Japan to provide digital certificate solutions to the Japanese market. In connection with the formation of this subsidiary, the Company licensed certain technology and contributed other assets. Subsequent to its formation, additional investors purchased minority interests in VeriSign Japan, and, as of September 30, 1997, the Company owned 51% of the outstanding capital stock of VeriSign Japan. Accordingly, the Company's consolidated financial statements include the accounts of the Company and this subsidiary and the Company's consolidated statements of operations reflect the elimination of the minority shareholders' share of the net losses of the subsidiary. Historically, VeriSign Japan has funded its net losses with investments from minority shareholders. However, to the extent VeriSign Japan is unable to continue to fund its operations principally from investments by minority shareholders, the Company may be required to fund the operations of this subsidiary, which could have a material adverse effect on the Company's business, operating results and financial condition. See "Business--VeriSign Japan."

The Company has experienced substantial net losses in each fiscal period since its inception and, as of September 30, 1997, had an accumulated deficit of $25.0 million. Such net losses and accumulated deficit resulted from the Company's lack of substantial revenues and the significant costs incurred in the development and sale of the Company's products and services and in the establishment and deployment of the Company's operations infrastructure and practices. The Company intends to increase its expenditures in all areas in order to execute its business plan. As a result, the Company expects to incur substantial additional losses for the foreseeable future. Although the Company has experienced revenue growth in recent periods, there can be no assurance that such growth rates are sustainable and, therefore, they should not be considered indicative of future operating results. There can be no assurance that the Company will ever achieve significant revenues or profitability or, if significant revenues and profitability are achieved, that they could be sustained. See "Risk Factors--Limited Operating History; History of Losses and Anticipation of Future Losses."

RESULTS OF OPERATIONS

REVENUES

The Company's revenues increased from $382,000 for the period from April 12, 1995 (inception) to December 31, 1995 (the "Inception Period") to $1.4 million for 1996 and to $6.1 million for the nine months ended September 30, 1997. Revenues from inception through December 31, 1996 were primarily derived from sales of the Company's Server Digital ID products. The increase in revenues from the Inception Period to 1996 was due primarily to increased market acceptance of Server Digital IDs and, to a lesser extent, SET digital certificate solutions. The increase in revenues from 1996 to the nine months ended September 30, 1997 was due primarily to increased sales of Server Digital IDs and to increased services revenues, which included revenues from digital certificate service and product development agreements. Revenues from the sale of Universal Digital IDs have been nominal because substantially all of the Company's Universal Digital IDs have been issued free of charge on a promotional basis.

Revenues attributable to VISA accounted for approximately 21% and 16% of revenues for 1996 and for the nine months ended September 30, 1997, respectively. No other customer accounted for more than 10% of the Company's revenues during the Inception Period, 1996 or the nine months ended September 30, 1997. Revenues of VeriSign Japan and revenues from other international customers accounted for less than 10% of revenues for the Inception Period and 1996 and approximately 15% of revenues for the nine months ended September 30, 1997.

COSTS AND EXPENSES

The Company's costs and expenses have increased in absolute dollars since inception, primarily due to the overall growth of the Company. The total number of the Company's employees increased from 30 at December 31, 1995 to 162 at September 30, 1997. In addition, the Company opened several new offices, increased its sales and marketing and research and development efforts, and expanded its headquarters and Digital ID Centers during this period. The Company believes that it will need to continue to expand its operations

in order to execute its business strategy. Accordingly, the Company intends to continue to increase its costs and expenses in all areas for the foreseeable future.

Cost of Revenues. Cost of revenues consists primarily of costs related to personnel providing digital certificate enrollment and issuance services, customer support and training, consulting and development services, and facilities and computer equipment used in such activities. Cost of revenues also includes fees paid to third parties to verify certificate applicants' identities and insurance premiums for the Company's NetSure warranty plan and errors and omission insurance. Cost of revenues increased from $412,000 for the Inception Period to $2.8 million for 1996 and to $5.2 million for the nine months ended September 30, 1997. Cost of revenues was not material during the Inception Period as a result of the Company's minimal revenues. The increases in 1996 and the nine months ended September 30, 1997 were due primarily to increased facilities costs and related overhead that resulted from building the Company's operations infrastructure, hiring full-time and temporary personnel to support the additional volume of issuances of Server Digital IDs, introduction of additional Server Digital ID products, introduction of the Company's NetSure warranty program, increased costs of errors and omission insurance, increased expenses for access to third-party databases and, during 1997, implementation of the Company's disaster recovery plan. Given the Company's limited operating history, limited history of issuing Digital IDs and evolving industry and business model, the Company believes that analysis of cost of revenues as a percentage of revenues is not yet meaningful.

Sales and Marketing. Sales and marketing expenses consist primarily of costs related to sales, marketing and practices and external affairs personnel, including salaries, sales commissions and other personnel-related expenses, computer equipment and support services used in such activities, facilities costs, consulting fees and costs of marketing programs. Sales and marketing expenses increased from $790,000 for the Inception Period to $4.9 million for 1996 and to $7.3 million for the nine months ended September 30, 1997. These increases were due primarily to increased headcount and, to a lesser extent, increased expenditures for marketing programs. The Company anticipates that sales and marketing expenses will continue to increase in absolute dollars as it expands its direct sales force, hires additional marketing personnel and increases its marketing and promotional activities during 1998. In addition, the Company expects to record, during the fourth quarter of 1997, an $800,000 charge resulting from the issuance of 100,000 shares of Common Stock to Microsoft in connection with a preferred provider agreement.

Research and Development. Research and development expenses consist primarily of costs related to research and development personnel, including salaries and other personnel-related expenses, consulting fees, facilities, and computer equipment and support services used in product and technology development. Research and development expenses increased from $642,000 for the Inception Period to $2.1 million for 1996 and to $3.6 million for the nine months ended September 30, 1997. These increases were due primarily to increased personnel to support the design, testing and deployment of, and technical support for, the Company's expanded product offerings and technology. The Company believes that timely development of new and enhanced products and technology are necessary to remain competitive in the marketplace. Accordingly, the Company intends to continue recruiting and hiring experienced research and development personnel and make other investments in research and development. Therefore, the Company expects that research and development expenditures will continue to increase in absolute dollars. To date, all research and development expenses have been expensed as incurred.

General and Administrative. General and administrative expenses consist primarily of salaries and other personnel-related expenses for the Company's administrative, finance and human resources personnel, facilities and computer equipment, support services and professional services fees. General and administrative expenses increased from $680,000 for the Inception Period to $2.6 million for 1996 and $2.9 million for the nine months ended September 30, 1997. These increases were due primarily to increased staffing levels to manage and support the Company's expanding operations. The Company anticipates hiring additional personnel and incurring additional costs related to being a public company, including directors' and officers' liability insurance, investor relations programs and professional services fees. Accordingly, the Company anticipates that general and administrative expenses will continue to increase in absolute dollars.

Litigation Settlement. In September 1996, VeriFone, which subsequently became a wholly-owned subsidiary of Hewlett-Packard Company ("Hewlett-Packard"), filed a lawsuit against the Company alleging, among other things, trademark infringement. In November 1997, the parties executed a definitive agreement under which, among other things, the Company issued an aggregate of 250,000 shares of Common Stock, which were transferred to Hewlett-Packard, and the Company and VeriFone settled such claims. The settlement amount was recorded during the nine months ended September 30, 1997 as a charge of $2.0 million.

OTHER INCOME (EXPENSE)

Other income (expense) consists primarily of interest earned on the Company's cash, cash equivalents and short-term investments, less interest expense on bank borrowings of VeriSign Japan and the effect of foreign currency transaction gains and losses. The Company had other income of $148,000 for the Inception Period, other expense of $67,000 for 1996 and other income of $860,000 for the nine months ended September 30, 1997. The increase for the nine months ended September 30, 1997 was due to interest earned on the cash proceeds from the Company's November 1996 Series C Preferred Stock financing.

INCOME TAXES

No provision for federal and California income taxes has been recorded because the Company has experienced net losses since inception. As of September 30, 1997, the Company had federal and California net operating loss carryforwards of approximately $10.5 million in each jurisdiction. These federal and California net operating loss carryforwards will expire, if not utilized, in years 2010 through 2012 and in years 2000 through 2003, respectively. The Tax Reform Act of 1986 imposes substantial restrictions on the utilization of net operating losses and tax credits in the event of an "ownership change" of a corporation. The Company's ability to utilize net operating loss carryforwards may be limited as a result of an "ownership change" as defined in the Internal Revenue Code. The Company does not anticipate that a material limitation on its ability to use such carryforwards and credits will result from this offering. The Company has provided a full valuation allowance on the deferred tax asset because of the uncertainty regarding its realization. The Company's accounting for deferred taxes under Statement of Financial Accounting Standards No. 109 involves the evaluation of a number of factors concerning the realizability of the Company's deferred tax assets. In concluding that a full valuation allowance was required, management primarily considered such factors as the Company's history of operating losses and expected future losses and the nature of the Company's deferred tax assets. Although management's operating plans assume taxable and operating income in future periods, management's evaluation of all the available evidence in assessing the realizability of the deferred tax assets indicates that such plans were not considered sufficient to overcome the available negative evidence. See Note 7 of Notes to Consolidated Financial Statements.

MINORITY INTEREST IN NET LOSS OF SUBSIDIARY

Minority interest in the net losses of VeriSign Japan was $838,000 for 1996 and $1.2 million for the nine months ended September 30, 1997. This increase was due to the increased expenses incurred in establishing and expanding the operations of VeriSign Japan prior to recognizing significant revenues and to an increasing percentage of VeriSign Japan's capital stock being held by minority shareholders. VeriSign Japan is still in an early stage of operations and, therefore, the Company expects that the minority interest in net loss of subsidiary will continue to fluctuate in future periods.

SELECTED QUARTERLY OPERATING RESULTS

The following table sets forth certain consolidated statement of operations data for each quarter of 1996 and the first three quarters of 1997. This information has been derived from the Company's unaudited consolidated financial statements, which, in management's opinion, have been prepared on the same basis as the annual consolidated financial statements and include all adjustments, consisting only of normal recurring

adjustments, necessary for a fair presentation of the information for the quarters presented. This information should be read in conjunction with the Consolidated Financial Statements and notes thereto included elsewhere in this Prospectus. The operating results for any quarter are not necessarily indicative of the results for any future period.

	THREE MONTHS ENDED						
	MAR. 31, 1996	JUNE 30, 1996	SEPT. 30, 1996	DEC. 31, 1996	MAR. 31, 1997	JUNE 30, 1997	SEPT. 30, 1997
	(IN THOUSANDS)						
Revenues	$ 153	$ 246	$ 375	$ 577	$ 1,267	$ 2,249	$ 2,599
Costs and expenses:							
Cost of revenues	304	552	737	1,198	1,419	1,733	2,014
Sales and marketing	540	1,015	1,213	2,108	2,254	2,686	2,324
Research and development	350	417	523	768	1,029	1,222	1,309
General and administrative	396	408	713	1,123	953	864	1,084
Litigation settlement	--	--	--	--	--	--	2,000
Total costs and expenses	1,590	2,392	3,186	5,197	5,655	6,505	8,731
Operating loss	(1,437)	(2,146)	(2,811)	(4,620)	(4,388)	(4,256)	(6,132)
Other income (expense)	35	35	14	(151)	469	166	225
Loss before minority interest	(1,402)	(2,111)	(2,797)	(4,771)	(3,919)	(4,090)	(5,907)
Minority interest in net loss of subsidiary	(2)	(128)	(228)	(480)	(305)	(482)	(407)
Net loss	$(1,400)	$(1,983)	$(2,569)	$(4,291)	$(3,614)	$(3,608)	$(5,500)

REVENUES

The Company has experienced quarter-to-quarter sequential growth in revenues since its inception. These quarterly increases were due primarily to the increased number of Server Digital IDs sold during these periods. In addition, during the first quarter of 1997, the Company completed certain work required under various certificate service and product development agreements and, therefore, recognized the related portion of revenues during that quarter. The Company realized additional services fees during the second quarter of 1997 as a result of entering into new certificate service and product development agreements and completing work under existing certificate service and product development agreements. During the third quarter of 1997, revenues attributable to digital certificates grew as a result of the increased number of digital certificates sold and an approximately 15% per unit price increase. Revenues also increased in the third quarter of 1997 as a result of the completion of work under other certificate service and product development agreements.

COSTS AND EXPENSES

Cost of Revenues. Throughout 1996, the Company was developing a secure operations and customer support infrastructure as well as related systems. During the fourth quarter of 1996, the Company began building its new Digital ID Center to manage enrollment and issuance of large volumes of Digital IDs and moved its customer support and information systems teams into the new Digital ID Center. Accordingly, facilities costs and related overhead increased significantly in the first quarter of 1997. During the second and third quarters of 1997, the Company added full-time and temporary personnel, particularly for customer support and information systems, in order to support the additional volume of issuances of Server Digital IDs. The Company also devoted additional personnel resources to support work under the Company's product development agreements during this time period. During the second quarter of 1997, the Company introduced its NetSure warranty program, resulting in higher insurance premiums. During the third quarter of 1997, the Company also incurred increased expenses for access to third-party databases to verify certificate applicants' identities and expenses relating to the implementation of the Company's disaster recovery plan.

Sales and Marketing. The quarterly increases in sales and marketing expenses resulted primarily from the building of the Company's sales and marketing organization, which began in 1996. During the third and fourth quarters of 1996, the Company began expanding its marketing organization to include corporate, channel and product marketing programs. In each of the first three quarters of 1997, the Company added sales and marketing personnel to support its expanding product lines, which resulted in higher recruiting, benefits, travel and facilities costs. Sales and marketing expenses were higher in the second quarter of 1997 than the preceding two quarters and the following quarter due to increased expenses incurred pursuing international and domestic strategic relationships, increased public relations activities, Web site management costs and channel development activities.

Research and Development. The sequential quarterly increases in research and development expenses were due primarily to increased personnel and related costs to support the design, testing and deployment of, and technical support for, the Company's expanded product offerings and technology.

General and Administrative. The sequential quarterly increases in general and administrative expenses over the four quarters of 1996 were primarily related to the addition of personnel and related costs to support expansion of the Company's operations. During the fourth quarter of 1996, the Company incurred additional expenses for consulting services, increased legal fees relating to a large number of contract negotiations and increased expenses resulting from a growth in headcount. During the fourth quarter of 1996 and into 1997, the Company incurred increased expenses for a larger facility and for the implementation of additional systems and procedures.

FACTORS AFFECTING OPERATING RESULTS

The Company's operating results have varied on a quarterly basis during its short operating history and may fluctuate significantly in the future as a result of a variety of factors, many of which are outside the Company's control. Factors that may affect the Company's quarterly operating results include the following: market acceptance of digital certificates; market acceptance of its products and services, particularly VeriSign OnSite, VeriSign V-Commerce and VeriSign SET; the long sales and implementation cycles for and potentially large order sizes of certain of the Company's products and services; the timing and execution of individual contracts; the timing of releases of new versions of Internet browsers or other third-party software products in which the Company's public root keys are embedded; customer renewal rates for the Company's products and services; the Company's success in marketing other products and services to its existing customer base and to new customers; development of the Company's direct and indirect distribution channels; market acceptance of the Company's or competitors' new products and services; the amount and timing of expenditures relating to expansion of the Company's operations; price competition or pricing changes; general economic conditions and economic conditions specific to the Internet, intranet and extranet industries. Any one of these factors could cause the Company's revenues and operating results to vary significantly in the future. In addition, the Company will need to expand its operations and attract, integrate, retain and motivate a substantial number of sales and marketing and research and development personnel. The timing of such expansion and the rate at which new personnel become productive could cause material fluctuations in the Company's quarterly operating results.

The Company's limited operating history and the emerging nature of its market make prediction of future revenues difficult. The Company's expense levels are based, in part, on its expectations regarding future revenues, and to a large extent such expenses are fixed, particularly in the short term. There can be no assurance that the Company will be able to predict its future revenues accurately and the Company may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall of revenue in relation to the Company's expectations could cause significant declines in the Company's quarterly operating results.

Due to all of the foregoing factors, the Company's quarterly revenues and operating results are difficult to forecast. The Company believes that period-to-period comparisons of its operating results will not necessarily be meaningful and should not be relied upon as an indication of future performance. Also, it is likely that the

Company's operating results will fall below the expectations of the Company, securities analysts or investors in some future quarter. In such event, the market price of the Company's Common Stock could be materially and adversely affected.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has financed its operations primarily through private sales of equity securities raising approximately $42.7 million. At September 30, 1997, the principal source of liquidity for the Company was $13.6 million of cash, cash equivalents and short-term investments. The Company also has an equipment loan agreement under which it may borrow up to $3.0 million for purchases of equipment. This equipment loan agreement expires on March 31, 1999. Any amounts borrowed under this equipment loan agreement would bear interest at the rate of 7.5% per annum and would be secured by the equipment purchased with the loan proceeds. In the event that the Company borrows under this equipment loan agreement, it will be obligated to issue to the lender a warrant to purchase 17,500 shares of Common Stock. The Company currently has no plans to borrow any amounts under this equipment loan agreement.

VeriSign Japan has an available credit facility of 250,000,000 yen (approximately $2.1 million as of September 30, 1997) with a bank, which bears interest at a rate of 1.625% per annum and expires in January 1998. At September 30, 1997, VeriSign Japan had borrowed approximately $1.5 million under this facility, which borrowings were secured by certain assets of VeriSign Japan. VeriSign Japan also has available a revolving line of credit of up to $500,000 with a bank that bears interest at 1.625% per annum and expires in April 1998. The line of credit is secured by a letter of credit from the Company in the same amount. There were no borrowings outstanding under this line of credit as of September 30, 1997.

The Company has had significant negative cash flows from operating activities in each fiscal period to date. Net cash used in operating activities for the Inception Period, 1996 and the nine months ended September 30, 1997 was $1.5 million, $6.0 million and $11.8 million, respectively. Net cash used in operating activities in each of these periods was primarily the result of net losses, offset in part by increases in accounts payable and accrued liabilities for the Inception Period and 1996 and deferred revenues in all three fiscal periods.

Net cash used in investing activities for the Inception Period, 1996 and the nine months ended September 30, 1997 was $1.0 million, $4.4 million and $13.5 million, respectively. Net cash used in investing activities in these periods was primarily the result of capital expenditures for computer equipment, purchased software, office equipment, furniture, fixtures and leasehold improvements. In addition, for the nine months ended September 30, 1997, cash used in investing activities included $7.7 million of net purchases of short-term investments. Capital expenditures for property and equipment for the Inception Period, 1996 and the nine months ended September 30, 1997 aggregated $1.0 million, $4.2 million and $5.3 million, respectively. The Company's planned capital expenditures for the fourth quarter of 1997 and for 1998 are approximately $1.2 million and $5.0 million, respectively, primarily for computer equipment and other leasehold improvements. As of September 30, 1997, the Company also had commitments under noncancelable operating leases of $6.7 million through 2002.

Cash provided by financing activities for the Inception Period, 1996 and the nine months ended September 30, 1997, was $5.3 million, $37.8 million and $1.3 million, respectively, resulting primarily from net proceeds from the sale of Preferred Stock by the Company. In addition, for 1996 and the nine months ended September 30, 1997, cash provided by financing activities of VeriSign Japan was $4.4 million and $1.2 million, respectively, resulting from the sale of its capital stock to minority investors and from the proceeds of its bank borrowings.

The Company believes that the net proceeds from this offering, together with existing cash, cash equivalents and short-term investments, will be sufficient to meet its working capital and capital expenditure requirements for at least the next 12 months. The Company may need to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that such additional funding, if needed, will be available on terms attractive to the Company, or at all. Strategic relationships, if necessary to raise additional funds, may require the Company to relinquish rights to certain of its technologies or products.

The failure of the Company to raise capital when needed could have a material adverse effect on the Company's business, operating results and financial condition. If additional funds are raised through the issuance of equity securities, the percentage ownership of the Company of its then-current shareholders would be reduced. Furthermore, such equity securities might have rights, preferences or privileges senior to those of the Company's Common Stock. See "Risk Factors--Future Capital Needs; Uncertainty of Additional Financing."

RECENT ACCOUNTING PRONOUNCEMENTS

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings Per Share, which adjusts the calculation of earnings per share under generally accepted accounting principles. SFAS No. 128 must be adopted by the Company during the first quarter of 1998. See Note 1 of Notes to Consolidated Financial Statements for the effect of SFAS No. 128 on the Company's pro forma net loss per share presentation.

In October 1997, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") No. 97-2, Software Revenue Recognition, which supersedes SOP No. 91-1. The Company will be required to adopt SOP No. 97-2 prospectively for software transactions entered into beginning January 1, 1998. SOP No. 97-2 generally requires revenue earned on software arrangements involving multiple elements to be allocated to each element based on the relative fair values of the elements. The fair value of an element must be based on evidence that is specific to the vendor. If a vendor does not have evidence of the fair value for all elements in a multiple-element arrangement, all revenue from the arrangement is deferred until such evidence exists or until all elements are delivered. The Company's management anticipates that the adoption of SOP No. 97-2 will not have a material effect on the Company's operating results.

BUSINESS

VeriSign is the leading provider of digital certificate solutions and infrastructure needed by companies, government agencies, trading partners and individuals to conduct trusted and secure communications and commerce over IP networks. The Company has established strategic relationships with industry leaders, including Cisco, McAfee Associates, Microsoft, Netscape, RSA, Security Dynamics, VeriFone and VISA, to enable widespread deployment of the Company's digital certificate technology and products and to assure their interoperability among a wide variety of applications over IP networks. The Company's Digital IDs are enabled in millions of copies of Microsoft and Netscape Web browsers, tens of thousands of copies of popular Web servers and a variety of other software applications. The Company believes that it has issued more digital certificates than any other company, having issued over 1.5 million of its Digital IDs for individuals and over 35,000 of its Digital IDs for Web sites. In addition to providing Digital IDs for individuals and Web sites, the Company provides turn-key and custom solutions needed by organizations such as Dow Jones, NOVUS/Discover and VISA, to conduct trusted and secure communications and commerce over IP networks. The Company markets its products and services worldwide through multiple distribution channels, including the Internet, direct sales, telesales, VARs, systems integrators and OEMs, and intends to continue to expand these distribution channels.

INDUSTRY BACKGROUND

GROWTH OF INTERNET COMMERCE AND COMMUNICATIONS

IP networks are revolutionizing the ways in which companies, government agencies, trading partners and individuals communicate and conduct business. IP networks provide an attractive medium for communications and commerce because of their global reach, accessibility, use of open standards and ability to enable real-time interaction. Organizations are seeking to leverage the capabilities of IP networks to attract new customers, access new markets, improve customer service and satisfaction and lower support and distribution costs. Until recently, IP networks have been used primarily for informal messaging, general information browsing and the exchange of non-sensitive data. The use of IP networks is now beginning to extend beyond these initial uses to a number of more valuable and sensitive activities, including business-to-business transactions and Internet-based EDI, online retail purchases and payments, Web-based access to account and benefits information and secure messaging for both personal and business use. Forrester Research estimates that Internet business-to-business commerce alone will grow from less than $8 billion in 1997 to more than $327 billion in 2002.

REQUIREMENT FOR TRUSTED INTERACTION OVER IP NETWORKS

Although openness represents a fundamental strength of IP networks, their accessibility and the anonymity of users resulting from the lack of "face-to-face" interaction create threats to the privacy and integrity of information that is transmitted across or stored on these networks. Despite the convenience and the compelling economic incentives for the use of IP networks, they cannot reach their full potential as a platform for global communications and commerce until the current lack of security and trust associated with these networks is resolved. According to a study conducted in 1997 by Zona Research, Inc., 70% of the businesses and consumers surveyed listed concerns about trust and security as the main impediment to broader use of the Internet for commercial applications. Business concerns include the potential for theft of corporate or customer information, impersonation of employees, loss of reputation and economic loss through fraud. Consumer concerns include the possibility of merchant impersonation and fraud and the risk that third parties may be able to intercept and use personal information such as credit card numbers. Traditional security mechanisms such as passwords and personal identification numbers do not adequately address these issues, as they can be easily lost, forgotten or misappropriated. Some security concerns are being addressed through technologies such as encryption and firewalls, but these technologies do not address the need to establish and maintain a common framework of trust between parties conducting transactions or exchanging sensitive information in the digital world.

In the physical world, trust in communications and commerce is established through a combination of social, business and legal practices that, in some cases, have been developed over hundreds of years. These practices often include the use of physical credentials, such as credit cards, business licenses or employee badges, and the associated legal protections to avoid loss from theft or fraud. The diligence, practices, policies and reputations of the organizations standing behind the issuance, delivery, revocation and renewal of physical credentials provide a readily understood and accepted framework of trust for a given communication or transaction. The physical credentials that embody these proven practices and frameworks of trust and the social interactions that accompany their use cannot be utilized in the digital world. As a result, there is a need for a trusted and convenient way to verify the identity, authority and privilege of the parties involved in communications and commerce over IP networks and to assure their proper and trusted association with a specific organization or community.

EMERGENCE OF DIGITAL CERTIFICATE TECHNOLOGY

Digital certificates are emerging as the leading technology for establishing a framework for trusted and secure communications and commerce over IP networks, with many Internet security protocols dictating the use of digital certificates. A digital certificate is a specially prepared software file that functions as an electronic credential in the digital world, identifying the certificate owner, authenticating the certificate owner's membership in a given organization or community (credit card holder, employee, supply chain participant or citizen) and establishing the certificate owner's authority to engage in a given transaction. Utilizing the principles of public key cryptography, a digital certificate binds a pair of unique mathematical keys, one designated as "private" and securely maintained by its owner, and the other designated as "public" and embedded in the digital certificate. What the owner's private key digitally signs, only the corresponding public key can verify. When properly prepared, issued and administered, digital certificates create a framework for trusted interaction over IP networks, making it possible, for example, to verify with certainty the identity of an account holder or a Web-based business, the source of an electronic message or the integrity of electronically distributed software or content.

Significant efforts are underway to utilize digital certificates as "vehicles of trust" for securely transmitting e-mail, accessing information on public and private Web sites, purchasing retail goods and services and conducting other financial transactions such as electronic securities trading. The leading vendors of Web browser, Web server, electronic mail, electronic payment and content distribution applications have incorporated digital certificate technology as the framework for establishing trusted and secure communications and commerce over IP networks and are embedding support for digital certificates in their products. A number of standard protocols that are being widely adopted for communications and commerce require the use of digital certificates. These protocols include the Secure Sockets Layer protocol ("SSL") for browser/server authentication and secure data transmission, the Secure Multipurpose Internet Mail Extensions protocol ("S/MIME") for secure e-mail and EDI, the Secure Electronic Transactions protocol ("SET") for secure electronic payments, and the Internet Protocol Security standard ("IP/SEC") for authentication of networking devices. Just as an individual may have many forms of credit cards and IDs, he or she may require multiple digital certificates, each corresponding to a unique digital relationship between the individual and an organization. Thus, there is the potential need over time for hundreds of millions of digital certificates to be issued and managed.

CERTIFICATION AUTHORITIES AND THE NEED FOR TRUSTED INFRASTRUCTURE

Digital certificates are prepared and managed by trusted parties known as Certification Authorities ("CAs"). To prepare a digital certificate for issuance, a CA embeds an individual's or an organization's public key along with specific personal information (name or e-mail address) or organizational information (domain name or affiliation) in the digital certificate, which is then cryptographically "signed" by the CA. The CA's digital signature acts as a tamper-proof electronic seal that verifies the integrity of the information within the digital certificate and validates its use within a specific organization or community. This digital signature is linked to the CA's public "root key," which is embedded in the browser, server or other application used by the

organization or community. Through the embedded public root key, a community member can automatically confirm the authenticity of a digital certificate--and hence the certificate owner's identity, authority and privilege--to verify the source and integrity of any accompanying message or transaction request.

A CA may digitally sign certificates for multiple organizations or communities, each having different rules, qualifications or procedures governing the admission of members. The CA may sign and issue certificates directly to the members of a given community or sign certificates on behalf of other entities (credit card issuers, corporations or government agencies) that wish to control the admission of members into their organizations and grant to them certain authority and privileges.

The successful implementation and management of digital certificates as a mechanism for trusted and secure commerce and communications present a number of issues and challenges for a CA. The CA must establish and maintain rigorous practices, policies and procedures to manage the technical complexities of cryptographic key management and provide for the secure creation and distribution of digital certificates. The CA must carefully manage the entire lifecycle of all digital certificate issued, including identifying and conducting initial due diligence on the owners, tracking digital certificates, providing customer support for digital certificate owners, confirming in real-time the continued validity of each digital certificate and revoking or renewing the digital certificates. To be effective for large public and private communities needing digital certificates, a CA must also have a highly scaleable and flexible infrastructure, be able to provide a full range of digital certificate services in high volume on a 24 hour x 7 day basis and have its public root key embedded in and supported by a wide variety of applications utilized across IP networks.

THE VERISIGN SOLUTION

VeriSign is the leading provider of digital certificate solutions and infrastructure needed by companies, government agencies, trading partners and individuals to conduct trusted and secure communications and commerce over IP networks. The Company has established strategic relationships with industry leaders, including Cisco, McAfee Associates, Microsoft, Netscape, RSA, Security Dynamics, VeriFone and VISA to enable widespread deployment of the Company's digital certificate technology and products and to assure their interoperability among a wide variety of applications. The Company believes that it has issued more digital certificates than any other company, having issued over 1.5 million of its Digital IDs for individuals and over 35,000 of its Digital IDs for Web sites. The Company's digital certificates, are enabled in millions of copies of Microsoft and Netscape browsers, tens of thousands of copies of popular Web servers and a variety of software applications. In addition, Microsoft and Netscape have integrated enrollment for the Company's digital certificates into the registration process for their Web browsers, prominently feature the Company and its digital certificate solutions in certain of their products and on their Web sites, have integrated the Company's public root key into their browsers and engage in a variety of joint marketing activities with the Company. In addition to providing Digital IDs for individuals and Web sites, the Company also provides turn-key and custom solutions needed by organizations, such as Dow Jones, NOVUS/Discover and VISA, to conduct trusted and secure communications and commerce over IP networks.

The Company issues and manages digital certificates directly from its Digital ID Centers for consumers, businesses and organizations that use IP networks for trusted and secure communications and commerce. The Company also offers a comprehensive range of digital certificate solutions tailored to meet the specific needs of customers, such as financial institutions and governmental agencies, that wish to issue their own, or have VeriSign issue on their behalf, digital certificates for use within their private intranets and extranets. These solutions vary based on the nature and complexity of the applications, the degree of control customers desire to maintain and the degree of operational responsibility customers wish to delegate. Each of the Company's solutions leverages its infrastructure for managing digital certificates to relieve customers from the burdensome responsibilities and costs of designing, establishing, maintaining and staffing their own digital certificate operations.

The key components of the Company's solution are its scaleable, modular software architecture, highly reliable and secure operations and comprehensive security and trusted practices, which together provide a

platform designed for the timely, rapid deployment of large volumes of digital certificates and the ongoing management of such digital certificates throughout their lifecycles.

- Scaleable, Modular Software Architecture. The Company has designed its software to provide the scaleability necessary to support the issuance and management of millions of certificates for distinct communities ranging from individual corporations to the entire population of Internet users. The Company's WorldTrust software automates many of the processes for digital certificate issuance and lifecycle management, including subscriber enrollment, authentication and administration services. The Company's modular software is also distributable over one or many computer systems to enhance scaleability and allow for certain functions of the digital certificate issuance and lifecycle management process to be deployed at customer or affiliate locations while maintaining a secure and reliable link to the Company's Digital ID Centers for back-end processing.

- Highly Reliable and Secure Operations. The Company's Digital ID Centers, which are located in Mountain View, California and Kawasaki, Japan and operate on a 24 hour x 7 day basis, support all aspects of issuance and management of digital certificates as well as the delivery of its related digital certificate services. Through the use of state-of-the-art computer, telecommunications, network and monitoring systems, the Company's Digital ID Centers are designed to provide the high levels of availability, security and scaleability necessary to meet the needs of customers for high volume digital certificate issuance and management.

- Comprehensive Security and Trusted Practices. The Company has been instrumental in defining comprehensive, industry-endorsed practices and procedures for the legal and business frameworks in which digital certificate relationships are established as well as the physical security and controls that are essential to operate secure, large-scale digital certificate management operations. The Company believes that these practices and procedures are a critical component to the creation of a digital certificate infrastructure required for trusted and secure communications and commerce over IP networks.

STRATEGY

The Company's objective is to enhance its position as the leading provider of digital certificate solutions and infrastructure needed by companies, government agencies, trading partners and individuals to conduct trusted and secure communications and commerce over IP networks. The Company's strategy to achieve this objective includes the following key elements:

Leverage Leadership Position to Drive Market Penetration. The Company believes that it has developed a leading position in the market for digital certificate solutions and underlying trust infrastructure by being the first to market with a variety of digital certificate products and services, building strategic relationships with industry leaders, issuing more digital certificates than any other company, embedding its public root key in a variety of communications, commerce and other software applications and investing significant resources in developing its comprehensive trust infrastructure. The Company intends to leverage this leadership position to drive further adoption and deployment of its digital certificate solutions and associated trust services. In addition, the Company intends to maintain its first-to-market position by applying its knowledge and experience to new products and services that the Company believes will have significant market potential.

Leverage and Expand Strategic Relationships with Industry Leaders. The Company has established strategic relationships with industry leaders, including Cisco, McAfee Associates, Microsoft, Netscape, RSA, Security Dynamics, VeriFone and VISA. The Company believes that these relationships, as well as others that it intends to pursue, will enable the widespread deployment of the Company's Digital IDs by allowing it to capitalize on the brand recognition and broad customer bases of such strategic partners. For example, both Microsoft and Netscape have incorporated the Company's public root key in their Web browsers and feature the Company and its digital certificate solutions in their products and on their Web sites. The Company believes that this support from Microsoft and Netscape enhances market awareness of the Company and provides a powerful endorsement of the Company's digital certificate solutions and infrastructure. Certain of the Company's strategic

relationships also involve joint marketing activities, which enhance the Company's ability to target large customers and expand overall brand awareness. The Company intends to pursue additional strategic relationships that the Company believes will enhance the marketing and distribution of its products and services.

Maintain Leadership in Technology, Infrastructure and Practices. The Company has developed technical, operational and procedural expertise for the widespread implementation of secure digital certificate solutions. The Company intends to continue to enhance its technology, infrastructure and distributed product architecture to enable further operational scaleability in order to provide digital certificate solutions for a variety of industries with high volume certificate issuance requirements. In order to ensure the alignment of its technology with emerging trends, the Company actively participates in industry consortia, standards setting organizations and other trade groups. In addition, the Company is continually enhancing its internal "best practices" and controls to ensure the physical security of its facilities, maintain quality in the execution of its operations, verify the quality and consistency of its services and promote the global acceptance of its digital certificate solutions.

Continue to Build the VeriSign Brand. The Company will continue to promote the VeriSign brand as synonymous with trusted and secure communications and commerce over IP networks. In order to accelerate the acceptance and penetration of its digital certificate solutions, the Company has developed joint marketing relationships with brand leaders such as Microsoft, Netscape, VeriFone and VISA and intends to pursue additional relationships with entities whose brands are well known and widely respected. The Company also utilizes a variety of marketing programs to promote market awareness of the Company and promote the VeriSign brand.

Expand Global Marketing and Distribution. The Company will continue to expand its global marketing and distribution efforts to address the range of markets and applications for digital certificate solutions. The Company intends to add direct sales personnel and expand indirect channels, both domestically and internationally. The Company also plans to leverage its technology infrastructure to establish Digital ID Centers in appropriate international markets. The Company believes that this strategy affords the opportunity to create an international network of digital certificate providers operating under common technology, operations and legal practices to provide a standard for global interoperability.

PRODUCTS AND SERVICES

The Company provides a comprehensive line of digital certificate solutions that are designed to enable trusted and secure communications and commerce over IP networks. All of these solutions and services are based upon the Company's WorldTrust software architecture, scaleable operations infrastructure and comprehensive security and trust practices. See "--Technology and Architecture," "--Infrastructure" and "--Security and Trust Practices."

The following table illustrates the range of the Company's products:

MARKET/CATEGORY	VERISIGN PRODUCT/SERVICE	DESCRIPTION	END-USER LIST PRICE*
Internet IDs			
Client Digital Certificates	Universal Digital IDs	Digital certificates for individuals for secure e-mail, access control and password replacement	$9.95-$29.95 per year
Server Digital Certificates	Server Digital IDs	Digital certificates for organizations' Web sites for encrypted server operations	$249-$1,195 per year
Content Signing Digital Certificates	Software Developer Digital IDs	Digital certificates for software developers, content publishers and distributors	$20-$400 per year
	Channel Signing Digital IDs	for authenticated software and content distribution	
Enterprise and Electronic Commerce			
Enterprise Solutions	VeriSign OnSite	Turn-key digital certificate solutions for managed IP network applications for a wide range of mid-sized to large enterprises	$5,000-$50,000 per year
Integrated Electronic Commerce Solutions	VeriSign V-Commerce	Customized solutions for Fortune 1000 companies and Web sites with very large customer or user bases	$50,000-$500,000 per year
SET Certificate Solutions	VeriSign SET	Managed solutions for card brands, banks and payment processors	$50,000-$500,000 per year

* The Company typically receives a percentage of the end-user list price for Internet IDs that are sold through the Company's distribution channels. The terms and conditions for the Company's enterprise, integrated electronic commerce and SET certificate solutions, including sales prices and discounts from list prices, may be negotiated in individual transactions based on certificate volumes, associated services and required customization and thus may vary from customer to customer.

INTERNET IDS

The Company issues Internet IDs directly to individuals and organizations engaged in communications and commerce over the Internet. These Internet IDs allow individuals, organizations and software developers to protect the privacy and integrity of their communications by establishing the identity, authority or privilege of the parties involved to avoid impersonations or identity "spoofing" and malicious security breaches. Since its inception, the Company has issued over 1.5 million of its Digital IDs for individuals and over 35,000 of its Digital IDs for Web sites. The purchase of a Digital ID allows the customer to use the Digital ID for a limited period of time, generally 12 months. After this period, the Digital ID must be renewed for continued usage by the customer. The Company has also established a warranty protection program, the NetSure Protection Plan, that is insured by United States Fidelity and Guaranty Company and provides warranty coverage at varying levels up to $250,000 in the event of economic loss due to the theft, impersonation, corruption or loss of an Internet ID.

Client Digital Certificates. VeriSign's Universal Digital IDs are issued directly to individuals to enable users to exchange digitally signed and encrypted e-mail using the S/MIME protocol. Universal Digital IDs can also be used to replace passwords for more convenient access to and enhanced security of Web sites.

The Company currently offers two versions of Universal Digital IDs and plans to offer a third version in the second half of 1998. These versions are differentiated principally by the subscriber identity authentication procedures and due diligence performed by the Company prior to issuance and the amount of NetSure warranty protection provided:

Universal Digital ID-Class 1. Class 1 Universal Digital IDs are the class of Universal Digital ID most commonly issued by the Company. The Company issues a Class 1 Universal Digital ID after authenticating a user's e-mail address by providing an activation code, via e-mail, that can be used to download the digital certificate from VeriSign's Web site. Class 1 Universal Digital IDs have NetSure warranty protection of $1,000. The Company offers a Class 1 Universal Digital ID for free on a 60-day trial basis, but the trial version does not include replacement, revocation, NetSure warranty protection or other related digital certificate services. To date, substantially all of the Class 1 Universal Digital IDs have been issued without charge on a trial or promotional basis.

Universal Digital ID-Class 2. The Company issues a Class 2 Universal Digital ID after authenticating a user's personal identity by matching personal information provided by the user with information contained in established third-party consumer credit databases. To date, the Company has issued Class 2 Universal Digital IDs primarily to North American residents. Class 2 Universal Digital IDs have NetSure warranty protection of up to $25,000.

Universal Digital ID-Class 3. VeriSign expects to introduce a Class 3 Universal Digital ID in the second half of 1998. A Class 3 Universal Digital ID will be issued after authentication of a user's identity through personal presence verification by VeriSign or one of its certified agents or affiliates. The Company anticipates that Class 3 Universal Digital IDs will have NetSure warranty protection of up to $50,000.

Server Digital Certificates. The VeriSign Server Digital ID product line enables organizations to implement and operate secure Web sites using the SSL or S/MIME protocols in order to establish authenticated and private communications and commerce on IP networks. Prior to issuing a Server Digital ID, VeriSign establishes the authenticity of a Web site through a series of background checks that corroborate an organization's authority to do business under a given business name, as well as its right to operate a server with a specific domain name or URL. These procedures protect an organization against another server "spoofing" its site and also allows site visitors to establish the site's authenticity. VeriSign's Server Digital IDs enable an individual's Web browser to verify a Web site's identity automatically by checking the site's Server Digital ID. Once this authentication has occurred, an encrypted session based on SSL or the S/MIME messaging protocol can commence. These private communications sessions are virtually impenetrable by external parties, thereby protecting sensitive information from unauthorized access.

The Company currently offers four versions of its Server Digital IDs, differentiated by the target application of the server that hosts the Server Digital ID. The Company provides NetSure warranty protection of up to $100,000 on each Secure Server ID, Global Server ID and Financial Server ID and up to $250,000 on each EDI Server ID.

Secure Server ID. VeriSign Secure Server IDs enable Web sites to implement SSL security features for transactions and communications conducted between their Web servers and individual end users. A Secure Server ID can also be used in conjunction with a Universal Digital ID to restrict access to account information and content on a server hosted on an IP network. The Company's public root key is embedded in more than 40 server software applications.

Global Server ID. VeriSign Global Server IDs enable organizations to establish worldwide 128-bit encrypted SSL sessions using Netscape Communicator or appropriately configured Microsoft Internet Explorer software. Global Server IDs are available for use by U.S. corporations and U.S. and foreign banks approved by the United States Department of Commerce Bureau of Export Administration. VeriSign Global Server IDs are currently the only commercially available server digital certificates for Netscape and Microsoft products that utilize 128-bit encryption and can be used by approved organizations on a global basis.

Financial Server ID. VeriSign Financial Server IDs are intended for use with financial applications using the Open Financial Exchange specification developed by Microsoft, Intuit Inc. ("Intuit") and CheckFree Corporation. Financial Server IDs are used by financial institutions for authentication of their Web servers and to enable the secure exchange of data between these organizations and customers engaged in home banking, brokerage and insurance services on the Internet. The Company's financial server public root key is embedded in Intuit's Quicken product and will be embedded in the next version of Microsoft Money.

EDI Server ID. VeriSign EDI Server IDs are intended for organizations or individuals who participate in large online trading networks and who wish to engage in secure communications. EDI Server IDs ensure the integrity of messages, allow encrypted messages to be sent using a variety of EDI standards and enable messages to be digitally signed to ensure nonrepudiation. The Company's public root key is embedded in the Actra ECXpert product and other EDI applications.

Content Signing Digital Certificates. The VeriSign content signing digital certificate product line enables content providers, publishers and vendors to digitally sign their content or distribution channels in order to ensure the authenticity and integrity of content delivered to end users. All of the Company's content signing digital certificates have NetSure warranty protection of between $25,000 and $50,000.

The Company currently offers three versions of its content signing digital certificates, differentiated principally by the subscriber identity authentication procedures and due diligence performed by the Company prior to issuance and the amount of NetSure warranty protection provided:

Individual Software Developer Digital ID. Individual Software Developer Digital IDs are issued after VeriSign authenticates the identity of an individual software publisher through the use of established third- party consumer credit and other databases.

Commercial Software Developer Digital ID. Commercial Software Developer Digital IDs are issued after VeriSign authenticates the identity of a commercial software publisher by using registered credentials and online commercial databases to verify the company's identity.

Both the Individual Software Developer Digital IDs and the Commercial Software Developer Digital IDs are designed for use by software developers that wish to digitally sign and distribute code electronically via the Internet, including ActiveX controls under the Microsoft Authenticode program or JAVA code in conjunction with the Netscape object signing technology.

Channel Signing Digital ID. Channel Signing Digital IDs authenticate a distribution channel for software and content that is automatically distributed or "pushed" via IP networks using an application such as Marimba's Castanet, by authenticating that the software or content is from the indicated source and establishing that the software or content has not been tampered with or modified while en route over IP networks.

ENTERPRISE AND ELECTRONIC COMMERCE

The Company offers a broad range of turn-key and custom solutions tailored to meet the specific needs of companies, government agencies and other affiliated organizations that wish to issue digital certificates to customers, employees, trading partners or citizens. The Company's enterprise and electronic commerce solutions

can be used for a variety of applications, including: controlling access to sensitive data and account information; facilitating and protecting online payment card transactions; enabling digitally signed e-mail; or creating an electronic trading community. These solutions give customers the option of issuing private label digital certificates, which have limited use within their intranets and extranets, or VeriSign Digital IDs, which are interoperable with IP network applications enabled with the Company's public root key and can be customized to include customer-specific criteria.

Enterprise and electronic commerce solutions vary based on the nature and complexity of the application, the degree of control customers desire to maintain, and the degree of operational responsibility customers wish to delegate. The modularity of the Company's WorldTrust architecture allows certain functions of the certification process, such as registration, authentication, issuance, revocation, renewal or replacement, to be deployed at customer sites while maintaining a link to VeriSign's Digital ID Centers for back-end processing. As a result, customers enjoy significant time-to-market and cost reduction benefits by leveraging the Company's trusted, scaleable infrastructure with complete certificate lifecycle management, high-speed servers, redundant telecommunications, data storage and daily back-up, full disaster recovery, availability of 24 hour x 7 day customer service and rigorous network and physical security.

VeriSign OnSite. VeriSign OnSite combines the ease of use and low entry cost of a turn-key software product with the flexibility and scaleability of a fully managed service. VeriSign OnSite targets mid- to large-scale companies and government agencies that wish to set up and administer their own digital certificate solutions using VeriSign's trusted infrastructure. VeriSign OnSite provides browser-based software for front-end processing complete with configuration wizards, enrollment templates, authentication and administration tools, directory files and a secure link to the Company's Digital ID Centers for back-end processing. VeriSign OnSite provides several key benefits, including complete control over configuration, quick deployment, low cost and flexibility. VeriSign OnSite can be downloaded from one of the Company's Digital ID Centers or sold through one of the Company's direct or indirect sales channels and is priced on an annual subscription basis for a fixed quantity of digital certificates.

VeriSign V-Commerce. VeriSign V-Commerce is a comprehensive, custom solution that enables large-scale electronic commerce activities on IP networks, such as virtual storefronts, electronic subscription services, content delivery and information access and broadcast. VeriSign V-Commerce targets Fortune 1000 companies, financial institutions and large government agencies with high-volume digital certificate issuance and management requirements. VeriSign V-Commerce solutions involve special set-up and consulting services to support the development and installation of custom digital certificate formats, subscriber services, authentication interfaces, administration tools and root keys. VeriSign V-Commerce solutions also support the deployment of certain of the digital certificate service functions at the customer's site or remote offices to allow for maximum control and flexibility. VeriSign V-Commerce enables companies and government agencies to realize the full potential of IP networks as a medium for trusted and secure communications and commerce by relying on the Company to develop, deploy and administer a large scale digital certificate implementation. VeriSign V-Commerce terms are negotiated based on the annual volume of digital certificates, associated services and customization required.

VeriSign SET. VeriSign SET is an electronic commerce solution targeted at certified banks, payment processors or major credit card brands to enable cardholders, merchants and payment gateways to enroll for and obtain digital certificates for use with the SET specification without the expense of developing and hosting a custom digital certificate solution. The SET specification was developed by an industry consortium, including MasterCard and VISA, to enable secure payments and purchases over IP networks. SET digital certificates are used to identify the identity of participants in a SET transaction. The Company delivers SET services directly to certified banks or payment processors and to banks on behalf of major credit card brands, including Air Travel Card, Diner's Club, MasterCard, NOVUS/Discover and VISA. There are currently over 130 VISA member banks that are using VeriSign SET solutions in pilot programs.

SERVICES

In addition to its broad set of digital certificate solutions, the Company also provides, or intends to provide, a range of services that augment its solutions with added value or trust functionality. These services include:

Professional Consulting Services. The Company employs experts in cryptography and digital certificate management who offer consulting and training services to organizations implementing digital certificate solutions. VeriSign's professional services group provides a variety of design, development and implementation services, including interfacing with existing applications and databases, consulting on policies and procedures related to the management and deployment of digital certificates and the selection of related software and hardware (e.g., smart cards and readers) to complement a digital certificate solution. These consulting and training services are billed on a time and materials basis.

Key Generation Ceremonies. For larger organizations wishing to establish customized storage of their digital certificate root keys as well as an auditable record of the root key generation process, the Company provides a custom "key generation ceremony" as part of its setup services, complete with videography, dedicated hardware and secret key sharing among trusted parties. These key generation services provide an added measure of security and an audit trail for the issuance and management of digital certificates.

Status Services. The Company has currently developed services that will support real-time confirmation of the status of a particular digital certificate used in specific applications by providing a digitally signed receipt acknowledging "good," "revoked" or "unknown" status of a digital certificate to the requesting party. The Company currently uses a real-time status service to support Microsoft's Authenticode program. The Company expects to broaden the use of status services to other digital certificate markets during the first half of 1998.

Time Stamping Services. The Company offers a time stamping service that allows software developers to add a verifiable time and date stamp to software content that they digitally sign with their Software Developer Digital IDs. The Company is currently developing time stamping services for a variety of other applications.

Warranty and Insurance Plans. To extend its NetSure Protection Plan offerings, the Company is developing programs to make insurance products available to its enterprise and electronic commerce customers so that these customers can purchase insurance to cover losses resulting from the use of digital certificates on both a per certificate and per transaction basis.

CUSTOMERS AND MARKETS

VeriSign's target customers for its enterprise and electronic commerce digital certificate solutions include consumers, government agencies, financial institutions, content providers and other organizations requiring trusted and secure communications and commerce over IP networks. The following examples illustrate how certain organizations use VeriSign's digital certificate solutions:

Credit Cards. A major credit card association wants to promote the use of its cards as the preferred payment method for purchases over the Internet. To accomplish this goal, it must give consumers the confidence to use their account numbers safely over the Internet while reducing the potential for losses due to fraud. This credit card association has adopted the SET protocol, which dictates the use of digital certificates for all parties involved in transactions, including cardholders, merchants, issuing banks, acquiring banks and payment gateways. The credit card association chose VeriSign to provide SET digital certificate solutions to the credit card association on behalf of its member banks. The benefits the credit card association and its member banks expect to receive include increased use of the card for purchases over the Internet, increased customer loyalty and a reduction in losses due to credit card fraud. The credit card association currently is currently conducting a pilot program with a number of member banks using VeriSign SET solutions, and the credit card association anticipates full scale deployment of the program in 1998.

Electronic Information Services. A major provider of electronic information services to financial institutions and other businesses wants to distribute its services more broadly, increase its penetration within its existing client base and replace its existing proprietary terminals, which are in each of its clients' locations, with an IP network-based service that can be delivered over its clients' existing PCs. VeriSign will provide a custom digital certificate solution, utilizing customer-branded client digital certificates, that enables this company to deliver and charge for its services accurately at each desktop. In addition, because the system is IP network-based, it provides a better user experience due to graphical user interfaces and other IP network-based features such as hyperlinks. The benefits the information services company expects to receive include reduced hardware costs, improved customer satisfaction, increased revenue opportunities, increased market acceptance and reduced implementation costs. The system is currently in beta testing with over 100 clients and the information services company expects to release it fully in early 1998.

Banking. One of the top five U.S. banks wants to provide secure services such as home banking, commercial banking and credit card purchases to its business and consumer clients over the Internet. VeriSign will provide 128-bit Server Digital IDs and bank-branded client digital certificates for home and commercial banking as well as VeriSign SET digital certificates for the bank's credit card holders. The benefits the bank expects to receive include improved customer service, reduced service costs and broader geographic reach. The bank is currently utilizing VeriSign's 128-bit Server Digital IDs for home banking and commercial banking and anticipates offering bank-branded client digital certificates and VeriSign SET digital certificates in mid-1998.

TECHNOLOGY AND ARCHITECTURE

The Company employs a modular set of software applications and toolkits, which collectively make up its proprietary WorldTrust architecture, as the core platform for all of its digital certificate solutions. The modular design of the WorldTrust architecture enables the Company's digital certificate services to be distributed over one or many co-located or dispersed computer systems, allowing certain functions of the certification process, such as registration, authentication, issuance, revocation, renewal or replacement, to be deployed at customer or affiliate locations while maintaining a secure and reliable link to one of the Company's Digital ID Centers for back-end processing. These modules can also be replicated in order to handle increased volumes of digital certificates. Digital certificate service modules incorporated in the WorldTrust architecture include:

Subscriber Services Module. The subscriber services module supports requests for digital certificate issuance, revocation, renewal and replacement . Software toolkits are provided to permit rapid customization and integration of digital certificate services with a customer's business-specific Web-based solutions.

Authentication Services Module. The authentication services module supports manual, automated and delegated authentication of subscribers by designated sources prior to certificate issuance. Software toolkits and APIs are provided to allow for integration with various process models and database systems.

Administration and Support Modules. The administration and support modules provide lifecycle services such as digital certificate revocation, renewal and reissuance, as well as a customer support knowledge base to facilitate general reporting of CA activity and Web-based and e-mail-based support of customers and end users.

Directory Services Module. The directory services module utilizes database applications typically hosted at one of the Company's Digital ID Centers to support the storage of and access to digital certificates and associated information for a particular customer. Enterprise and electronic commerce customers can also download updated copies of their directory information to their systems.

Service Control Module. The service control module is hosted at one of the Company's Digital ID Centers and acts as a gatekeeper, decoding and routing all certificate service requests based on customer type, application type, security protocol, authentication policies, certificate content and billing rules. This module utilizes a proprietary, data-driven programming model to define each service and dispatch the appropriate control and error commands to other modules.

Certificate Processing Module. The certificate processing module is hosted at one of the Company's Digital ID Centers and creates digital certificates with digital signatures on each certificate, delivers certificates to subscribers and stores a copy of each digital certificate for archive, audit and directory purposes.

INFRASTRUCTURE

The Company believes that its highly reliable and scaleable operations infrastructure represents a strategic advantage in providing digital certificate solutions. The Company's Digital ID Centers are located in Mountain View, California and Kawasaki, Japan. These centers operate on a 24 hour x 7 day basis, and support all aspects of issuance and management of digital certificates as well as delivery of related digital certificate services. By leveraging the Company's WorldTrust architecture, certain functionality of the Company's Digital ID Centers can be distributed in optimum configurations based on customer requirements for availability and capacity. Key features of the Company's infrastructure include:

Distributed Servers. The Company deploys a large number of high-speed servers to support capacity and availability demands. Additional servers can be added to support increases in certificate volumes, new services introductions, new customers and higher levels of redundancy without service interruptions or response time degradation. The WorldTrust architecture provides automatic fail-over, load balancing and threshold monitoring on critical servers.

Advanced Telecommunications. The Company deploys redundant telecommunications and routing hardware and maintains high-speed connections to multiple ISPs and throughout its internal network to ensure that its mission critical services are readily accessible to customers at all times.

Network Security. The Company incorporates advanced architectural concepts such as protected domains, restricted nodes and distributed access control in its system architecture. The Company has also developed proprietary communications protocols within and between the WorldTrust architecture modules that it believes can prevent most known forms of electronic attacks. In addition, the Company employs the latest network security technologies including firewalls and intrusion detection software, and contracts with security consultants who perform periodic attacks and security risk assessments. The Company will continue to evaluate and deploy new technological defenses as they become available. See "Risk Factors--System Interruption and Security Breaches."

Call Center and Help Desk. The Company provides a wide range of customer support services through a phone-based call center, e-mail help desk and Web-based self-help system. The Company's call center is staffed from 8 a.m. to 5 p.m. PST and employs an Automated Call Director system. The Web-based support services are available on a 24 hour x 7 day basis. E-mail support utilizes customized auto response systems to provide self-help recommendations and a staff of trained customer support agents.

Disaster Recovery Plans. Although the Company believes its operations facilities are highly resistant to systems failure and sabotage, it has developed, and is in the process of implementing, a disaster recovery and contingency operations plan and has an agreement with Comdisco Corporation to provide replication of customer data, facilities and systems at another site so that its main services can be re-instated within 24 hours of a failure. In addition, all of the Company's digital certificate services are linked to advanced storage systems that provide data protection through techniques such as mirroring and replication. See "Risk Factors--System Interruption and Security Breaches."

SECURITY AND TRUST PRACTICES

The Company believes that its perceived level of trustworthiness as a CA will continue to be a significant determining factor in the acceptance of the Company's digital certificate solutions. The Company believes that its reputation as a trusted party will be based, to a large extent, on both the security of its physical infrastructure and the special practices used in its operations. The Company's Digital ID Centers include state-of-the-art physical and network security. The Company also seeks to take a leading role in defining and adhering to

industry-endorsed trust practices and procedures, which the Company believes are also critical to establishing its perceived trustworthiness as a CA. The Company has invested significant capital and human resources in its security and practices including:

Employees. The Company uses stringent hiring and personnel management practices for all operations and certain engineering personnel as well as all executive management. The Company utilizes a licensed private investigation firm to conduct background checks into potential employees' criminal and financial histories and conducts periodic investigations of such personnel on an ongoing basis.

Security Monitoring Systems. The Company has sophisticated access control and monitoring systems that help prevent unauthorized access to secure areas and provide 24 hour x 7 day monitoring and logging of activities within its facilities. These systems include electronic key and biometric access control devices, video monitoring and recording devices, deployment and automatic arming of motion detectors, glass breakage detectors and remote alarm system monitoring.

Site Construction. The Company's Digital ID Centers have been built using construction techniques modeled after U.S. Army specifications for facilities accredited to handle classified information and contain a robust set of physical and environmental defenses. These defenses include double layer, slab-to-slab wall design, self-closing and locking metal doors at all secure entrances, man traps, tamper proof enclosures for cryptographic materials and fire prevention systems.

Back-up Power Systems. The Company has invested in back-up power systems that automatically activate in the event of a failure in its primary power sources. These include uninterruptible power supply systems and a diesel generator and fuel supply. To ensure reliability, these systems are tested on a periodic basis.

Audits. The Company's Practices and External Affairs Department periodically performs, and retains accredited third parties to perform, audits of its operational procedures under both internally-developed procedures and externally-recognized standards.

Practices. The Company's Practices and External Affairs Department is responsible for the development of the Company's practices for issuing and managing digital certificates. These practices are set forth in the Company's Certification Practice Statement, which the Company provides in order to assure potential customers and strategic partners as to the trustworthiness of the Company's digital certificate solutions. The Practices and External Affairs Department is also responsible for the Company's accountability and security controls and regularly monitors all aspects of the Company's Digital ID Centers.

Policy Making Activities. The Practices and External Affairs Department also takes a leading role in a variety of organizations that are defining standards for trusted and secure communications and commerce over IP networks. For example, the Company actively participates in the United Nations Commission on International Trade Law, which created the United Nations Model Law on Electronic Commerce, the American Bar Association's Information Security Committee, Section of Science and Technology, which has drafted digital signature guidelines, the International Chamber of Commerce ETERM Working Party, which is chaired by the Company's Vice President of Practices and External Affairs, and the U.S. State Department Advisory Committee on Electronic Commerce.

VERISIGN JAPAN

In February 1996, the Company formed VeriSign Japan in order to market and deliver its digital certificate solutions in Japan. VeriSign Japan has built and operates a secure Digital ID Center in Kawasaki, Japan, maintains sales and marketing, engineering and administrative staffs and offers customer support services, thus enabling it to provide the Company's digital certificate solutions to the Japanese market. As of September 30, 1997, VeriSign Japan had 20 employees. In 1996, additional strategic investors acquired 49% of the outstanding capital stock of VeriSign Japan. These investors are as follows: The Long Term Credit Bank of Japan, Ltd.; Mitsubishi Corporation; NEC Corporation; Nippon Investment & Finance Co., Ltd.; Nippon Steel Corporation;

NISSHO IWAI Corporation; NTT Data Corporation; NTT Electronics Corporation; NTT PC Communications, Inc.; The Sakura Bank, Limited; The Sanwa Bank, Limited; SOFTBANK Corporation; The Sumitomo Credit Service Co., Ltd.; and The Sumitomo Trust and Banking Company, Limited.

STRATEGIC RELATIONSHIPS

The Company has established strategic relationships with leading companies across a number of industry segments, including Cisco, Microsoft, Netscape, SecureOne (a consortium of McAfee Associates, RSA and Security Dynamics), Security Dynamics, VeriFone and VISA.

Cisco. The Company has developed a custom software product to provide digital certificate functionality in Cisco-based intranet environments. As a result, intranets utilizing Cisco products will support applications that rely on VeriSign digital certificates for authentication and network management. The Company and Cisco also engage in a variety of joint marketing efforts. Cisco is a stockholder of the Company.

Microsoft. The Company works with Microsoft to develop, promote and distribute a variety of client-based and server-based digital certificate solutions and has been designated as the preferred provider of digital certificates for Microsoft customers. The Company's public root key has been embedded in Microsoft's Internet Explorer since version 3.0, and users can easily enroll for VeriSign's Universal Digital IDs through this product. The Company also provides Server Digital IDs for Microsoft's Internet Information Server product. The Company and Microsoft also jointly promote a set of technologies and security policies for the secure authentication and distribution of software over the Internet and engage in other joint marketing activities. Microsoft is a principal stockholder of the Company.

Netscape. The Company works with Netscape on a variety of technology projects and joint marketing activities. The Company's public root key has been embedded in Netscape's Navigator since version 2.0 and in Netscape's Communicator since version 4.0. The Company also has an agreement with Netscape through February 1998 which provides that Netscape will exclusively feature the Company as the premier provider of digital certificates on the Netscape Web site and also provides for the Company to have a first right of participation for any new Netscape products incorporating digital certificate technology. Enrollment for free, limited-use versions of the Company's Universal Digital IDs is integrated into the registration process of Netscape's Netcenter online service and users of Netscape browsers can easily enroll for standard VeriSign Universal Digital IDs through these products. Netscape SuiteSpot and SuiteSpot with 128-bit encryption capabilities can also utilize the Company's Server Digital IDs. The Company also supports Netscape's object signing technology, enabling software developers to digitally sign Java and JavaScript objects in order to authenticate the developer's identity and assure end users that the downloaded objects have not been tampered with or modified.

SecureOne. The Company, McAfee Associates, RSA and Security Dynamics are jointly developing the SecureOne framework, which is designed to provide enterprises with a platform for developing and maintaining secure networks that link anti-virus, authentication, encryption and digital certificate technologies. The SecureOne framework integrates the programming interfaces of McAfee Associates' Virus Interface for Protective Early Response, Security Dynamics' Enterprise Security Services ("ESS") architecture, RSA's digital signature, cryptographic, messaging and transaction security engines and a VeriSign software developer toolkit to enable digital certificate functionality in secure applications. The companies have also agreed to integrate their security technologies through a series of cross-licensing agreements, and, as a result, the Company's Class 1 Universal Digital IDs are being issued on a trial basis to users of McAfee Associates' VirusScan Security Suite.

Security Dynamics. The Company has entered into an agreement with Security Dynamics under which Security Dynamics will incorporate custom digital certificate technology developed by VeriSign into Security Dynamics' ESS architecture, which is used in certain of Security Dynamics' security solutions. Security Dynamics has also agreed to be a reseller of the Company's VeriSign OnSite product. The Company believes that Security Dynamics is a market leader in enterprise security and that, by including VeriSign technology and

products in Security Dynamics' products, the Company will have a broader potential market for its digital certificate solutions. Security Dynamics, through a controlled entity, is the largest stockholder of the Company. See "Certain Transactions" and "Principal Stockholders."

VeriFone. The Company and VeriFone have executed a term sheet which provides that VeriFone will become a reseller of the Company's SET services and Server Digital ID products in connection with VeriFone's Internet payment solutions. In addition, VeriFone has agreed to promote VeriSign as the preferred provider of SET digital certificate services to its current and prospective customers and to use its best efforts to position the Company as a premier provider of SET and non-SET digital certificate services for use by Hewlett-Packard and its affiliated entities. VeriFone has also agreed to engage in a variety of joint marketing activities with the Company. Hewlett-Packard, VeriFone's parent company, is a stockholder of the Company.

VISA. The Company has an agreement with VISA under which the Company provides SET digital certificate solutions to VISA on behalf of its member banks enabling them to offer branded SET-compliant digital certificates to their cardholders and merchants. To date, over 130 member banks worldwide are using VeriSign SET solutions in pilot programs. VISA is a principal stockholder of the Company. See "Certain Transactions" and "Principal Stockholders."

MARKETING, SALES AND DISTRIBUTION

MARKETING

The Company utilizes a variety of marketing programs to increase brand awareness. In addition to joint marketing arrangements, the Company also engages in a variety of direct marketing programs that are focused on owners of Web servers, home and business PC users and enterprise professionals in mid-sized and large organizations. The Company addresses these customers through outbound e-mail, telemarketing and printed mail campaigns to stimulate product trial, purchase and usage. The Company also uses banner ads that link to the Company's Web site, participates in industry-specific events, trade shows, executive seminars, industry association activities and various national and international standards bodies.

SALES AND DISTRIBUTION

The Company markets its digital certificate solutions worldwide through multiple distribution channels.

Internet Sales. The Company distributes many of its products through its Web sites. The Company believes that Internet distribution is particularly well-suited for sales of certain of its enterprise solutions and Internet IDs and can be used to serve a large number of Internet users from multiple countries. The Company also utilizes its Web site to assist in disseminating product information and in generating product leads and trials for a number of its products and services.

Direct Sales. The Company's direct sales force targets mid-sized and large corporations, financial institutions, commercial Web sites and federal and state government agencies. The Company believes that these organizations have a substantial installed base of PCs, Web servers, IP networks and high-speed access to the Internet and are most likely to be able to benefit quickly from the use of digital certificates. The direct sales force also targets international organizations that the Company believes are the most suitable to act as VeriSign affiliates. In certain instances, the Company's direct sales force works with complementary VARs, hardware OEMs and systems integrators to deliver complete solutions for major customers. As of September 30, 1997, the Company had 19 direct sales and sales support personnel. The Company maintains sales offices and personnel in California, Georgia, Illinois, Maryland, Massachusetts, New York and Japan.

Telesales. The Company currently outsources its telemarketing operations to a third party for use in customer prospecting, lead generation and lead follow-up. This marketing activity qualifies leads for further follow up by the direct sales force or resellers or leads the prospect to VeriSign's Web site so that the prospect can access information or enroll for enterprise or electronic commerce solutions.

VARs and Systems Integrators. The Company works with VARs and systems integrators to package and sell its enterprise and electronic commerce solutions and Internet IDs. The Company also has a VeriSign Business Partner Program that allows leading ISPs to offer VeriSign Server Digital IDs as an integral part of their secure Web site hosting services. Current members of this program include AOL Primehost, Epoch Internet, Hiway Technologies, Internet Servers, Inc., pcbank.net and PSINET, Inc.

OEMs. The Company provides technology and products for certificate management to OEMs, which integrate the technology and products with value-added software or service offerings and sell the bundled solution to end user customers. Cisco and Security Dynamics have OEM relationships with the Company. See "--Strategic Relationships."

International. The Company intends to market its products and services to international markets directly over the Internet and through resellers and affiliate relationships. The Company markets its products and services in Japan through VeriSign Japan, which maintains a secure Digital ID Center in Kawasaki, Japan, and employed 20 persons as of September 30, 1997. See "--VeriSign Japan."

RESEARCH AND DEVELOPMENT

The Company believes that its future success will depend in large part on its ability to continue to maintain and enhance its current technologies, products and services. To this end, the Company leverages the modular nature of its WorldTrust software architecture to enable it to rapidly develop enhancements to its WorldTrust software and to deliver complementary new products and services. In the past, the Company has developed products and services both independently and through efforts with leading application developers and major customers. The Company has also, in certain circumstances, acquired or licensed technology from third parties, including public key cryptography technology from RSA. Although the Company will continue to work closely with developers and major customers in its product development efforts, it expects that most of its future enhancements to existing products and new products will be developed internally.

The Company has several significant projects currently in development. These include the continued enhancement of the WorldTrust architecture and associated software toolkits to broaden functionality and provide additional packaging and integration options and the development of new services such as real-time status checking, secure timestamping and smart card personalization.

As of September 30, 1997, VeriSign had 42 employees dedicated to research and development. The Company also employs independent contractors for documentation, usability, artistic design and editorial review. Research and development expenses were $642,000, $2.1 million and $3.6 million for the period from April 12, 1995 (inception) to December 31, 1995, 1996 and the nine months ended September 30, 1997, respectively. To date, all development costs have been expensed as incurred. The Company believes that timely development of new and enhanced products and technology are necessary to remain competitive in the marketplace. Accordingly, the Company intends to continue recruiting and hiring experienced research and development personnel and to make other investments in research and development.

The market for digital certificate products and related services is an emerging market characterized by rapid technological developments, frequent new product introductions and evolving industry standards. The emerging nature of this market and its rapid evolution will require that the Company continually improve the performance, features and reliability of its products and services, particularly in response to competitive offerings and that it introduce new products and services or enhancements to existing products and services as quickly as possible and prior to its competitors. The success of new product introductions is dependent on several factors, including proper new product definition, timely completion and introduction of new products, differentiation of new products from those of the Company's competitors and market acceptance of the Company's new products and services. There can be no assurance that the Company will be successful in developing and marketing new products and services that respond to competitive and technological developments and changing customer needs. The failure of the Company to develop and introduce new products and services successfully on a timely basis

and to achieve market acceptance for such products and services could have a material adverse effect on the Company's business, operating results and financial condition. In addition, the widespread adoption of new Internet, networking or telecommunication technologies or standards or other technological changes could require substantial expenditures by the Company to modify or adapt its products and services. To the extent that a specific method other than digital certificates is adopted to enable trusted and secure commerce and communications over IP networks, sales of the Company's existing and planned products and services will be adversely affected and the Company's products and services could be rendered unmarketable or obsolete, which would have a material adverse effect on the Company's business, operating results and financial condition. The Company believes there is a time-limited opportunity to achieve market share, and there can be no assurance that the Company will be successful in achieving widespread acceptance of its products and services or in achieving market share before competitors offer products and services with features similar to the Company's current offerings. Any such failure by the Company could have a material adverse effect on the Company's business, operating results and financial condition. See "Risk Factors--Rapid Technological Change; New Product and Services Introductions."

CUSTOMER SUPPORT

The Company believes that a high level of customer support for commerce and enterprise customers as well as end users of digital certificates is necessary to achieve acceptance of its digital certificates and related products and services. The Company provides a wide range of customer support services through a staff of customer service personnel, call center, e-mail help desk and a Web-based self-help system. Since it introduced its first products over two years ago, the Company has developed a substantial knowledge base of customer support information based on its customer interactions and believes that this offers the Company a competitive advantage. The Company's call center is staffed from 8 a.m. to 5 p.m. PST and employs an Automated Call Director system to provide self-help services and, if necessary, to route support calls to available support personnel. The Company also offers Web-based support services that are available on a 24 hour x 7 day basis and that are frequently updated to improve existing information and to support new services. The Company's e-mail customer support service utilizes customized auto response systems to provide self-help recommendations and also utilizes a staff of trained customer support agents who typically respond to customer inquiries within 24 hours. As of September 30, 1997, the Company had 53 employees in its customer support organization.

The Company also employs technical support personnel who work directly with its direct sales force, distributors and customers of its electronic commerce and enterprise solutions. The Company's annual maintenance agreements for its electronic commerce and enterprise solutions include technical support and upgrades. The Company also provides training programs for customers of its enterprise and electronic commerce solutions.

COMPETITION

The Company's digital certificate solutions are targeted at the new and rapidly evolving market for trusted and secure communications and commerce over IP networks. Although the competitive environment in this market has yet to develop fully, the Company anticipates that it will be intensely competitive, subject to rapid change and significantly affected by new product and service introductions and other market activities of industry participants.

The Company's primary competitors are Entrust, GTE CyberTrust and IBM. The Company also experiences competition from a number of smaller companies that provide digital certificate solutions. The Company expects that competition from established and emerging companies in the financial and telecommunications industries will increase in the near term, and that the Company's primary long-term competitors may not yet have entered the market. Netscape has introduced software products that enable the issuance and management of digital certificates, and the Company believes that other companies could introduce such products. There can be no assurance that additional companies will not offer digital certificate solutions that are competitive with those of

the Company. Increased competition could result in pricing pressures, reduced margins or the failure of the Company's products and services to achieve or maintain market acceptance, any of which could have a material adverse effect on the Company's business, operating results and financial condition.

Several of the Company's current and potential competitors have longer operating histories and significantly greater financial, technical, marketing and other resources than the Company and therefore may be able to respond more quickly than the Company to new or changing opportunities, technologies, standards and customer requirements. Many of these competitors also have broader and more established distribution channels that may be used to deliver competing products or services directly to customers through bundling or other means. If such competitors were to bundle competing products or services for their customers, the demand for the Company's products and services might be substantially reduced and the ability of the Company to distribute its products successfully and the utilization of its services would be substantially diminished. In addition, browser companies that embed the Company's root keys or otherwise feature the Company as a provider of digital certificate solutions in their Web browsers or on their Web sites could also promote competitors of the Company or charge the Company substantial fees for such promotions in the future. New technologies and the expansion of existing technologies may increase the competitive pressures on the Company. There can be no assurance that competing technologies developed by others or the emergence of new industry standards will not adversely affect the Company's competitive position or render its products or technologies noncompetitive or obsolete. In addition, the market for digital certificates is nascent and is characterized by announcements of collaborative relationships involving competitors of the Company. The existence or announcement of such relationships could adversely affect the Company's ability to attract and retain customers. As a result of the foregoing and other factors, there can be no assurance that the Company will compete effectively with current or future competitors or that competitive pressures faced by the Company will not have a material adverse effect on the Company's business, operating results and financial condition. See "Risk Factors--Competition."

INTELLECTUAL PROPERTY

The Company relies primarily on a combination of copyrights, trademarks, trade secret laws, restrictions on disclosure and other methods to protect its intellectual property and trade secrets. The Company also enters into confidentiality agreements with its employees and consultants, and generally controls access to and distribution of its documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's intellectual property or trade secrets without authorization. In addition, there can be no assurance that others will not independently develop substantially equivalent intellectual property. There can be no assurance that the precautions taken by the Company will prevent misappropriation or infringement of its technology. A failure by the Company to protect its intellectual property in a meaningful manner could have a material adverse effect on the Company's business, operating results and financial condition. In addition, litigation may be necessary in the future to enforce the Company's intellectual property rights, to protect the Company's trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of management and technical resources, either of which could have a material adverse effect on the Company's business, operating results and financial condition.

The Company also relies on certain licensed third-party technology, such as public key cryptography technology licensed from RSA. In these license agreements, the licensor has agreed to defend, indemnify and hold the Company harmless with respect to any claim by a third party that the licensed software infringes any patent or other proprietary right. Although these licenses are fully paid, there can be no assurance that the outcome of any litigation between the licensor and a third party or between the Company and a third party will not lead to royalty obligations of the Company for which the Company is not indemnified or for which such indemnification is insufficient, or that the Company will be able to obtain any additional license on commercially reasonable terms or at all. In the future, the Company may seek to license additional technology to incorporate in its products and services. There can be no assurance that any third party technology licenses that the Company may be required to obtain in the future will be available to the Company on commercially reasonable terms or at

all. The loss of or inability to obtain or maintain any of these technology licenses could result in delays in introduction of the Company's products or services until equivalent technology, if available, is identified, licensed and integrated, which could have a material adverse effect on the Company's business, operating results and financial condition.

From time to time, the Company has received, and may receive in the future, notice of claims of infringement of other parties' proprietary rights. There can be no assurance that infringement or other claims will not be asserted or prosecuted against the Company in the future or that any past or future assertions or prosecutions will not materially adversely affect the Company's business, operating results and financial condition. Any such claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel, cause product shipment delays or require the Company to develop non-infringing technology or enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Company, or at all. In the event of a successful claim of product infringement against the Company and the failure or inability of the Company to develop non-infringing technology or license the infringed or similar technology on a timely basis, the Company's business, operating results and financial condition could be materially adversely affected. See "Risk Factors--Intellectual Property; Potential Litigation."

EMPLOYEES

As of September 30, 1997, the Company had 162 full-time employees. Of the total, 38 were employed in sales and marketing, 42 in research and development, 53 in operations, seven in practices and external affairs, three in federal markets, and 19 in finance and administration. The Company has never had a work stoppage, and no employees are represented under collective bargaining agreements. The Company considers its relations with its employees to be good. The Company's ability to achieve its financial and operational objectives depends in large part upon its continuing ability to attract and retain highly qualified sales, technical and managerial personnel, and upon the continued service of its senior management and key sales and technical personnel, none of whom is bound by an employment agreement. Competition for such qualified personnel in the Company's industry and geographical location in the San Francisco Bay Area is intense, particularly in software development and product management personnel. See "Risk Factors--Dependence on Key Personnel."

FACILITIES

The Company's principal administrative, sales, marketing, research and development and operations facilities are located in two adjacent buildings in Mountain View, California, where they occupy approximately 44,000 square feet under leases expiring in 2001. The Company intends to obtain additional office space in 1998 contiguous to its headquarters. The Company believes that this additional space will be available and that its current facilities, together with this additional space, will be adequate to meet its needs for the foreseeable future.

The Company also leases space for sales and support offices in Rosemont, Illinois; Atlanta, Georgia; Linthicum, Maryland; Cambridge, Massachusetts; and Melville, New York. In addition, VeriSign Japan leases space in Kawasaki, Japan for its offices and Digital ID Center. The Company's success is largely dependent on the uninterrupted operation of its Digital ID Centers and computer and communications systems. See "Risk Factors--System Interruption and Security Breaches."

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth certain information regarding the executive officers and directors of the Company as of October 31, 1997.

NAME	AGE	POSITION
D. James Bidzos (1)	42	Chairman of the Board
Stratton D. Sclavos	36	President, Chief Executive Officer and Director
Michael S. Baum	45	Vice President of Practices and External Affairs
Ethel E. Daly	53	Vice President of Worldwide Operations
Dana L. Evan	38	Vice President of Finance and Administration and Chief Financial Officer
Quentin P. Gallivan	40	Vice President of Sales and Field Operations
Nicholas F. Piazzola	51	Vice President of Federal Markets
Arnold Schaeffer	34	Vice President of Engineering
Richard A. Yanowitch	41	Vice President of Marketing
Timothy Tomlinson (2)	47	Secretary and Director
William Chenevich (1)	53	Director
Kevin R. Compton (2)	39	Director
David J. Cowan (1)	31	Director

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(1) Member of the Compensation Committee
(2) Member of the Audit Committee

D. JAMES BIDZOS has served as Chairman of the Board of the Company since its founding in April 1995 and served as Chief Executive Officer of the Company from April 1995 to July 1995. He has also served as President and Chief Executive Officer of RSA since 1986. RSA was acquired by Security Dynamics in July 1996 and has been a wholly-owned subsidiary of Security Dynamics since that time. Mr. Bidzos has been an Executive Vice President and a director of Security Dynamics since its acquisition of RSA.

STRATTON D. SCLAVOS has served as President and Chief Executive Officer and as a director of the Company since he joined the Company in July 1995. From October 1993 to June 1995, he was Vice President, Worldwide Marketing and Sales of Taligent, Inc. ("Taligent"), a software development company that was a joint venture among Apple Computer, Inc. ("Apple"), IBM and Hewlett-Packard. From May 1992 to September 1993, Mr. Sclavos was Vice President of Worldwide Sales and Business Development of GO Corporation, a pen-based computer company. Prior to that time, he served in various sales and marketing capacities for MIPS Computer Systems, Inc. and Megatest Corporation. Mr. Sclavos is also a director and a member of the compensation committee of Network Solutions, Inc. Mr. Sclavos holds a B.S. degree in Electrical and Computer Engineering from the University of California at Davis.

MICHAEL S. BAUM has served as Vice President of Practices and External Affairs of the Company since he joined the Company in November 1995. From 1987 to October 1995, he was the founder and a principal of Independent Monitoring, a consulting firm specializing in digital commerce and information security law. Prior to that time, Mr. Baum was employed by BBN Corporation in various capacities. Mr. Baum holds a B.A. degree in History from Carnegie Mellon University, an M.B.A. degree in Management of Technology from the Wharton School of the University of Pennsylvania and a J.D. degree from Western New England School of Law.

ETHEL E. DALY has served as Vice President of Worldwide Operations of the Company since she joined the Company in June 1996. From January 1995 to June 1996, she was Senior Vice President, Product Management and Marketing of Knight-Ridder Information, Inc., an online information services company. Prior to that time, from 1986 to January 1995, Ms. Daly worked for Charles Schwab and Company, a stock brokerage firm, most

recently as Managing Director, International Division. Prior to that time, she held the positions of Vice President of Marketing for Attalla Corporation and Vice President Electronic Banking of Crocker National Bank. Ms. Daly holds a B.A. degree in Psychology from San Francisco State University and a Masters of Business Management degree from Stanford University.

DANA L. EVAN has served as Vice President of Finance and Administration and Chief Financial Officer of the Company since she joined the Company in June 1996. From 1988 to June 1996, she worked as a financial consultant in the capacity of chief financial officer, vice president of finance or corporate controller for various public and private companies and partnerships, including the Company from November 1995 to June 1996, Delphi Bioventures, a venture capital firm, from 1988 to June 1995, and Identix Incorporated, a manufacturer of biometric identity verification and imaging products, from 1991 to August 1993. Prior to 1988, she was employed by KPMG Peat Marwick LLP, most recently as a senior manager. Ms. Evan is a certified public accountant and holds a B.S. degree in Commerce with a concentration in Accounting and Finance from the University of Santa Clara.

QUENTIN P. GALLIVAN has served as Vice President of Sales and Field Operations of the Company since he joined the Company in October 1997. From April 1996 to October 1997, he was Vice President for Asia Pacific and Latin America of Netscape, a software company. Prior to that time, Mr. Gallivan was with General Electric Information Services, an electronic commerce services company, most recently as Vice President, Sales and Services for the Americas.

NICHOLAS F. PIAZZOLA has served as Vice President of Federal Markets of the Company since he joined the Company in December 1996. From 1969 to November 1996, he was employed by the United States National Security Agency (the "NSA"), most recently as Chief, Network Security Group from May 1994 to November 1996 and Chief, Infosec Research & Technology Group until April 1994. Mr. Piazzola holds a B.S. degree in Electrical Engineering from Villanova University and an M.S. degree in Electrical Engineering from the University of Maryland.

ARNOLD SCHAEFFER has served as Vice President of Engineering of the Company since he joined the Company in January 1996. From March 1992 to December 1995, he was employed by Taligent, most recently as Vice President of Engineering, CommonPoint Products. Prior to working at Taligent, he served as a software engineer for Apple, Intellicorp and Hewlett-Packard. Mr. Schaeffer holds a B.S. degree in Information and Computer Science from the Georgia Institute of Technology and an M.B.A. degree from the University of California at Berkeley.

RICHARD A. YANOWITCH has served as Vice President of Marketing of the Company since he joined the Company in May 1996. From July 1995 to May 1996, he was a management consultant to private software companies. From 1989 to June 1995, he held a series of marketing positions with Sybase, Inc., a software company, most recently as Vice President of Corporate Marketing. Prior to that time, he held various sales, marketing and operating positions with The Santa Cruz Operation, Inc., Digital Equipment Corporation, Lanier Harris Corporation and Brooks International Corporation. Mr. Yanowitch holds a B.A. degree in History from Swarthmore College and an M.B.A. degree in Entrepreneurial Management and Marketing from Harvard Business School.

TIMOTHY TOMLINSON has been Secretary and a director of the Company since its founding in April 1995. He has been a partner of Tomlinson Zisko Morosoli & Maser LLP, a law firm, since 1983. Mr. Tomlinson is also a director of Portola Packaging, Inc. and Oak Technology, Inc. Mr. Tomlinson holds a B.A. degree in Economics, an M.B.A. degree and a J.D. degree from Stanford University.

WILLIAM CHENEVICH has been a director of the Company since its founding in April 1995. He has been the Group Executive Vice President, Data Processing Systems of VISA, a financial services company, since October 1993. From May 1992 to October 1993, he was Executive Vice President and Chief Information Officer of Ahmanson Corporation, a financial services company. Mr. Chenevich holds a B.B.A. degree in Business and an M.B.A. degree in Management from the City College of New York.

KEVIN R. COMPTON has been a director of the Company since February 1996. He has been a general partner of Kleiner Perkins Caufield & Byers, a venture capital firm, since January 1990. Mr. Compton is also a director of Citrix Systems, Inc., Corsair Communications, Inc., Digital Generation Systems, Inc. and Global Village Communication Inc. Mr. Compton holds a B.S. degree in Business Management from the University of Missouri.

DAVID J. COWAN has been a director of the Company since its founding in April 1995. He has been a general partner of Bessemer Venture Partners, a venture capital investment firm, since August 1996. Mr. Cowan has also been a manager of Deer IV & Co. LLC, a venture capital investment firm, since August 1996. Previously he was an associate with Bessemer Venture Partners from August 1992 to August 1996. Mr. Cowan also served as President and Chief Executive Officer of Visto Corporation, a computer software and service firm, from August 1996 to April 1997, and as Chief Financial Officer of the Company from April 1995 to June 1996. Mr. Cowan is also a director of Worldtalk Communications Corporation. Mr. Cowan holds an A.B. degree in Mathematics and Computer Science and an M.B.A. degree from Harvard University.

The Company's Bylaws currently authorize no fewer than five and no more than seven directors. The Company's Board of Directors (the "Board") is currently comprised of six directors. Directors are elected by the stockholders at each annual meeting of stockholders to serve until the next annual meeting of stockholders or until their successors are duly elected and qualified. The existing directors were elected pursuant to the provisions of the Stockholders' Agreement described in "Certain Transactions," which agreement terminates upon the closing of this offering. Executive officers are elected by, and serve at the discretion of, the Board. The Company's Amended and Restated Bylaws, which will become effective upon the completion of this offering, provide that the Board will be divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms. The Class I directors will stand for reelection or election at the 1998 annual meeting of stockholders. The Class II directors will stand for reelection or election at the 1999 annual meeting of stockholders and the Class III directors will stand for reelection or election at the 2000 annual meeting of stockholders.

BOARD COMMITTEES

The Board has established an Audit Committee to meet with and consider suggestions from members of management, as well as the Company's independent accountants, concerning the financial operations of the Company. The Audit Committee also has the responsibility to review audited financial statements of the Company and consider and recommend the employment of, and approve the fee arrangements with, independent accountants for both audit functions and for advisory and other consulting services. The Audit Committee is currently comprised of Messrs. Compton and Tomlinson. The Board has also established a Compensation Committee to review and approve the compensation and benefits for the Company's key executive officers, administer the Company's stock purchase, equity incentive and stock option plans and make recommendations to the Board regarding such matters. The Compensation Committee is currently comprised of Messrs. Bidzos, Chenevich and Cowan.

DIRECTOR COMPENSATION

Directors do not receive any cash fees for their service on the Board or any Board committee, but they are entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with their attendance at Board and Board committee meetings. At the Company's founding in April 1995, the Company granted an option to purchase 25,000 shares of its Common Stock under the Company's 1995 Stock Option Plan to D. James Bidzos with an exercise price of $.12 per share. All Board members are eligible to receive stock options under the Company's stock option plans, and outside directors receive stock options pursuant to automatic grants of stock options under the 1995 Stock Option Plan. In July 1996, the Company granted to each of Messrs. Compton, Bidzos, Tomlinson, Cowan and Chenevich an option to purchase 10,000 shares of its Common Stock under the Company's 1995 Stock Option Plan with an exercise price of $8.00 per share. In June 1997, the Company granted to each of Messrs. Tomlinson, Bidzos, Cowan and Compton an option to purchase 3,500 shares of its Common Stock under the Company's 1995 Stock Option Plan with an exercise price of $8.00 per share.

In October 1997, the Board adopted, subject to stockholder approval, the 1998 Directors Stock Option Plan (the "Directors Plan") and reserved a total of 250,000 shares of the Company's Common Stock for issuance thereunder. Members of the Board who are not employees of the Company, or any parent, subsidiary or affiliate of the Company, are eligible to participate in the Directors Plan. The option grants under the Directors Plan are automatic and nondiscretionary, and the exercise price of the options is 100% of the fair market value of the Common Stock on the date of grant. Each eligible director who first becomes a member of the Board on or after the effective date of the Registration Statement of which this Prospectus forms a part (the "Effective Date") will initially be granted an option to purchase 15,000 shares (an "Initial Grant") on the date such director first becomes a director. On each anniversary of a director's Initial Grant (or most recent grant if such director was ineligible to receive an Initial Grant), each eligible director will automatically be granted an additional option to purchase 7,500 shares if such director has served continuously as a member of the Board since the date of such director's Initial Grant (or most recent grant if such director did not receive an Initial Grant). The term of such options is ten years, provided that they will terminate seven months following the date the director ceases to be a director or, if the Company so specifies in the grant, a consultant of the Company (twelve months if the termination is due to death or disability). All options granted under the Directors Plan will vest as to 6.25% of the shares each quarter after the date of grant, provided the optionee continues as a director or, if the Company so specifies in the grant, as a consultant of the Company. Additionally, immediately prior to the dissolution or liquidation of the Company or a "change in control" transaction, all options granted pursuant to the Directors Plan will accelerate and will be exercisable for a period of up to six months following the transaction, after which period any unexercised options will expire.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mr. Bidzos, a member of the Compensation Committee, is an Executive Vice President and a director of Security Dynamics, which beneficially owns approximately 27.0% of the Company's Common Stock, and also served as the Company's Chief Executive Officer from April to July 1995. See "Certain Transactions." No interlocking relationship exists between the Board or Compensation Committee and the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past.

EXECUTIVE COMPENSATION

The following table sets forth certain summary information concerning the compensation awarded to, earned by, or paid for services rendered to the Company in all capacities during 1997 by the Company's Chief Executive Officer and the four most highly compensated executive officers, other than the Chief Executive Officer, who were serving as executive officers at the end of 1997 (collectively, the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS
NAME AND PRINCIPAL POSITION	SALARY	BONUS	OTHER ANNUAL COMPENSATION	SECURITIES UNDERLYING OPTIONS(#)
Stratton D. Sclavos..... President and Chief Executive Officer	$200,000	$80,922	--	100,000
Dana L. Evan..... Vice President of Finance and Administration and Chief Financial Officer	145,000	36,568	--	45,000
Michael S. Baum..... Vice President of Practices and External Affairs	145,000	30,033	$15,000(1)	25,000
Arnold Schaeffer..... Vice President of Engineering	143,333	30,588	--	58,000
Richard A. Yanowitch..... Vice President of Marketing	140,000	45,066	--	--

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(1) Represents compensation that the Company paid Mr. Baum in exchange for his agreement to forego certain consulting projects.

OPTION GRANTS IN FISCAL 1997

The following table sets forth certain information regarding stock options granted to each of the Named Executive Officers during the year ended December 31, 1997.

	INDIVIDUAL GRANTS(1)					
					POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERMS(2)	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR(%)(3)	EXERCISE PRICE PER SHARE(4)	EXPIRATION DATE	5%	10%
Stratton D. Sclavos.....	100,000	7.7	$7.00	11/4/04	$ 284,970	$ 664,102
Dana L. Evan.....	45,000	3.4	6.00	10/6/04	109,917	256,154
Michael S. Baum.....	25,000	1.9	6.00	10/6/04	61,065	142,308
Arnold Schaeffer.....	58,000	4.4	6.00	10/6/04	141,671	330,154
Richard A. Yanowitch....	--	--	--	--	--	--

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(1) Options granted in 1997 were granted under the Company's 1995 Stock Option Plan or, in the case of Mr. Sclavos, the Company's 1997 Stock Option Plan. These options become exercisable with respect to 25% of the shares covered by the option on the first anniversary of the date of grant and with respect to an additional 6.25% of these shares each quarter thereafter. These options have a term of seven years. Upon certain changes in control of the Company, this vesting schedule will accelerate as to 50% of any shares that are then unvested. See "--Employee Benefit Plans" and "--Compensation Arrangements" for a description of the material terms of these options.
(2) Potential realizable values are net of exercise price but before taxes, and are based on the assumption that the Common Stock of the Company appreciates at the annual rate shown (compounded annually) from the date of grant until the expiration of the seven-year term. These numbers are calculated based on Securities and Exchange Commission requirements and do not reflect the Company's projection or estimate of future stock price growth.
(3) The Company granted options to purchase 1,307,100 shares of Common Stock to employees from January 1 through November 15, 1997.
(4) Options were granted at an exercise price equal to the fair market value of the Company's Common Stock, as determined by the Board of Directors.

AGGREGATE OPTION EXERCISES IN FISCAL 1997 AND FISCAL YEAR-END OPTION VALUES

The following table sets forth for each of the Named Executive Officers the shares acquired and the value realized on each exercise of stock options during the year ended December 31, 1997 and the year-end number and value of exercisable and unexercisable options:

			NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT 12/31/97(1)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT 12/31/97(2)	
NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Stratton D. Sclavos.....	--	--	--	100,000		
Dana L. Evan.....	--	--	--	45,000		
Michael S. Baum.....	--	--	--	25,000		
Arnold Schaeffer.....	--	--	--	58,000		
Richard A. Yanowitch....	--	--	--	--		

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(1) Options shown were granted under the Company's 1995 Stock Option Plan or, in the case of Mr. Sclavos, under the Company's 1997 Stock Option Plan, and are subject to vesting as described in footnote (1) to the option grant table above. See "--Employee Benefit Plans" and "--Compensation Arrangements" for a description of the material terms of these options.
(2) Based on an assumed initial public offering price of $.

No options were exercised during 1997 by the Named Executive Officers. No compensation intended to serve as incentive for performance to occur over a period longer than one year was paid pursuant to a long-term incentive plan during 1997 to any Named Executive Officer. The Company does not have any defined benefit or actuarial plan under which benefits are determined primarily by final compensation and years of service with any of the Named Executive Officers.

EMPLOYEE BENEFIT PLANS

1995 Stock Option Plan. In April 1995, the Board adopted and the stockholders approved the 1995 Stock Option Plan. At that time, 2,145,000 shares of Common Stock were reserved for issuance under the 1995 Stock Option Plan, which number was increased to 4,145,000 shares in May 1996. As of September 30, 1997, options to purchase 1,803,744 shares had been exercised (net of repurchases), options to purchase an additional 2,000,974 shares of Common Stock were outstanding under the 1995 Stock Option Plan with a weighted average exercise price of $1.49 and 340,282 shares remained available for future grants. Following the closing of this offering, no additional options will be granted under the 1995 Stock Option Plan. Options granted under the 1995 Stock Option Plan are subject to terms substantially similar to those described below with respect to options to be granted under the Equity Incentive Plan. The 1995 Stock Option Plan does not provide for issuance of restricted stock or stock bonus awards.

1997 Stock Option Plan. In October 1997, the Board adopted and the Company's stockholders approved the 1997 Stock Option Plan. At that time, 800,000 shares of Common Stock were reserved for issuance under the 1997 Stock Option Plan. Following the closing of this offering, no options will be granted under the 1997 Stock Option Plan. Options granted under the 1997 Stock Option Plan are subject to terms substantially similar to those described below with respect to options granted under the Equity Incentive Plan. The 1997 Stock Option Plan does not provide for issuance of restricted stock or stock bonus awards.

1998 Equity Incentive Plan. In October 1997, the Board adopted, subject to stockholder approval, the Equity Incentive Plan. The total number of shares of Common Stock reserved for issuance thereunder is 2,000,000. The Equity Incentive Plan will become effective on the Effective Date and will serve as the successor to the 1995 Stock Option Plan and the 1997 Stock Option Plan (the "Prior Plans"). Options granted under the Prior Plans before their termination will remain outstanding according to their terms, but no further options will be granted under the Prior Plans after the Effective Date. Shares that: (a) are subject to issuance upon exercise of an option granted under the Prior Plans, or the Equity Incentive Plan that cease to be subject to such option for any reason other than exercise of such option; (b) have been issued pursuant to the exercise of an option granted under the Prior Plans or the Equity Incentive Plan with respect to which the Company's right of repurchase has not lapsed and are subsequently repurchased by the Company; (c) are subject to an award granted pursuant to restricted stock purchase agreements under the Equity Incentive Plan that are forfeited or are repurchased by the Company at the original issue price; or (d) are subject to stock bonuses granted under the Equity Incentive Plan that otherwise terminate without shares being issued, will again be available for grant and issuance under the Equity Incentive Plan. Any authorized shares not issued or subject to outstanding grants under the Prior Plans on the Effective Date will no longer be available for grant and issuance under the Prior Plans but will be available for grant and issuance under the Equity Incentive Plan. The Equity Incentive Plan will terminate in October 2007, unless sooner terminated in accordance with the terms of the Equity Incentive Plan. The Equity Incentive Plan authorizes the award of options, restricted stock awards and stock bonuses (each an "Award"). No person will be eligible to receive more than 400,000 shares in any calendar year pursuant to Awards under the Equity Incentive Plan other than a new employee of the Company who will be eligible to receive no more than 1,000,000 shares in the calendar year in which such employee commences employment. The Equity Incentive Plan will be administered by the Compensation Committee. The Compensation Committee has the authority to construe and interpret the Equity Incentive Plan and any agreement made thereunder, grant Awards and make all other determinations necessary or advisable for the administration of the Equity Incentive Plan.

The Equity Incentive Plan provides for the grant of both incentive stock options ("ISOs") that qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and nonqualified stock options

("NQSOs"). ISOs may be granted only to employees of the Company or of a parent or subsidiary of the Company. NQSOs (and all other Awards other than ISOs) may be granted to employees, officers, directors, consultants, independent contractors and advisors of the Company or any parent or subsidiary of the Company, provided such consultants, independent contractors and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction ("Eligible Service Providers"). The exercise price of ISOs must be at least equal to the fair market value of the Company's Common Stock on the date of grant. The exercise price of NQSOs must be at least equal to 85% of the fair market value of the Company's Common Stock on the date of grant. The maximum term of options granted under the Equity Incentive Plan is ten years. Awards granted under the Equity Incentive Plan may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of the optionee only by the optionee (unless otherwise determined by the Compensation Committee and set forth in the Award agreement with respect to Awards that are not ISOs). Options granted under the Equity Incentive Plan generally expire three months after the termination of the optionee's service to the Company or a parent or subsidiary of the Company, except in the case of death or disability, in which case the options generally may be exercised up to 12 months following the date of death or termination of service. Options will generally terminate immediately upon termination for cause. In the event of the Company's dissolution or liquidation or a "change in control" transaction, outstanding Awards may be assumed or substituted by the successor corporation (if any). If a successor corporation (if any) does not assume or substitute the Awards, they will expire upon the effectiveness of the transaction. The Committee, in its discretion, may provide that the vesting of any or all Awards will accelerate prior to the effectiveness of the transaction.

1998 Employee Stock Purchase Plan. The Company intends to adopt the Purchase Plan and reserve approximately 400,000 shares of the Company's Common Stock for issuance thereunder. The Purchase Plan will be administered by the Compensation Committee of the Board. The Compensation Committee will have the authority to construe and interpret the Purchase Plan and its decisions in such capacity will be final and binding. The Purchase Plan will become effective on the first business day on which price quotations for the Company's Common Stock are available on the Nasdaq National Market. Employees generally will be eligible to participate in the Purchase Plan if they are customarily employed by the Company (or its parent or any subsidiaries that the Company designates) for more than 20 hours per week and more than five months in a calendar year and are not (and would not become as a result of being granted an option under the Purchase Plan) 5% stockholders of the Company (or its designated parent or subsidiaries). Eligible employees may select a rate of payroll deduction between 2% and 10% of their compensation and are subject to certain maximum purchase limitations that will be described in the Purchase Plan. A participant may change the rate of payroll deductions or withdraw from an Offering Period by notifying the Company in writing. Participation in the Purchase Plan will end automatically upon termination of employment for any reason. Except for the first offering, each offering under the Purchase Plan will be for a period of 12 months (the "Offering Period") and will consist of six-month purchase periods (each a "Purchase Period"). The first Offering Period is expected to begin on the first business day on which price quotations for the Company's Common Stock are available on the Nasdaq National Market and, depending on the effective date of this Registration Statement, may be greater or less than 12 months long. Offering Periods thereafter will begin on February 1 and August 1. The Compensation Committee may change the duration of Offering Periods (up to a maximum of 24 months) and the number and duration of Purchase Periods (up to a maximum of four per Purchase Period). The Compansation Committee will also be able to terminate any Offering Period as of the end of any Purchase Period within the affected Offering Period. Each participant will be granted an option on the first day of the Offering Period and such option will be automatically exercised on the last day of each Purchase Period during the Offering Period. The purchase price for the Company's Common Stock purchased under the Purchase Plan is 85% of the lesser of the fair market value of the Company's Common Stock on the first day of the applicable Offering Period and the last day of the applicable Purchase Period. The Board will have the power to change the duration of Offering Periods and Purchase Periods without stockholder approval, if such change is announced at least 15 days prior to the beginning of the Offering or Purchase Period to be affected. The Purchase Plan will be intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. Rights granted under the Purchase Plan will not be transferable by a participant other than by will or the laws of descent and distribution. The Purchase Plan will provide that, in the event of the

proposed dissolution or liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, provided that the Compensation Committee may fix a different date for termination of the Purchase Plan and may give each participant the opportunity to purchase shares under the Purchase Plan prior to such termination. The Purchase Plan will provide that, in the event of certain "change of control" transactions, the Plan will continue for all Offering Periods that began prior to the transaction and shares will be purchased based on the fair market value of the surviving corporation's stock on each Purchase Date. The Purchase Plan will terminate in December 2007, unless earlier terminated pursuant to the terms of the Purchase Plan. The Board will have the authority to amend, terminate or extend the term of the Purchase Plan, except that no such action may adversely affect any outstanding options previously granted under the Purchase Plan and stockholder approval is required to increase the number of shares that may be issued or change the terms of eligibility under the Purchase Plan.

401(k) Plan. The Board maintains the VeriSign, Inc. 401(k) Plan (the "401(k) Plan"), a defined contribution plan intended to qualify under Section 401 of the Code. All eligible employees who are at least 18 years old and have been employed by the Company for one month may participate in the 401(k) Plan. An eligible employee of the Company may begin to participate in the 401(k) Plan on the first day of January, April, July or October of the plan year coinciding with or following the date on which such employee meets the eligibility requirements. A participating employee may make pre-tax contributions of a whole percentage (not more than 15%) of his or her eligible compensation and up to 100% of any cash bonus, subject to limitations under the federal tax laws. Employee contributions and the investment earnings thereon are fully vested at all times. The 401(k) Plan permits, but does not require, additional matching and profit-sharing contributions by the Company on behalf of the participants. The Company has not made matching or profit-sharing contributions. Contributions by employees or the Company to the 401(k) Plan, and income earned on plan contributions, are generally not taxable to employees until withdrawn, and contributions by the Company, if any, should be deductible by the Company when made. The trustee under the 401(k) Plan, at the direction of each participant, invests the assets of the 401(k) Plan in selected investment options.

Executive Loan Program of 1996. In November 1996, the Compensation Committee adopted the Company's Executive Loan Program of 1996 (the "Executive Loan Program"). Pursuant to the Executive Loan Program, the Company's Chief Executive Officer and each Vice President of the Company (each a "Qualified Borrower") are each entitled to borrow an aggregate of up to $250,000 from the Company. Each loan made under the Executive Loan Program is a full recourse loan and bears interest at the then-minimum interest rate to avoid imputation of income under federal, state and local tax laws. Interest on any loan made under the Executive Loan Program is due and payable on December 31 of each year in which such loan is outstanding. Principal and accrued interest are payable in full on any such loan upon the earlier of December 31, 2005 or 90 days after the termination of the Qualified Buyer's employment with the Company, unless extended by a separate written agreement approved by the Board. Each loan made under the Executive Loan Program must be secured by collateral represented by Common Stock of the Company or other marketable securities acceptable to the Board having a fair market value equaling or exceeding the principal amount of the loan.

COMPENSATION ARRANGEMENTS

Mr. Sclavos's employment offer letter of June 1995, as amended in October 1995, provided for an initial annual salary of $175,000 and an initial annual bonus of up to $50,000 per year. In addition, it provided for a loan to Mr. Sclavos of $48,000 which was to be forgiven after the first anniversary of Mr. Sclavos's employment with the Company. This loan was forgiven by the Board in October 1996. Mr. Sclavos was also granted an option to purchase 616,000 shares of Common Stock with an exercise price of $.12 per share. In October 1996, this option was amended such that it became immediately exercisable. Mr. Sclavos exercised this option in full in November 1996. In connection with this exercise, the Company loaned Mr. Sclavos $73,920 pursuant to the terms of the Executive Loan Program, representing the full exercise price of such option. As of September 30, 1997, 269,500 of the shares Mr. Sclavos received upon exercise of the option were subject to a right of repurchase on behalf of the Company. This right lapses as to 38,500 shares per quarter. Mr. Sclavos's employment is "at will" and thus can be terminated at any time, with or without cause.

Michael S. Baum, Dana L. Evan, Arnold Schaeffer and Richard A. Yanowitch were granted options to purchase 150,000, 170,000, 200,000 and 290,000 shares, respectively, of Common Stock under the 1995 Stock Option Plan, at exercise prices ranging from $.12 to $6.00. Each of these options is subject to the standard four-year vesting schedule under the 1995 Stock Option Plan or, in certain circumstances, is immediately exercisable, subject to the Company's right to repurchase shares subject to such options, which repurchase right lapses on a schedule similar to the vesting schedule for options granted under the 1995 Stock Option Plan. However, upon the occurrence of certain change-in-control transactions, fifty percent of each such Named Executive Officer's then-unvested options will become vested or, if applicable, the right of repurchase will lapse as to 50% of the shares covered by such right of repurchase.

INDEMNIFICATION OF DIRECTORS AND EXECUTIVE OFFICERS AND LIMITATION OF LIABILITY

As permitted by the Delaware General Corporation Law (the "DGCL"), the Company's Third Amended and Restated Certificate of Incorporation, which will become effective upon the closing of this offering, includes a provision that eliminates the personal liability of its directors for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under section 174 of the DGCL (regarding unlawful dividends and stock purchases) or (iv) for any transaction from which the director derived an improper personal benefit.

As permitted by the DGCL, the Company's Amended and Restated Bylaws, which will become effective upon the completion of this offering provide, that (i) the Company is required to indemnify its directors and officers to the fullest extent permitted by the DGCL, subject to certain very limited exceptions, (ii) the Company may indemnify its other employees and agents to the extent that it indemnifies its officers and directors, unless otherwise required by law, its Certificate of Incorporation, its Amended and Restated Bylaws, or agreement, (iii) the Company is required to advance expenses, as incurred, to its directors and executive officers in connection with a legal proceeding to the fullest extent permitted by the DGCL, subject to certain very limited exceptions and (iv) the rights conferred in the Amended and Restated Bylaws are not exclusive.

The Company has entered into Indemnification Agreements with each of its current directors and certain of its executive officers and intends to enter into such Indemnification Agreements with each of its other executive officers to give such directors and executive officers additional contractual assurances regarding the scope of the indemnification set forth in the Company's Certificate of Incorporation and Amended and Restated Bylaws and to provide additional procedural protections. At present, there is no pending litigation or proceeding involving a director, officer or employee of the Company regarding which indemnification is sought, nor is the Company aware of any threatened litigation that may result in claims for indemnification.

CERTAIN TRANSACTIONS

Since April 12, 1995, the Company's inception date, there has not been nor is there currently proposed, any transaction or series of similar transactions to which the Company or any of its subsidiaries was or is to be a party in which the amount involved exceeded or will exceed $60,000 and in which any director, executive officer, holder of more than 5% of the Common Stock of the Company or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest other than (i) compensation agreements and other arrangements, which are described where required in "Management," and (ii) the transactions described below.

TRANSACTIONS WITH DIRECTORS, EXECUTIVE OFFICERS AND 5% STOCKHOLDERS

The Company has financed its operations to date through a series of private Common Stock and Preferred Stock financings. Upon the closing of this offering, all shares of Preferred Stock will be converted into shares of Common Stock at a conversion rate of one share of Common Stock for each share of Preferred Stock. See "Description of Capital Stock."

Common Stock at Formation. In April 1995, the Company sold an aggregate of 4,688,333 shares of its Common Stock at a purchase price of $.12 per share to certain individuals and entities. Among the purchasers were the following 5% stockholders, directors and entities affiliated with directors of the Company, who purchased the number of shares set forth opposite their respective names: RSA--4,000,000 shares; Bessemer Venture Partners DCI--258,333 shares; D. James Bidzos--125,000 shares; Kairdos L.L.C.--100,000 shares; and TZM Investment Fund--80,000 shares. Mr. Bidzos is the Chairman of the Board of the Company, the President and Chief Executive Officer of RSA and the General Manager and a member of Kairdos L.L.C. Mr. Tomlinson, a director of the Company, is a general partner of TZM Investment Fund and TZM Investment Fund is a member of Kairdos L.L.C. Mr. Cowan, a director of the Company, is a general partner of the general partner of Bessemer Venture Partners DCI. All purchasers paid cash except RSA, which contributed to the Company equipment, assets and technology pursuant to an Assignment dated as of April 18, 1995. In connection with the contribution of these assets to the Company, RSA entered into a BSAFE/TIPEM OEM Master License Agreement with the Company pursuant to which the Company was granted a perpetual, royalty free, nonexclusive, worldwide license to distribute certain products containing the RSA BSAFE and TIPEM products and a Non-Compete and Non-Solicitation Agreement pursuant to which RSA agreed, for a five-year period, not to compete with the Company's certificate authority business.

Series A Preferred Stock. In April 1995, the Company also sold an aggregate of 4,306,883 shares of its Series A Preferred Stock at a cash purchase price of $1.20 per share to nine entities. Among the purchasers were the following 5% stockholders and entities affiliated with directors of the Company, who purchased the number of shares set forth opposite their respective names: Bessemer Venture Partners DCI--850,000 shares; VISA--850,000 shares; Intel Corporation--850,000 shares; Security Dynamics--425,000 shares and First TZMM Investment Partnership--23,550 shares. Mr. Bidzos is an Executive Vice President and a director of Security Dynamics. Mr. Tomlinson, a director of the Company, is a general partner of First TZMM Investment Partnership.

Series B Preferred Stock. In February 1996, the Company sold an aggregate of 2,099,123 shares of its Series B Preferred Stock at a cash purchase price of $2.45 per share to 12 entities. Among the purchasers were the following 5% stockholders and entities affiliated with directors of the Company, who purchased the number of shares set forth opposite their respective names: Kleiner Perkins Caufield & Byers VII--1,153,207 shares; Bessemer Venture Partners DCI--187,819 shares; Intel Corporation--144,052 shares; VISA --144,052 shares; KPCB VII Founders Fund--125,947 shares; Security Dynamics--72,026 shares; KPCB Information Science Zaibatsu Fund II--32,799 shares; and First TZMM Investment Partnership--17,554 shares. Mr. Compton, a director of the Company, is a general partner of the general partner of Kleiner Perkins Caufield & Byers VII, KPCB VII Founders Fund and KPCB Information Science Zaibatsu Fund II.

Stockholders' Agreement. In April 1995, the Company and each of the persons who were then stockholders (the "Parties") entered into a Stockholders' Agreement, which was amended at the time of the Series B

Preferred Stock financing and again in November 1996, when the Series C Preferred Stock financing was closed, to include as parties to the agreement the new holders of Preferred Stock. The Stockholders' Agreement, as amended, prohibits the Parties from transferring any of their shares of capital stock of the Company, without the prior consent of the Board and a majority in interest of the other Parties, to certain specified corporations and entities affiliated with such corporations. The Stockholders' Agreement also provides that no Party can vote shares of capital stock of the Company with voting rights in excess of 45% of the voting rights of the total voting capital stock of the Company entitled to vote on any matter, thereby prohibiting a Party with more than 45% of the voting rights of the total voting capital stock of the Company from controlling the voting on any given matter. Finally, the Stockholders' Agreement provides that, so long as any of Kleiner Perkins Caufield & Byers VII, Bessemer Venture Partners DCI, VISA and Intel Corporation retained at least 50% of the shares issued to them in the Series A or Series B Preferred Stock financing, or so long as RSA retains not less than the lesser of 10% of the issued and outstanding voting shares of the Company or 75% of the shares of Common Stock held by it immediately following the Series A Preferred Stock financing, the Company and the stockholders would cause and maintain the election to the Board of a representative of each of those five entities that satisfied their respective requirement. The Stockholders' Agreement terminates upon the closing of this offering.

Co-Sale Agreement. In February 1996, the Company, each of the purchasers of Series B Preferred Stock and RSA entered into a Co-Sale Agreement, pursuant to which the holders of Series B Preferred Stock were granted rights to participate in certain sales of capital stock of the Company owned by RSA. Such co-sale rights will terminate upon the closing of this offering.

Investors' Rights Agreement. In November 1996, the Company, all of the current holders of Preferred Stock and the purchasers of Common Stock in April 1995 entered into an Amended and Restated Investors' Rights Agreement (the "Investors' Rights Agreement") pursuant to which the holders of all such Preferred or Common Stock (the "Investors") have certain registration rights with respect to their shares of Common Stock following this offering. See "Description of Capital Stock--Registration Rights." Pursuant to the terms of the Investors' Rights Agreement, each of the Investors and Stratton Sclavos, the Company's President and Chief Executive Officer and a director of the Company, were granted a right of first offer with respect to certain future sales of securities by the Company.

Officer Loans. In November 1996, in connection with the exercise of stock options granted under the 1995 Stock Option Plan, the Company permitted four executive officers, Richard A. Yanowitch, Ethel E. Daly, Dana L. Evan and Stratton D. Sclavos to purchase shares of Common Stock in exchange for promissory notes issued under its Executive Loan Program in the amounts of $217,500, $105,000, $93,750 and $73,920, respectively. See "Management--Employee Benefit Plans--Executive Loan Program of 1996." In June 1997, in connection with the exercise of a stock option granted under the 1995 Stock Option Plan, the Company permitted Nicholas F. Piazzola, an executive officer, to purchase shares of Common Stock in exchange for a promissory note issued under the Executive Loan Program in the amount of $115,425. Each note is a recourse note that is secured by the shares purchased with that note. The notes bear interest at the rate of 6.95% per annum (6.87% in the case of Mr. Piazzola), payable quarterly, and are due and payable on the earlier of December 31, 2005 or the date the borrowers' employment relationship with the Company is terminated, unless otherwise extended by a separate written agreement approved by the Board. During the nine months ended September 30, 1997, the Company paid a bonus in the amount of the interest accrued under each such executive officer's promissory note in the amounts of $17,426, $8,412, $7,511 and $5,922 for Mr. Yanowitch, Ms. Daly, Ms. Evan and Mr. Sclavos, respectively.

Development Agreement. In September 1997, the Company and Security Dynamics, the parent company of RSA, entered into a Master Development and License Agreement (the "Development Agreement"). Mr. Bidzos, the Chairman of the Board of the Company, is also a director of Security Dynamics. Pursuant to the Development Agreement, the Company will develop certain technology for Security Dynamics. The Development Agreement provides that Security Dynamics will pay the Company an initial license fee, $900,000 of which was paid in October 1997 and the remaining fee will be payable upon the achievement of certain milestones. Commencing in March 1998, Security Dynamics will also be required to pay the Company a monthly product support fee for a three-year period, and thereafter for successive annual terms, unless either of the parties elects to terminate

such product support within 60 days prior to the end of the term or Security Dynamics terminates support services at any time on 60 days prior written notice to the Company. For a yearly fee, Security Dynamics can purchase product maintenance services. For so long as Security Dynamics is paying such maintenance fees, the Company will be obligated, at no additional cost, to provide Security Dynamics with non-exclusive first-to-market access to new technologies developed by the Company that are relevant to the business of providing enterprise security solutions or solutions for secure business communications. The Company is also obligated, upon the request of Security Dynamics, to make its other technology available to Security Dynamics on certain "most favored pricing" terms.

Microsoft Agreements. In November 1996, the Company sold an aggregate of 3,562,500 shares of its Series C Preferred Stock at a cash purchase price of $8.00 per shares to 11 entities. Among the purchasers was Microsoft, a 5% stockholder, which purchased 812,500 shares. In November 1997, the Company entered into a Certificate Authority Preferred Provider Agreement under which the Company will be featured as the preferred provider of digital certificates for Microsoft customers. Upon the execution of this agreement, the Company issued Microsoft 100,000 shares of Common Stock valued at $800,000.

VISA Agreements. In April 1996, the Company entered into a Private Label Agreement with VISA under which the Company developed and operates a digital certificate system for VISA's member banks, based on a private VISA root key, that provides certificate registration and issuing and management functions through VeriSign's operations and Digital ID Center. This agreement expires two and one-half years from the earlier of the commencement of the pilot program or April 8, 1997. The Company received aggregate payments from VISA of $455,000 during 1996 and $675,000 during the nine months ended September 30, 1997, in the form of development fees, set-up fees and certificate volume-based subscriber fees. VISA is obligated to continue to pay subscriber fees for the remainder of the term of this agreement. VISA prepays these fees on a quarterly basis and are subject to offset against certificates issued. VISA is not entitled to any refunds in the event that sufficient certificates are not issued to offset any remaining prepaid subscriber fees. The Company is also obligated to provide VISA with certain "most favored pricing" rights. VISA has the right to terminate this agreement after April 1, 1998 by entering into a license agreement with the Company and paying licensing fees as well as a royalty for future certificates issued.

In October 1996, the Company entered into a Private Label Agreement with VISA under which the Company developed a pilot digital certificate system, based on a private VISA root key, which provides certificate registration and issuing and management functions through VeriSign's operations and Digital ID Center in connection with the VISA Cash stored value card and the Chip Card Payment Service. This agreement expired in October 1997. The Company received aggregate payments of $40,000 during 1996 and $126,000 during the nine months ended September 30, 1997, in the form of development fees, operation fees and subscriber fees.

Sublease with Security Dynamics. Since September 1996, the Company has sublet approximately 12,700 square feet of space for its offices in Cambridge, Massachusetts. This space is subleased from Security Dynamics pursuant to a sublease that expires in March 1998. The Company made lease payments to Security Dynamics of $17,646 during 1996 and $130,624 during the nine months ended September 30, 1997. The Company is obligated to pay monthly rent of approximately $19,000 for the remainder of 1997 and monthly rent of approximately $20,000 from January 1998 through the expiration date. The Company is also obligated to pay all electricity, heating, ventilation and air conditioning costs for the subleased premises.

CERTAIN BUSINESS RELATIONSHIPS

Legal Fees. During 1996 and the nine months ended September 30, 1997, the law firm of Tomlinson Zisko Morosoli & Maser LLP, of which Mr. Tomlinson is a partner, provided legal services to the Company on a variety of matters. During 1996 and the nine months ended September 30, 1997, the Company paid Tomlinson Zisko Morosoli & Maser LLP an aggregate of $344,120 and $106,252, respectively.

The Company believes that the terms of each of the transactions described above, taken as a whole, were no less favorable to the Company than the Company could have obtained from unaffiliated third parties.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock as of October 31, 1997 and as adjusted to reflect the sale of the shares of Common Stock offered hereby by: (i) each person who is known by the Company to own beneficially more than 5% of the Company's Common Stock, (ii) each director of the Company, (iii) each of the Named Executive Officers and (iv) all directors and executive officers of the Company as a group.

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENTAGE OF COMMON STOCK BENEFICIALLY OWNED(1) BEFORE OFFERING	PERCENTAGE OF COMMON STOCK BENEFICIALLY OWNED(1) AFTER OFFERING(2)
D. James Bidzos Security Dynamics Technologies, Inc. (3)...	4,740,151	28.4%	
Kevin R. Compton Kleiner Perkins Caufield & Byers (4).....	1,315,078	7.9	
David J. Cowan Bessemer Venture Partners DCI (5).....	1,299,277	7.8	
William Chenevich Visa International Service Association (6).....	997,177	6.0	
Intel Corporation (7).....	994,052	6.0	
Stratton D. Sclavos (8).....	616,000	3.7	
Richard A. Yanowitch (9).....	290,000	1.7	
Arnold Schaeffer (10).....	142,000	*	
Dana L. Evan (11).....	135,000	*	
Michael S. Baum (12).....	125,000	*	
Timothy Tomlinson (13).....	124,229	*	
All officers and directors as a group (13 persons) (14).....	10,013,912	60.1	

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* Less than 1% of the Company's outstanding Common Stock

(1) Percentage ownership is based on 16,668,509 shares outstanding as of October 31, 1997, including shares issuable upon conversion of all outstanding Preferred Stock into Common Stock in connection with this offering, and shares outstanding after the offering. Shares of Common Stock subject to options currently exercisable or exercisable within 60 days of October 31, 1997 are deemed outstanding for the purpose of computing the percentage ownership of the person holding such options but are not deemed outstanding for computing the percentage ownership of any other person. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

(2) Assumes the Underwriters' over-allotment option is not exercised.

(3) Represents 4,497,026 shares held of record by Security Dynamics or by wholly-owned subsidiaries thereof, 113,000 shares held of record by D. James Bidzos, 100,000 shares held of record by Kairdos L.L.C., 12,000 shares held of record by relatives and other associates of Mr. Bidzos, 15,000 shares subject to options held of record by D. James Bidzos that are exercisable within 60 days of October 31, 1997 and 3,125 shares subject to options that are held of record by Mr. Bidzos that are exercisable within 60 days of October 31, 1997. Mr. Bidzos, the Chairman of the Board of the Company, is the President of RSA, an Executive Vice President and a director of Security Dynamics and the General Manager and a member of Kairdos L.L.C. and Tolmi LLC. Mr. Bidzos disclaims beneficial ownership of the shares held by Kairdos L.L.C. and Tolmi LLC except for his proportional interest therein, and disclaims beneficial ownership of the shares held by Security Dynamics or its wholly-owned subsidiaries. The address for Mr. Bidzos and Security Dynamics is One Alewife Center, Cambridge, Massachusetts 02140.

(4) Represents 1,153,207 shares held of record by Kleiner Perkins Caufield & Byers VII L.P., 125,947 shares held of record by KPCB VII Founders Fund, 32,799 shares held of record by KPCB Information Science Zaibatsu Fund II and 3,125 shares subject to options held of record by Kevin Compton that are exercisable within 60 days of October 31, 1997. Mr. Compton, a director of the Company, is a general partner of the general partner of each of these entities. Mr. Compton disclaims beneficial ownership of shares held by such entities except for his proportional interest therein. The address for Mr. Compton and these entities is c/o Kleiner Perkins Caufield & Byers, 2750 Sand Hill Road, Menlo Park, California 94025.

(5) Represents 1,296,152 shares held of record by Bessemer Venture Partners DCI and 3,125 shares subject to options held of record by Mr. Cowan that are exercisable within 60 days of October 31, 1997. Mr. Cowan, a director of the Company, is a general partner of the general partner of Bessemer Venture Partners DCI and is a manager of Deer III & Co. LLC. Mr. Cowan disclaims beneficial ownership of shares held by Bessemer Venture Partners DCI except for his proportional interest therein. The address for Mr. Cowan and Bessemer Venture Partners DCI is 535 Middlefield Road, Menlo Park, California 94025.

(6) Represents 994,052 shares held by VISA and 3,125 shares subject to options held of record by Mr. Chenevich that are exercisable within 60 days of October 31, 1997. Mr. Chenevich, a director of the Company, is the Group Executive Vice President, Data Processing Systems of VISA. Mr. Chenevich disclaims beneficial ownership of shares held by VISA. The address for Mr. Chenevich and VISA is 900 Metro Center, Foster City, California 94404.

(7) Represents shares held by Intel Corporation. The address for Intel Corporation is 2200 Mission College Blvd., Building SC-4, Santa Clara, California 95050.

(8) Mr. Sclavos is President, Chief Executive Officer and a director of the Company. Of the shares shown in the table, as of October 31, 1997, 269,500 were subject to a repurchase right that lapses as to 38,500 of the shares each quarter.

(9) Mr. Yanowitch is Vice President of Marketing of the Company. Of the shares shown in the table, as of October 31, 1997, 199,375 were subject to a repurchase right that lapses as to 18,125 of the shares each quarter.

(10) Mr. Schaeffer is Vice President of Engineering of the Company. Of the shares shown in the table, as of October 31, 1997, 81,125 were subject to a repurchase right that lapses as to 8,875 of the shares each quarter.

(11) Ms. Evan is Vice President of Finance and Administration and Chief Financial Officer of the Company. Of the shares shown in the table, as of October 31, 1997, 85,938 were subject to a repurchase right that lapses as to 7,812 of the shares each quarter.

(12) Mr. Baum is Vice President of Practices and External Affairs of the Company. Of the shares shown in the table, as of October 31, 1997, 65,918 were subject to a repurchase right that lapses as to 7,324 of the shares each quarter.

(13) Represents 50,000 shares held of record by TZM Investment Fund, 41,104 shares held of record by First TZMM Investment Partnership, 5,000 shares held of record by the Joy E. Tomlinson 1996 Trust, 5,000 shares held of record by the Tucker Tomlinson 1996 Trust, 10,000 shares held of record by the Allison A. Zisko 1996 Trust, 10,000 shares held of record by the Natalie L. Zisko 1996 Trust and 3,125 shares subject to options held of record by Mr. Tomlinson that are exercisable within 60 days of October 31, 1997. Mr. Tomlinson is a general partner of TZM Investment Fund and First TZMM Investment Partnership and a trustee of each trust.

(14) Represents the shares described in footnotes (3)-(6) and (8)-(13) and an additional 230,000 shares held by other executive officers, of which 186,250 were subject to repurchase rights as of October 31, 1997 that lapse as to an aggregate of 14,375 shares each quarter.

DESCRIPTION OF CAPITAL STOCK

As of October 31, 1997, assuming the conversion of all outstanding shares of Preferred Stock into shares of Common Stock, there were outstanding 16,668,509 shares of Common Stock, each with a par value of $.001, held of record by approximately 109 stockholders, and outstanding options to purchase 2,362,258 shares of Common Stock.

The following summary of certain provisions of the Common Stock and Preferred Stock does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the Company's Certificate of Incorporation, which is included as an exhibit to the Registration Statement, of which this Prospectus forms a part, and by the provisions of applicable law.

COMMON STOCK

Upon the closing of this offering, the Company will be authorized to issue 50,000,000 shares of Common Stock. Subject to preferences that may be applicable to any Preferred Stock outstanding at the time, the holders of outstanding shares of Common Stock are entitled to receive dividends out of assets legally available therefor at such times and in such amounts as the Board from time to time may determine. Holders of Common Stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors will not be authorized by the Company's Amended and Restated Certificate of Incorporation, which means that the holders of a majority of the shares voted can elect all of the directors then standing for election. The Common Stock is not entitled to preemptive rights and is not subject to conversion or redemption. Upon liquidation, dissolution or winding-up of the Company, the assets legally available for distribution to stockholders are distributable ratably among the holders of the Common Stock and any participating Preferred Stock outstanding at that time after payment of liquidation preferences, if any, on any outstanding Preferred Stock and payment of other claims of creditors. Each outstanding share of Common Stock is, and all shares of Common Stock to be outstanding upon completion of this offering will be upon payment therefor, duly and validly issued, fully paid and nonassessable.

PREFERRED STOCK

Upon the closing of this offering, each outstanding share of Preferred Stock (the "Convertible Preferred") will be converted into shares of Common Stock. See Note 6 of Notes to Consolidated Financial Statements for a description of the Convertible Preferred. Following the offering, the Company will be authorized to issue up to 5,000,000 shares of "blank check" Preferred Stock. The Board is authorized, subject to any limitations prescribed by Delaware law, to provide for the issuance of Preferred Stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon, and to increase or decrease the number of shares of any such series (but not below the number of shares of such series then outstanding), without any further vote or action by the stockholders. The Board may authorize the issuance of Preferred Stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of Common Stock. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change in control of the Company and may adversely affect the market price of the Common Stock, and the voting and other rights of the holders of Common Stock. The Company has no current plan to issue any shares of Preferred Stock.

REGISTRATION RIGHTS

Following this offering, the holders of approximately 14,719,339 shares of Common Stock (representing the purchasers of Common Stock at the founding of the Company in April 1995 and all of the purchasers of Preferred Stock) (the "Holders") will have certain rights to cause the Company to register those shares (the "Registrable Securities") under the Securities Act pursuant to the Investors' Rights Agreement. The holders of at least a majority of the Registrable Securities may require, after 180 days from the effective date of this

offering, that the Company use its best efforts to effect up to two registrations. Holders not part of the initial registration demand are entitled to notice of such registration and are entitled to include shares of Registrable Securities therein. These registration rights are subject to certain conditions and limitations, including (i) the right, under certain circumstances, of the underwriters of an offering to limit the number of shares included in such registration and (ii) the right of the Company to delay the filing of a registration statement for not more than 120 days after receiving the registration demand. The Company is obligated to pay all registration expenses incurred in connection with such registration (other than underwriters' discounts and commissions) and the reasonable fees and expenses of a single counsel to the selling Holders.

In addition, if the Company proposes to register any of its securities under the Securities Act (other than a registration relating solely to the sale of securities to participants in a Company stock plan, a registration on a form that does not include substantially the same information as would be required in a registration statement covering the sale of the Registrable Securities or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered) in connection with the sale of such securities solely for cash, whether or not for sale for its own account, the Holders are entitled to notice of such registration and are entitled to include Registrable Securities therein. These rights are subject to certain conditions and limitations, including the right of the underwriters of an offering to limit the number of shares included in such registration under certain circumstances. The Company is obligated to pay all registration expenses incurred in connection with such registration other than underwriters' discounts and commissions. If the Company were to initiate a registration and include shares pursuant to this "piggyback" right, such sales might have an adverse effect on the Company's ability to raise capital.

The Holders may also require the Company, on no more than two occasions in any twelve-month period, to register all or a portion of their Registrable Securities on Form S-3 under the Securities Act when such form becomes available for use by the Company, if the securities to be so registered represent an aggregate selling price to the public of not less than $1.0 million. The Holders who are not part of the initial registration demand are entitled to notice of such registration and are entitled to include shares of Registrable Securities therein. These registration rights are subject to certain conditions and limitations, including the right of the Company to delay the filing of a registration statement on Form S-3 for a period of not more than 60 days after receiving the registration demand. The Company is obligated to pay all registration expenses incurred in connection with such registration (other than underwriters' discounts and commissions) and the reasonable fees and expenses of a single counsel to the selling Holders.

Each stockholder's registration rights will expire upon the earlier of the fifth anniversary of the closing of this offering or at such time as the stockholder can sell all of its securities under Rule 144(k).

DELAWARE ANTI-TAKEOVER LAW AND CERTAIN CHARTER AND BYLAW PROVISIONS

Upon the closing of this offering, the Company will be subject to the provisions of Section 203 of the Delaware General Corporation Law (the "Anti-Takeover Law") regulating corporate takeovers. The Anti-Takeover Law prevents certain Delaware corporations, including those whose securities are listed on the Nasdaq National Market, from engaging, under certain circumstances, in a "business combination" (which includes a merger or sale of more than 10% of the corporation's assets) with any "interested stockholder" (a stockholder who owns 15% or more of the corporation's outstanding voting stock, as well as affiliates and associates of any such persons) for three years following the date that such stockholder became an "interested stockholder" unless (i) the transaction is approved by the Board of Directors prior to the date the "interested stockholder" attained such status, (ii) upon consummation of the transaction that resulted in the stockholder's becoming an "interested stockholder," the "interested stockholder" owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding those shares owned by (a) persons who are directors and also officers and (b) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer), or (iii) on or subsequent to such date the "business combination" is approved by the Board of Directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding

voting stock that is not owned by the "interested stockholder." A Delaware corporation may "opt out" of the Anti-Takeover Law with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. The Company has not "opted out" of the provisions of the Anti-Takeover Law. The statute could prohibit or delay mergers or other takeover or change-in-control attempts with respect to the Company and, accordingly, may discourage attempts to acquire the Company.

The Company's Amended and Restated Bylaws, which will be in effect upon the completion of this offering, will provide for the division of the Board into three classes as nearly equal in size as possible with staggered three-year terms. The classification of the Board could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, control of the Company. In addition, the Amended and Restated Bylaws will provide that any action required or permitted to be taken by the stockholders of the Company at an annual meeting or special meeting of stockholders may only be taken if it is properly brought before such meeting and may not be taken by written action in lieu of a meeting. The Amended and Restated Bylaws will provide that special meetings of the stockholders may only be called by the Chairman of the Board, the Chief Executive Officer or, if none, the President of the Company or by the Board.

The Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws will provide that the Company will indemnify officers and directors against losses that they may incur in investigations and legal proceedings resulting from their services to the Company, which may include services in connection with takeover defense measures. Such provisions may have the effect of preventing changes in the management of the Company.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Company's Common Stock is ChaseMellon Shareholder Services, L.L.C.

LISTING

The Company has applied to list its Common Stock on the Nasdaq National Market under the symbol "VRSN."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for the Common Stock of the Company. Future sales of substantial amounts of Common Stock in the public market could adversely affect prevailing market prices from time to time. Furthermore, since no shares will be available for sale shortly after this offering because of certain contractual and legal restrictions on resale (as described below), sales of substantial amounts of Common Stock of the Company in the public market after these restrictions lapse could adversely affect the prevailing market price and the ability of the Company to raise equity capital in the future.

Upon completion of this offering, the Company will have outstanding an aggregate of shares of Common Stock, assuming no exercise of the Underwriters' over-allotment option and no exercise of outstanding options. Of these shares, all of the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless such shares are purchased by "affiliates" of the Company as that term is defined in Rule 144 under the Securities Act (the "Affiliates"). The remaining 17,018,509 shares of Common Stock held by existing stockholders are "restricted securities" as that term is defined in Rule 144 under the Securities Act ("Restricted Shares"). Restricted Shares may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 or 701 promulgated under the Securities Act, which rules are summarized below. All officers, directors, stockholders and option holders of the Company have agreed not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly (or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of), any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock, for a period of 180 days after the date of this Prospectus, without the prior written consent of Morgan Stanley & Co. Incorporated. Morgan Stanley & Co. Incorporated may in its sole discretion choose to release a certain number of these shares from such restrictions prior to the expiration of such 180 day period. As a result of such contractual restrictions and the provisions of Rule 144 and 701, the Restricted Shares will be available for sale in the public market as follows: (i) no shares will be eligible for immediate sale on the date of this Prospectus; (ii) 16,668,509 shares will be eligible for sale upon expiration of the lock-up agreements 180 days after the date of this Prospectus, subject in the case of all but 2,661,052 shares to the volume limitations and other conditions of Rule 144 described below; and (iii) the remaining 350,000 shares will become eligible for sale in November 1998, subject to the volume limitations and other conditions of Rule 144.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this Prospectus, a person (or persons whose shares are aggregated) who has beneficially owned Restricted Shares for at least one year (including the holding period of any prior owner except an Affiliate) would be entitled to sell within any three-month period a number of shares that does not exceed the greater of: (i) 1% of the number of shares of Common Stock then outstanding (which will equal approximately shares immediately after this offering); or (ii) the average weekly trading volume of the Common Stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale. Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about the Company. Under Rule 144(k), a person who is not deemed to have been an Affiliate of the Company at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years (including the holding period of any prior owner except an Affiliate), is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144; therefore, unless otherwise restricted, shares will qualify as "144(k) shares" on the date of this Prospectus and may be sold immediately upon the completion of this offering. Subject to certain limitations on the aggregate offering price of a transaction and other conditions, employees, directors, officers, consultants or advisors may rely on Rule 701 with respect to the resale of securities originally purchased from the Company prior to the date the issuer becomes subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to written compensatory benefit plans or written contracts relating to the compensation of such persons. In addition, the Securities and Exchange Commission has indicated that Rule 701 will apply to typical stock options granted by an issuer before it

becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options (including exercises after the date of this Prospectus). Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described above, beginning 90 days after the date of this Prospectus, may be sold by persons other than Affiliates subject only to the manner of sale provisions of Rule 144, and by Affiliates under Rule 144 without compliance with its holding period requirements.

Upon completion of this offering, the holders of approximately 14,719,339 shares of Common Stock currently outstanding or issuable upon conversion of Preferred Stock, or their transferees, will be entitled to certain rights with respect to the registration of such shares under the Securities Act. See "Description of Capital Stock--Registration Rights." Registration of such shares under the Securities Act would result in such shares becoming freely tradable without restriction under the Securities Act (except for share purchases by affiliates) immediately upon the effectiveness of such registration.

The Company intends to file a registration statement under the Securities Act covering (i) 2,650,000 shares of Common Stock reserved or to be reserved for issuance under the Equity Incentive Plan, the Purchase Plan and the Directors Plan, (ii) an additional number of shares of Common Stock to be reserved for issuance under the Equity Incentive Plan equal to the number of shares reserved for future issuance under the Prior Plans as of the date of this Prospectus (717,482 as of October 31, 1997), and (iii) shares subject to outstanding options under the Prior Plans as of the date of this Prospectus (2,362,528 as of October 31, 1997). See "Management--Employee Benefit Plans." Such registration statement is expected to be filed and become effective as soon as practicable after the effective date of this offering. Accordingly, shares registered under such registration statement will, subject to Rule 144 volume limitations applicable to Affiliates, be available for sale in the open market, beginning 180 days after the date of the Prospectus, unless such shares are subject to vesting restrictions with the Company.

UNDERWRITERS

Under the terms and subject to the conditions contained in an Underwriting Agreement dated the date hereof (the "Underwriting Agreement"), the Underwriters named below (the "Underwriters"), for whom Morgan Stanley & Co. Incorporated, Hambrecht & Quist LLC and Wessels, Arnold & Henderson, L.L.C. are acting as Representatives (the "Representatives"), have severally agreed to purchase, and the Company has agreed to sell to them, severally, the respective number of shares of Common Stock set forth opposite their respective names below:

NAME	NUMBER OF SHARES
Morgan Stanley & Co. Incorporated.....	
Hambrecht & Quist LLC.....	
Wessels, Arnold & Henderson, L.L.C.	
Total.....	

The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the shares of Common Stock offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are obligated to take and pay for all of the shares of Common Stock offered hereby (other than those covered by the over-allotment option described below) if any such shares are taken.

The Underwriters initially propose to offer part of the shares of Common Stock directly to the public at the initial public offering price set forth on the cover page hereof and part to certain dealers at a price that represents a concession not in excess of $ a share under the public offering price. Any Underwriter may allow, and such dealers may reallow, a concession not in excess of $ a share to other Underwriters or to certain dealers. After the initial offering of the shares of Common Stock, the offering price and other selling terms may from time to time be varied by the Representatives.

The Company has granted to the Underwriters an option, exercisable for 30 days from the date of this Prospectus, to purchase up to an aggregate of additional shares of Common Stock at the initial public offering price set forth on the cover page hereof, less underwriting discounts and commissions. The Underwriters may exercise such option to purchase solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Common Stock offered hereby. To the extent such option is exercised, each Underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of Common Stock as the number set forth next to such Underwriter's name in the preceding table bears to the total number of shares of Common Stock set forth next to the names of all Underwriters in the preceding table.

The Underwriters have informed the Company that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of Common Stock offered by them.

The Company has applied to list its Common Stock on the Nasdaq National Market under the symbol "VRSN."

Each of the Company and the directors, executive officers, certain other stockholders and option holders of the Company has agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Underwriters, it will not during the period ending 180 days after the date of this Prospectus (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer, lend or dispose of, directly or indirectly, any shares

of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, except under certain limited circumstances. The restrictions described in this paragraph to not apply to (a) the sale of Shares to the Underwriters, (b) the issuance by the Company of shares of Common Stock upon exercise of an option or a warrant outstanding on the date of this Prospectus and described as such in the Prospectus, (c) the issuance by the Company of shares of Common Stock under the Equity Incentive Plan, the Directors Plan and the Purchase Plan or (d) transactions by any person other than the Company relating to shares of Common Stock or other securities acquired in open market transactions after the completion of the offering of the Shares.

In order to facilitate the offering of the Common Stock, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Common Stock. Specifically, the Underwriters may over-allot in connection with the offering, creating a short position in the Common Stock for their own account. In addition, to cover over-allotments or to stabilize the price of the Common Stock, the Underwriters may bid for, and purchase, shares of Common Stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an Underwriter or a dealer for distributing the Common Stock in the offering, if the syndicate repurchases previously distributed Common Stock in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the Common Stock above independent market levels. The Underwriters are not required to engage in these activities, and may end any of these activities at any time.

In November and December 1996, the Company issued an aggregate of 3,625,000 shares of Series C Preferred Stock for an aggregate consideration of $29.0 million. In connection with such financing, Morgan Stanley & Co. Incorporated received an aggregate of $730,000 as a financial advisory fee.

The Company and the Underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

PRICING OF THE OFFERING

Prior to this offering, there has been no public market for the Common Stock or any other securities of the Company. The initial public offering price for the Common Stock will be determined by negotiations between the Company and the Representatives. Among the factors to be considered in determining the initial public offering price will be the future prospects of the Company and its industry in general, sales, earnings and certain other financial and operating information of the Company in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to those of the Company. The estimated initial public offering price range set forth on the cover page of this Preliminary Prospectus is subject to change as a result of market conditions and other factors.

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby will be passed upon for the Company by Fenwick & West LLP, Palo Alto, California. Certain legal matters in connection with this offering will be passed upon for the Underwriters by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California.

EXPERTS

The consolidated financial statements and schedule of VeriSign, Inc. and subsidiary as of December 31, 1995 and 1996 and September 30, 1997 and for the period from April 12, 1995 (inception) to December 31, 1995, the year ended December 31, 1996 and the nine month period ended September 30, 1997 have been included herein and in the Registration Statement in reliance upon the reports of KPMG Peat Marwick LLP, independent auditors, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission"), Washington, D.C. 20549, a Registration Statement on Form S-1 under the Securities Act with respect to the shares of Common Stock offered hereby. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement and the exhibits and schedule thereto. Certain items are omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement and the exhibits and schedule thereto. Statements contained in this Prospectus regarding the contents of any contract or any other document to which reference is made are not necessarily complete, and, in each instance, reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. A copy of the Registration Statement, and the exhibits and schedule thereto, may be inspected without charge at the public reference facilities maintained by the Commission in Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices located at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and Seven World Trade Center, 13th Floor, New York, New York 10048, and copies of all or any part of the Registration Statement may be obtained from such offices upon the payment of the fees prescribed by the Commission. The Commission maintains a World Wide Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. The address of the site is http://www.sec.gov.

VERISIGN, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
VeriSign, Inc.:

We have audited the accompanying consolidated balance sheets of VeriSign, Inc. and subsidiary as of December 31, 1995 and 1996 and September 30, 1997, and the related consolidated statements of operations, stockholders' equity, and cash flows for the period from April 12, 1995 (inception) to December 31, 1995, for the year ended December 31, 1996, and for the nine months ended September 30, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of VeriSign, Inc. and subsidiary as of December 31, 1995 and 1996 and September 30, 1997, and the results of their operations and their cash flows for the period from April 12, 1995 (inception) to December 31, 1995, for the year ended December 31, 1996, and for the nine months ended September 30, 1997, in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP

San Francisco, California
November 5, 1997, except as to Notes 8 and 10,
which are as of November 20, 1997

VERISIGN, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	DECEMBER 31,		SEPTEMBER 30, 1997	
	1995	1996	ACTUAL	PRO FORMA
ASSETS				(UNAUDITED)
Current assets:				
Cash and cash equivalents	$2,687	$29,983	$ 5,902	$ 5,902
Short-term investments	--	--	7,710	7,710
Accounts receivable, net of allowance for doubtful accounts of $30, $35, and $134, respectively	195	751	2,245	2,245
Prepaid expenses and other current assets	78	786	573	573
Total current assets	2,960	31,520	16,430	16,430
Property and equipment, net	1,007	4,617	8,391	8,391
Other assets	85	366	838	838
	$4,052	$36,503	$25,659	$25,659
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Notes payable	$ --	$ 258	$ 1,488	$ 1,488
Accounts payable	414	2,461	1,221	1,221
Accrued liabilities	216	2,034	3,904	1,904
Deferred revenue	46	1,944	3,109	3,109
Total current liabilities	676	6,697	9,722	7,722
Minority interest in subsidiary	--	1,251	61	61
Commitments				
Stockholders' equity:				
Convertible preferred stock, $.001 par value; actual--10,282,883 shares authorized; 4,306,883 shares issued and outstanding in 1995, 10,031,006 shares issued and outstanding in 1996 and 1997; aggregate liquidation preference of $5,038 in 1995 and $39,206 in 1996 and 1997; pro forma--5,000,000 shares authorized; no shares issued and outstanding	4	10	10	--
Common stock, $.001 par value; actual--15,940,217 shares authorized; 4,692,833, 6,376,708, and 6,568,257 shares issued and outstanding in 1995, 1996, and 1997, respectively; pro forma--50,000,000 shares authorized; 16,949,263 shares issued and outstanding	5	6	6	17
Additional paid-in capital	5,361	41,319	41,651	44,450
Notes receivable from stockholders	--	(543)	(644)	(644)
Deferred compensation	--	--	(188)	(188)
Accumulated deficit	(1,994)	(12,237)	(24,959)	(25,759)
Total stockholders' equity	3,376	28,555	15,876	17,876
	$4,052	$36,503	$25,659	$25,659

See accompanying notes to consolidated financial statements.

VERISIGN, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	PERIOD FROM APRIL 12, 1995 (INCEPTION) TO DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1996	1997
			(UNAUDITED)	
Revenues	$ 382	$ 1,351	$ 774	$ 6,115
Costs and expenses:				
Cost of revenues	412	2,791	1,593	5,166
Sales and marketing	790	4,876	2,768	7,264
Research and development	642	2,058	1,290	3,560
General and administrative	680	2,640	1,517	2,901
Litigation settlement	--	--	--	2,000
Total costs and expenses	2,524	12,365	7,168	20,891
Operating loss	(2,142)	(11,014)	(6,394)	(14,776)
Other income (expense)	148	(67)	84	860
Loss before minority interest	(1,994)	(11,081)	(6,310)	(13,916)
Minority interest in net loss of subsidiary	--	(838)	(358)	(1,194)
Net loss	$(1,994)	$(10,243)	$(5,952)	$(12,722)
Pro forma net loss per share		$ (.74)	$ (.47)	$ (.75)
Shares used in per share computations		13,836	12,532	17,006

See accompanying notes to consolidated financial statements.

VERISIGN, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

PERIOD FROM APRIL 12, 1995 (INCEPTION) TO SEPTEMBER 30, 1997
(IN THOUSANDS, EXCEPT SHARE DATA)

	CONVERTIBLE PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN	NOTES RECEIVABLE FROM	DEFERRED	ACCUMULATED	TOTAL STOCKHOLDERS'
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	STOCKHOLDERS	COMPENSATION	DEFICIT	EQUITY
Issuance of common stock to founders...	--	$ -	688,333	$ 1	$ 82	$ -	$ -	$ -	$ 83
Issuance of common stock to a founder in exchange for equipment, other assets, and technology.....	--	--	4,000,000	4	115	--	--	--	119
Issuance of common stock.....	--	--	4,500	--	--	--	--	--	--
Issuance of Series A convertible preferred stock.....	4,306,883	4	--	--	5,164	--	--	--	5,168
Net loss.....	--	--	--	--	--	--	--	(1,994)	(1,994)
Balances, December 31, 1995.....	4,306,883	4	4,692,833	5	5,361	--	--	(1,994)	3,376
Issuance of Series B convertible preferred stock.....	2,099,123	2	--	--	5,141	--	--	--	5,143
Issuance of Series C convertible preferred stock.....	3,625,000	4	--	--	28,192	--	--	--	28,196
Exercise of common stock options.....	--	--	1,637,375	1	559	(543)	--	--	17
Issuance of common stock.....	--	--	46,500	--	3	--	--	--	3
Issuance of capital stock by subsidiary to minority interest.....	--	--	--	--	2,063	--	--	--	2,063
Net loss.....	--	--	--	--	--	--	--	(10,243)	(10,243)
Balances, December 31, 1996.....	10,031,006	10	6,376,708	6	41,319	(543)	--	(12,237)	28,555
Deferred compensation related to common stock options, net of amortization of $13.....	--	--	--	--	201	--	(188)	--	13
Exercise of common stock options and advance to stockholder.....	--	--	244,494	--	99	(116)	--	--	(17)
Issuance of common stock.....	--	--	25,180	--	42	--	--	--	42
Repurchase of common stock.....	--	--	(78,125)	--	(10)	10	--	--	--
Payments on notes receivable from stockholders.....	--	--	--	--	--	5	--	--	5
Net loss.....	--	--	--	--	--	--	--	(12,722)	(12,722)
Balances, September 30, 1997.....	10,031,006	$ 10	6,568,257	$ 6	$ 41,651	$ (644)	$ (188)	$ (24,959)	$ 15,876

See accompanying notes to consolidated financial statements.

VERISIGN, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	PERIOD FROM APRIL 12, 1995 (INCEPTION) TO DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1996	1997
			(UNAUDITED)	
Cash flows from operating activities:				
Net loss	$(1,994)	$(10,243)	$(5,952)	$(12,722)
Adjustments to reconcile net loss to net cash used in operating activities:				
Litigation settlement	--	--	--	2,000
Depreciation and amortization	52	559	238	1,564
Minority interest in net loss of subsidiary	--	(838)	(358)	(1,194)
Changes in operating assets and liabilities:				
Accounts receivable	(195)	(556)	(425)	(1,494)
Prepaid expenses and other current assets	(79)	(708)	(203)	213
Accounts payable	437	2,047	524	(1,240)
Accrued liabilities	216	1,818	447	(130)
Deferred revenue	42	1,898	1,033	1,165
Net cash used in operating activities	(1,521)	(6,023)	(4,696)	(11,838)
Cash flows from investing activities:				
Purchases of short-term investments	--	--	--	(11,208)
Maturities and sales of short-term investments	--	--	--	3,498
Purchases of property and equipment	(1,008)	(4,168)	(1,702)	(5,321)
Other assets	(35)	(281)	(264)	(472)
Net cash used in investing activities	(1,043)	(4,449)	(1,966)	(13,503)
Cash flows from financing activities:				
Proceeds from bank borrowings	--	258	269	1,230
Proceeds from issuance of convertible preferred stock	5,168	33,339	5,143	--
Proceeds from issuance of common stock	83	20	19	30
Issuance of capital stock by subsidiary to minority interest	--	4,151	2,803	--
Net cash provided by financing activities	5,251	37,768	8,234	1,260
Net change in cash and cash equivalents	2,687	27,296	1,572	(24,081)
Cash and cash equivalents at beginning of period	--	2,687	2,687	29,983
Cash and cash equivalents at end of period	$ 2,687	$ 29,983	$ 4,259	$ 5,902
Noncash financing and investing activities:				
Issuance of common stock to a founder for equipment, other assets, and technology	$ 119	$ --	$ --	$ --
Issuance of notes receivable collateralized by common stock	$ --	$ 543	$ --	$ 116

See accompanying notes to consolidated financial statements.

(1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

VeriSign, Inc. (the "Company") was incorporated in Delaware in April 1995 when RSA Data Security, Inc. contributed equipment, other assets, and technology for common stock. This transfer of nonmonetary assets was recorded at the founder's historical cost basis. The Company provides digital certificate solutions and infrastructure needed by companies, government agencies, trading partners and individuals to conduct trusted and secure communications and commerce over the Internet and over intranets and extranets using the Internet Protocol.

Consolidation

In February 1996, the Company established a subsidiary in Japan. As of September 30, 1997, the Company owned approximately 51% of the subsidiary's outstanding shares of capital stock. The subsidiary provides the Company's digital certificate solutions throughout Japan. The accompanying consolidated financial statements include the accounts of the Company and its subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation. The Company accounts for changes in its proportionate share of the net assets of the subsidiary resulting from sales of capital stock by the subsidiary as equity transactions.

Foreign Currency Translation

The functional currency for the Company's subsidiary is the U.S. dollar. As a result, its financial statements are remeasured using a combination of current and historical exchange rates and any remeasurement adjustments are included in net loss, along with all transaction gains and losses for the period.

Cash, Cash Equivalents, and Short-Term Investments

The Company considers all highly liquid investments with maturities of three months or less at the date of acquisition to be cash equivalents. Cash and cash equivalents include money market funds, commercial paper, and various deposit accounts.

Investments held by the Company are classified as "available-for-sale" and are carried at fair value based on quoted market prices. Such investments consist of U.S. government or agency securities and corporate bonds with original maturities beyond 3 months and less than 12 months. Unrealized gains and losses as of December 31, 1996, and September 30, 1997, and realized gains and losses for the year ended December 31, 1996 and for the nine months ended September 30, 1997, were not material.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally three to five years.

Revenue Recognition

Revenues from the sale or renewal of digital certificates are deferred and recognized ratably over the life of the digital certificate, generally 12 months. Revenues from services are recognized using the percentage-of-completion method, based on the ratio of costs incurred to total estimated costs for fixed-fee development arrangements, on a time-and-materials basis for consulting and training services or ratably over the term of the agreement for support and maintenance services. To the extent costs incurred and anticipated costs to complete

fixed-fee contracts in progress exceed anticipated billings, a loss is accrued for the excess. To date, the Company has not experienced such losses. Deferred revenue principally consists of payments for unexpired digital certificates.

In October 1997, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") No. 97-2, Software Revenue Recognition, which supersedes SOP No. 91-1. The Company will be required to adopt SOP No. 97-2 prospectively for software transactions entered into beginning January 1, 1998. SOP No. 97-2 generally requires revenue earned on software arrangements involving multiple elements to be allocated to each element based on the relative fair values of the elements. The fair value of an element must be based on evidence that is specific to the vendor. If a vendor does not have evidence of the fair value for all elements in a multiple-element arrangement, all revenue from the arrangement is deferred until such evidence exists or until all elements are delivered. The Company's management anticipates that the adoption of SOP No. 97-2 will not have a material effect on the Company's operating results.

Research and Development Costs

Research and development costs are expensed as incurred. Costs incurred subsequent to establishing technological feasibility, in the form of a working model, are capitalized and amortized over their estimated useful lives. To date, software development costs incurred after technological feasibility has been established have not been material.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets whose realization is not sufficiently likely.

Stock-Based Compensation

The Company accounts for its equity-based compensation plan using the intrinsic value method.

Pro Forma Net Loss Per Share

Pro forma net loss per share is computed using the weighted average number of shares of common stock and convertible preferred stock outstanding on an as-if converted basis and, when dilutive, common equivalent shares from options to purchase common stock using the treasury stock method. In accordance with certain Securities and Exchange Commission Staff Accounting Bulletins, such computations included all common and common equivalent shares issued within the 12 months preceding the initial public offering ("IPO") date as if they were outstanding for all prior periods presented using the treasury stock method and the estimated IPO price.

The Financial Accounting Standards Board recently issued Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings Per Share, which must be adopted in the first quarter of 1998. At that time, the Company will be required to change the method currently used to compute net income (loss) per share and to restate amounts previously reported. Under the new requirements, basic net income (loss) per share is computed using the weighted average number of shares of common stock outstanding during the period and diluted net income (loss) per share is computed in a manner similar to the Company's existing policy. The Company expects that neither basic nor diluted net loss per share will differ materially from pro forma net loss per share presented in the accompanying consolidated financial statements.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash, cash equivalents, short-term investments, and accounts receivable. The Company maintains its cash, cash equivalents, and short-term investments with high quality financial institutions and, as part of its cash management process, performs periodic evaluations of the relative credit standing of these financial institutions. The Company also performs ongoing credit evaluations of its customers and, generally, requires no collateral from its customers. The Company maintains an allowance for potential credit losses, but to date has not experienced significant write-offs.

The Company had one customer, a large financial intermediary and 6% stockholder of the Company on a fully-diluted basis, that accounted for approximately 21% and 16% of the Company's revenues for the year ended December 31, 1996, and the nine months ended September 30, 1997, respectively, and 13% and 25% of accounts receivable as of December 31, 1996, and September 30, 1997, respectively. The Company had one customer, a South African systems integrator, and another customer, a financial services provider, which accounted for approximately 28% and 13%, respectively, of accounts receivable as of December 31, 1996. One other customer, a European smart card manufacturer, accounted for approximately 12% of accounts receivable as of September 30, 1997.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unaudited Pro Forma Consolidated Balance Sheet

Upon closing of the Company's proposed initial public offering, all outstanding shares of preferred stock will be converted into 10,031,006 shares of common stock. The unaudited pro forma consolidated balance sheet as of September 30, 1997, reflects this conversion and also gives effect to the issuance of 250,000 shares of common stock from the litigation settlement described in Note 8 and the issuance of 100,000 shares of common stock described in Note 10.

Interim Financial Statements

The accompanying unaudited consolidated financial statements for the nine-month period ended September 30, 1996, have been prepared on substantially the same basis as the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the consolidated financial information set forth therein.

(2) CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS

Available-for-sale securities included in cash, cash equivalents, and short-term investments are as follows (in thousands):

	DECEMBER 31,		SEPTEMBER 30,
	1995	1996	1997
Corporate bonds	$ --	$ --	$ 6,210
Money market funds	624	521	3,690
U.S. government and agency securities	2,027	84	1,000
Commercial paper	--	--	1,450
	$2,651	$ 605	$12,350
Included in cash and cash equivalents	$2,651	$ 605	$ 4,640
Included in short-term investments	$ --	$ --	$ 7,710

(3) PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows (in thousands):

	DECEMBER 31,		SEPTEMBER 30,
	1995	1996	1997
Computer equipment and purchased software	$ 692	$3,501	$ 6,645
Office equipment, furniture and fixtures	245	792	1,525
Leasehold improvements	122	934	2,453
	1,059	5,227	10,623
Less accumulated depreciation and amortization	52	610	2,232
	$1,007	$4,617	$ 8,391

(4) ACCRUED LIABILITIES

A summary of accrued liabilities follows (in thousands):

	DECEMBER 31,		SEPTEMBER 30,
	1995	1996	1997
Employee compensation	$ 161	$ 566	$ 1,278
Professional fees	30	354	132
Financing charges	--	732	--
Accrued litigation settlement	--	--	2,000
Other	25	382	494
	$ 216	$2,034	$ 3,904

(5) NOTES PAYABLE

The Company's Japanese subsidiary has an available credit facility of 250,000,000 yen (approximately $2,083,000 as of September 30, 1997) with a bank, which bears interest at a rate of 1.625% per annum and expires in January 1998. Borrowings are secured by certain assets of the subsidiary. As of December 31, 1996, and September 30, 1997, borrowings under this facility aggregated $258,000 and $1,487,000, respectively.

The Company's Japanese subsidiary also has available a revolving line of credit with a bank that provides up to $500,000, bears interest at 1.625% per annum and expires in April 1998. The line of credit is secured by a letter of credit in the same amount from the Company. There were no borrowings under this arrangement as of December 31, 1996 or September 30, 1997.

In January 1997, the Company entered into an agreement for a non-revolving equipment line of credit with a financing company that provides up to $3,000,000, bears interest at 7.50% per annum and expires in March 1999. The line of credit is secured by the Company's fixed assets. The Company is obligated to grant a warrant to purchase up to 17,500 shares of common stock at $8.00 per share in the event the Company borrows funds under the equipment line of credit. There were no borrowings under this arrangement during the nine months ended September 30, 1997.

(6) STOCKHOLDERS' EQUITY

Convertible Preferred Stock

As of September 30, 1997, convertible preferred stock consisted of the following:

SERIES	SHARES AUTHORIZED	SHARES ISSUED AND OUTSTANDING
A	4,306,883	4,306,883
B	2,101,000	2,099,123
C	3,875,000	3,625,000
	10,282,883	10,031,006

The rights, preferences, and privileges of the holders of preferred stock are as follows:

- The holders of Series A, B, and C preferred stock are entitled to noncumulative dividends, if and when declared by the Board of Directors, of $0.10, $0.20, and $0.64 per share, respectively.
- Shares of preferred stock are convertible to common stock at any time at the rate of one share of common stock for each share of preferred stock. The preferred stock automatically converts to common stock upon the closing of an underwritten public offering of the Company's common stock in which the aggregate proceeds for such shares is at least $15,000,000 and the per share price is at least $9.00 per share.
- The holders of preferred stock are protected by certain antidilutive provisions.
- Shares of Series A, B, and C preferred stock have a liquidation preference of $1.20, $2.40, and $8.00 per share, respectively, plus any declared and unpaid dividends.
- The preferred stock generally votes equally with shares of common stock on an "as if converted" basis.

No dividends have been declared or paid on the convertible preferred stock or common stock since inception of the Company.

Common Stock Options

As of September 30, 1997, a total of 4,145,000 shares of common stock were authorized for issuance under the 1995 Stock Option Plan. Options may be granted at an exercise price not less than 100% of the fair market value of the Company's common stock on the date of grant, as determined by the Board of Directors, for incentive stock options and 85% of such fair market value for nonqualified stock options. All options are granted at the discretion of the Company's Board of Directors and have a term not greater than 7 years from the date of grant. Options issued generally vest 25% on the first anniversary date and ratably over the following 12 quarters.

A summary of stock option activity follows:

	PERIOD FROM APRIL 12, 1995 (INCEPTION) TO DECEMBER 31, 1995		YEAR ENDED DECEMBER 31, 1996		NINE MONTHS ENDED SEPTEMBER 30, 1997	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at beginning of period	--	$ --	1,274,750	$.12	1,608,075	$ .80
Granted	1,398,750	.12	2,022,700	.83	714,050	2.82
Exercised	--	--	(1,637,375)	.34	(244,494)	.41
Canceled	(124,000)	.12	(52,000)	.13	(76,657)	.80
Outstanding at end of period	1,274,750	.12	1,608,075	.80	2,000,974	1.49
Exercisable at end of period	86,457		152,163		285,550	
Weighted average fair value of options granted during the period		.03		.22		.75

The following table summarizes information about stock options outstanding as of September 30, 1997:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE
$.12-.25	453,286	5.0 years	$ .15	159,210
$.75-1.50	817,138	6.0 years	$ .86	113,840
$2.25	562,550	6.6 years	$2.25	--
$4.00-8.00	168,000	6.6 years	$5.61	12,500

The Company applies the intrinsic value method in accounting for its equity-based compensation plan. Had compensation cost for the Company's equity-based compensation plan been determined consistent with the fair value approach set forth in SFAS No. 123, Accounting for Stock-Based Compensation, the Company's net loss for the period from April 12, 1995 (inception) to December 31, 1995, for the year ended December 31, 1996, and for the nine months ended September 30, 1997, would have been as follows (in thousands, except per share data):

	DECEMBER 31, 1995	DECEMBER 31, 1996	SEPTEMBER 30, 1997
Net loss as reported	$(1,994)	$(10,243)	$(12,722)
Pro forma net loss under SFAS No. 123	(1,999)	(10,294)	(12,877)
Pro forma net loss per share as reported		(.74)	(.75)
Pro forma net loss per share under SFAS No. 123		(.74)	(.76)

The fair value of options granted during the period from April 12, 1995 (inception) to December 31, 1995, the year ended December 31, 1996 and the nine months ended September 30, 1997, is estimated on the date of grant using the minimum value method with the following weighted-average assumptions: no dividend yield; risk-free interest rates of 6.11%, 6.21%, and 6.39%, respectively; and an expected life of 5 years.

Notes Receivable From Stockholders

In November 1996, the Company loaned several officers an aggregate of $543,000, due December 31, 2005, bearing interest at a rate per annum of 6.95%, payable quarterly. In August 1997, the Company loaned an officer an aggregate of $116,000, due December 31, 2006, bearing interest at a rate per annum of 6.87%, payable quarterly. The loans are full recourse, are collateralized by pledges of shares of common stock of the Company that were purchased and may be prepaid in part or in full without notice or penalty.

(7) INCOME TAXES

The tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets are as follows (in thousands):

	DECEMBER 31,		SEPTEMBER 30,
	1995	1996	1997
Deferred tax assets:			
Net operating loss carryforwards and deferred start-up costs	$ 833	$ 4,016	$ 8,542
Accrued litigation settlement	--	--	850
Tax credit carryforwards	57	177	504
Other	26	162	266
	916	4,355	10,162
Valuation allowance	(916)	(4,355)	(10,162)
Net deferred tax assets	$ --	$ --	$ --

As of September 30, 1997, the Company has available net operating loss carryforwards for federal and California income tax purposes of approximately $10,453,000 and $10,506,000, respectively. The federal net operating loss carryforwards will expire, if not utilized, in years 2010 through 2012. The California net operating loss carryforwards will expire, if not utilized, in years 2000 through 2003.

As of September 30, 1997, the Company has available for carryover research and experimental tax credits for federal and California income tax purposes of approximately $91,000 and $72,000, respectively. The federal research and experimental tax credits will expire, if not utilized, in years 2010 through 2012. California research and experimental tax credits carry forward indefinitely until utilized. The Company also has federal foreign tax credits of approximately $15,000, which expire, if not utilized, in the years 2001 through 2002.

The Tax Reform Act of 1986 imposed substantial restrictions on the utilization of net operating losses and tax credits in the event of an "ownership change" of a corporation. Accordingly, the Company's ability to utilize net operating loss and credit carryforwards may be limited as a result of such an "ownership change" as defined in the Internal Revenue Code.

(8) COMMITMENTS AND CONTINGENCIES

Leases

The Company leases its facilities under operating leases that extend through 2002. Future minimum lease payments under the Company's noncancelable operating leases as of September 30, 1997, are as follows (in thousands):

Three months ended December 31, 1997	$ 428
1998	1,631
1999	1,667
2000	1,679
2001	1,293
Thereafter	9
Total minimum lease payments	$6,707

Net rental expense under operating leases for the period from April 12, 1995 (inception) to December 31, 1995, for the year ended December 31, 1996, and for the nine months ended September 30, 1997, was $141,000, $621,000, and $1,305,000, respectively.

VeriFone

In September 1996, VeriFone, Inc., which subsequently became a wholly-owned subsidiary of Hewlett-Packard Company, filed a lawsuit against the Company alleging, among other things, trademark infringement. In November 1997, both parties executed a definitive agreement under which, among other things, the Company issued an aggregate of 250,000 shares of common stock, which were transferred to Hewlett-Packard, and the Company and VeriFone settled such claims. The settlement amount was recorded during the nine months ended September 30, 1997 as a charge of $2.0 million.

(9) GEOGRAPHIC INFORMATION

Financial information by geographic area is as follows (in thousands):

DECEMBER 31, 1996	UNITED STATES	JAPAN	CONSOLIDATED
Revenues	$ 1,296	$ 55	$ 1,351
Operating loss	$ (9,281)	$(1,733)	$(11,014)
Total assets, excluding cash and cash equivalents	$ 5,922	$ 598	$ 6,520
SEPTEMBER 30, 1997			
Revenues	$ 5,893	$ 222	$ 6,115
Operating loss	$(12,543)	$(2,233)	$(14,776)
Total assets, excluding cash and cash equivalents	$ 17,614	$ 2,143	$ 19,757

Intergeographic transactions have not been significant to date. Other revenues derived from international customers aggregated $668,000 for the nine months ended September 30, 1997.

(10) OTHER SUBSEQUENT EVENTS

In October 1997, the Board of Directors adopted and the stockholders approved the 1997 Stock Option Plan, for which 800,000 shares of the Company's common stock have been authorized for issuance. Terms of the 1997 Stock Option Plan are similar to those of the 1995 Stock Option Plan.

In October 1997, the Board of Directors adopted, subject to stockholder approval, the 1998 Equity Incentive Plan. The 1998 Equity Incentive Plan succeeds the previous equity-based compensation plans and 2,000,000 shares have been authorized under the 1998 Equity Incentive Plan. Terms of the 1998 Equity Incentive Plan are similar to those of the 1995 Stock Option Plan.

In October 1997, the Board of Directors adopted, subject to stockholder approval, the 1998 Directors Plan, for which 250,000 shares of the Company's common stock have been authorized. Terms of the 1998 Directors Plan are similar to those of the 1995 Stock Option Plan.

In November 1997, the Company entered into a preferred provider agreement with Microsoft Corporation ("Microsoft") whereby the companies will develop, promote and distribute a variety of client-based and server-based digital certificate solutions and the Company will be designated as the premier provider of digital certificates for Microsoft customers. In connection with the agreement, the Company will issue 100,000 shares of common stock to Microsoft that will result in an $800,000 charge to operations during the fourth quarter of 1997.

[LOGO OF VERISIGN, INC. APPEARS HERE]

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses to be paid by the Registrant in connection with this offering are as follows. All amounts other than the SEC registration fee, NASD filing fee and Nasdaq National Market application fee are estimates.

SEC Registration Fee	$12,122
NASD Filing Fee	4,500
Nasdaq National Market Application Fee	50,000
Printing	*
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Road Show Expenses	*
Blue Sky Fees and Expenses	*
Transfer Agent and Registrar Fees	*
Miscellaneous	*
Total	$ *

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* To be filed by amendment

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's Board of Directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Securities Act").

As permitted by the Delaware General Corporation Law, the Registrant's Third Amended and Restated Certificate of Incorporation, which will become effective upon the completion of this offering, includes a provision that eliminates the personal liability of its directors for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Registrant or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) under section 174 of the Delaware General Corporation Law (regarding unlawful dividends and stock purchases) or (iv) for any transaction from which the director derived an improper personal benefit.

As permitted by the Delaware General Corporation Law, the Registrant's Amended and Restated Bylaws, which will become effective upon the completion of this offering, provide that (i) the Registrant is required to indemnify its directors and officers to the fullest extent permitted by the Delaware General Corporation Law, subject to certain very limited exceptions, (ii) the Registrant may indemnify its other employees and agents to the extent that it indemnifies its officers and directors, unless otherwise required by law, its Certificate of Incorporation, its Amended and Restated Bylaws, or agreement, (iii) the Registrant is required to advance expenses, as incurred, to its directors and executive officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to certain very limited exceptions and (iv) the rights conferred in the Amended and Restated Bylaws are not exclusive.

The Registrant has entered into Indemnification Agreements with each of its current directors and certain of its executive officers and intends to enter into such Indemnification Agreements with each of its other executive officers to give such directors and executive officers additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's Certificate of Incorporation and to provide additional procedural protections. At present, there is no pending litigation or proceeding involving a director, officer or employee of the Registrant regarding which indemnification is sought, nor is the Registrant aware of any threatened litigation that may result in claims for indemnification.

Reference is also made to Article VIII of the Underwriting Agreement, which provides for the indemnification of officers, directors and controlling persons of the Registrant against certain liabilities. The indemnification provisions in the Registrant's Certificate of Incorporation, Amended and Restated Bylaws and the Indemnification Agreements entered into between the Registrant and each of its directors and executive officers may be sufficiently broad to permit indemnification of the Registrant's directors and executive officers for liabilities arising under the Securities Act.

The Registrant, with approval by the Registrant's Board of Directors, has applied for, and expects to obtain, directors' and officers' liability insurance.

Reference is made to the following documents filed as exhibits to this Registration Statement regarding relevant indemnification provisions described above and elsewhere herein:

DOCUMENT	EXHIBIT NUMBER
Underwriting Agreement (draft dated November , 1997).....	1.01
Form of Third Amended and Restated Certificate of Incorporation of Registrant.....	3.02
Form of Amended and Restated Bylaws of Registrant.....	3.04
Form of Indemnification Agreement.....	10.05

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

The following table sets forth information regarding all securities sold by the Registrant since April 12, 1995, the Company's inception date.

NAME OR CLASS OF PURCHASER	DATE OF SALE	TITLE OF SECURITIES	NUMBER OF SHARES	AGGREGATE PURCHASE PRICE	FORM OF CONSIDERATION
6 founding stockholders.....	4/18/95	Common Stock	4,688,333	$ 562,600	Cash/Property(1)
9 entities.....	4/18/95	Series A Preferred Stock(2)	4,306,883	5,168,260	Cash
12 entities.....	2/20/96	Series B Preferred Stock(2)	2,099,123	5,142,851	Cash
12 entities.....	11/18/96 and 12/17/96	Series C Preferred Stock(2)	3,625,000	29,000,000	Cash
23 consultants.....	3/28/96-10/24/97	Common Stock	72,180	113,350	Services
39 employee or director optionees.....	2/27/96-10/29/97	Common Stock (option exercises)	1,943,115(3)	705,966	Cash
Microsoft Corporation...	11/20/97	Common Stock	100,000	800,000	(4)
VeriFone, Inc./Hewlett-Packard Company.....	11/20/97	Common Stock	250,000	2,000,000	(5)

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(1) All founding stockholders paid cash except RSA Data Security, Inc., which contributed its equipment, other assets and technology, as described in Exhibit A to its Founder's Subscription Agreement.

(2) Each share of Preferred Stock will convert automatically into one share of Common Stock.

(3) Of these shares, 78,125 were repurchased by cancellation of a promissory note in the amount of $9,375, and 893,673 were subject to repurchase at October 31, 1996. The repurchase right lapses ratably over four years.

(4) The shares of Common Stock were issued in connection with a preferred provider agreement with the Registrant.

(5) The shares of Common Stock were issued in connection with the execution of certain agreements, including a settlement of claims, with VeriFone, Inc., which is owned by Hewlett-Packard Company.

All sales of Common Stock to employees made pursuant to the exercise of stock options granted under the Registrant's stock option plans or pursuant to restricted stock purchase agreements, and all sales to consultants for services, were made pursuant to the exemption from the registration requirements of the Securities Act afforded by Rule 701 promulgated under the Securities Act.

All other sales were made in reliance on Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act. These sales were made without general solicitation or advertising. Each purchaser was a sophisticated investor with access to all relevant information necessary to evaluate the investment who represented to the Registrant that the shares were being acquired for investment.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following exhibits are filed herewith:

EXHIBIT NUMBER	EXHIBIT TITLE
1.01	Underwriting Agreement (draft dated November 20, 1997).
3.01	Second Amended and Restated Certificate of Incorporation of the Registrant, as amended.
3.02	Form of Third Amended and Restated Certificate of Incorporation of the Registrant to be effective upon the closing of this offering.*
3.03	Bylaws of Registrant.
3.04	Form of Amended and Restated Bylaws of Registrant, to be adopted prior to the closing of this offering.*
4.01	Investors' Rights Agreement, dated November 15, 1996, among the Registrant and the parties indicated therein.
4.02	Stockholders' Agreement, dated April 18, 1995, among the Registrant and the parties indicated therein, and amendments dated February 20, 1996 and November 15, 1996.
4.03	Co-Sale Agreement, dated February 20, 1996, among the Registrant and the parties indicated therein.
5.01	Opinion of Fenwick & West LLP regarding legality of the securities being registered.*
10.01	Series A Preferred Stock Purchase Agreement, dated April 18, 1995, among the Registrant and the parties indicated therein.
10.02	Series B Preferred Stock Purchase Agreement, dated February 20, 1996, among the Registrant and the parties indicated therein.
10.03	Series C Preferred Stock Purchase Agreement, dated November 15, 1996, among the Registrant and the parties indicated therein.
10.04	Termination and Release Agreement, dated February 20, 1996, among the Registrant and the parties indicated therein.
10.05	Form of Indemnification Agreement entered into by the Registrant with each of its directors and executive officers.
10.06	Registrant's 1995 Stock Option Plan and related documents.
10.07	Registrant's 1997 Stock Option Plan.
10.08	Registrant's 1998 Directors' Stock Option Plan and related documents.*
10.09	Registrant's 1998 Equity Incentive Plan and related documents.*
10.10	Registrant's 1998 Employee Stock Purchase Plan and related documents.*
10.11	Registrant's Executive Loan Program of 1996.

EXHIBIT NUMBER	EXHIBIT TITLE
10.12	Founder's Subscription Agreement, dated April 18, 1995, between the Registrant and RSA Data Security, Inc. for purchase of Common Stock.
10.13	Form of Subscription Agreement, dated April 18, 1995, between the Registrant and certain founding Common Stock holders for purchase of Common Stock.
10.14	Form of Full Recourse Secured Promissory Note and Form of Pledge and Security Agreement entered into between the Registrant and certain executive officers.
10.15	Assignment Agreement, dated April 18, 1995, between the Registrant and RSA Data Security, Inc.*
10.16	BSAFE/TIPEM OEM Master License Agreement, dated April 18, 1995, between the Registrant and RSA Data Security, Inc., as amended.
10.17	Non-Compete and Non-Solicitation Agreement, dated April 18, 1995, between the Registrant and RSA Data Security, Inc.
10.18	Microsoft/VeriSign Certificate Technology Preferred Provider Agreement, effective as of May 1, 1997, between the Registrant and Microsoft Corporation.*
10.19	Master Development and License Agreement, dated September 30, 1997, between the Registrant and Security Dynamics Technologies, Inc.**
10.20	License Agreement, dated December 16, 1996, between the Registrant and VeriSign Japan K.K.
10.21	Loan Agreement, dated January 30, 1997, between the Registrant and Venture Lending & Leasing, Inc.
10.22	Security Agreement, dated January 30, 1997, between the Registrant and Venture Lending & Leasing, Inc.
10.23	VeriSign Private Label Agreement, dated April 2, 1996, between the Registrant and VISA International Service Association.**
10.24	VeriSign Private Label Agreement, dated October 3, 1996, between the Registrant and VISA International Service Association.**
10.25	Lease Agreement, dated August 15, 1996, between the Registrant and Shoreline Investments VII.
10.26	Lease Agreement, dated September 18, 1996, between the Registrant and Shoreline Investments VII.
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11.01	Statement regarding computation of pro forma net loss per share.
21.01	Subsidiary of the Registrant.
23.01	Consent of Fenwick & West LLP (included in Exhibit 5.01).
23.02	Consent of KPMG Peat Marwick LLP (see Page S-1 of the Registration Statement).
24.01	Power of Attorney (see Page II-6 of the Registration Statement).
27.01	Financial Data Schedule (available in EDGAR format only).

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* To be supplied by amendment.

** Confidential treatment is being sought with respect to certain portions of this agreement. Such portions have been omitted from this filing and have been filed separately with the Securities and Exchange Commission.

(b) The following financial statement schedule is filed herewith:

Schedule II -- Valuation and Qualifying Accounts--Page S-2

Other financial statement schedules are omitted because the information called for is not required or is shown either in the financial statements or the notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described under Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mountain View, State of California, on the 20th day of November, 1997.

VERISIGN, INC.

By: /s/ Stratton D. Sclavos
Stratton D. Sclavos
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints Stratton D. Sclavos, Dana L. Evan and Timothy Tomlinson, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462 promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his, her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the requirements of the Securities Act, this Registration Statement was signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
PRINCIPAL EXECUTIVE OFFICER:		
/s/ Stratton D. Sclavos Stratton D. Sclavos	President, Chief Executive Officer and Director	November 20, 1997
PRINCIPAL FINANCIAL AND PRINCIPAL ACCOUNTING OFFICER:		
/s/ Dana L. Evan Dana L. Evan	Vice President of Finance and Administration and Chief Financial Officer	November 20, 1997
DIRECTORS:		
/s/ D. James Bidzos D. James Bidzos	Chairman of the Board	November 20, 1997
/s/ William Chenevich William Chenevich	Director	November 20, 1997
/s/ Kevin R. Compton Kevin R. Compton	Director	November 20, 1997
/s/ David J. Cowan David J. Cowan	Director	November 20, 1997
/s/ Timothy Tomlinson Timothy Tomlinson	Director and Secretary	November 20, 1997

REPORT ON SCHEDULE AND CONSENT OF KPMG PEAT MARWICK LLP

The Board of Directors
VeriSign, Inc.:

The audits referred to in our report dated November 5, 1997, except as to Notes 8 and 10, which are as of November 20, 1997, included the related financial statement schedule for the period from April 12, 1995 (inception) to December 31, 1995, for the year ended December 31, 1996, and for the nine months ended September 30, 1997, included in the registration statement. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We consent to the use of our reports included herein and to the reference to our firm under the headings "Selected Consolidated Financial Data" and "Experts" in the prospectus.

/s/ KPMG Peat Marwick LLP

San Francisco, California
November 20, 1997

VERISIGN, INC.

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

DESCRIPTION	BALANCE AT THE BEGINNING OF THE PERIOD	CHARGED TO COSTS AND EXPENSES	WRITE-OFFS	BALANCE AT THE END OF THE PERIOD
		(IN THOUSANDS)		
Allowance for doubtful accounts:				
Period from April 12, 1995 (inception) to December 31, 1995.....	$ --	$ 30	$ --	$ 30
Year ended December 31, 1996.....	$ 30	$ 22	$ 17	$ 35
Nine months ended September 30, 1997.....	$ 35	$155	$ 56	$134

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT TITLE
1.01	Underwriting Agreement (draft dated November 20, 1997).
3.01	Second Amended and Restated Certificate of Incorporation of the Registrant, as amended.
3.03	Bylaws of Registrant.
4.01	Investors' Rights Agreement, dated November 15, 1996, among the Registrant and the parties indicated therein.
4.02	Stockholders' Agreement, dated April 18, 1995, among the Registrant and the parties indicated therein, and amendments dated February 20, 1996 and November 15, 1996.
4.03	Co-Sale Agreement, dated February 20, 1996, among the Registrant and the parties indicated therein.
10.01	Series A Preferred Stock Purchase Agreement, dated April 18, 1995, among the Registrant and the parties indicated therein.
10.02	Series B Preferred Stock Purchase Agreement, dated February 20, 1996, among the Registrant and the parties indicated therein.
10.03	Series C Preferred Stock Purchase Agreement, dated November 15, 1996, among the Registrant and the parties indicated therein.
10.04	Termination and Release Agreement, dated February 20, 1996, among the Registrant and the parties indicated therein.
10.05	Form of Indemnification Agreement entered into by the Registrant with each of its directors and executive officers.
10.06	Registrant's 1995 Stock Option Plan and related documents.
10.07	Registrant's 1997 Stock Option Plan.
10.11	Registrant's Executive Loan Program of 1996.
10.12	Founder's Subscription Agreement, dated April 18, 1995, between the Registrant and RSA Data Security, Inc. for purchase of Common Stock.
10.13	Form of Subscription Agreement, dated April 18, 1995, between the Registrant and certain founding Common Stock holders for purchase of Common Stock.
10.14	Form of Full Recourse Secured Promissory Note and Form of Pledge and Security Agreement entered into between the Registrant and certain executive officers.
10.16	BSAFE/TIPEM OEM Master License Agreement, dated April 18, 1995, between the Registrant and RSA Data Security, Inc., as amended.
10.17	Non-Compete and Non-Solicitation Agreement, dated April 18, 1995, between the Registrant and RSA Data Security, Inc.
10.19	Master Development and License Agreement, dated September 30, 1997, between the Registrant and Security Dynamics Technologies, Inc.**
10.20	License Agreement, dated December 16, 1996, between the Registrant and VeriSign Japan K.K.
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EXHIBIT 1.01

_____ SHARES

VERISIGN, INC.

COMMON STOCK, $0.001 PAR VALUE

UNDERWRITING AGREEMENT

_____, 1998

_____, 1998

Morgan Stanley & Co. Incorporated
Hambrecht & Quist LLC
Wessels, Arnold & Henderson, L.L.C.
c/o Morgan Stanley & Co., Incorporated
1585 Broadway
New York, New York 10036

Dear Sirs and Mesdames:

VeriSign, Inc., a Delaware corporation (the "COMPANY"), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the "UNDERWRITERS") _____ shares of its common stock, $0.001 par value (the "FIRM SHARES"). The Company also proposes to issue and sell to the several Underwriters not more than an additional _____ shares of its common stock, $0.001 par value (the "ADDITIONAL SHARES"), if and to the extent that you, as Managers of the offering, shall have determined to exercise, on behalf of the Underwriters, the right to purchase such shares of common stock granted to the Underwriters in Section 2 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the "SHARES." The shares of common stock, $0.001 par value, of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the "COMMON STOCK."

The Company has filed with the Securities and Exchange Commission (the "COMMISSION") a registration statement, including a prospectus, relating to the Shares. The registration statement as amended at the time it becomes effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act of 1933, as amended (the "SECURITIES ACT"), is hereinafter referred to as the "REGISTRATION STATEMENT"; the prospectus in the form first used to confirm sales of Shares is hereinafter referred to as the "PROSPECTUS." If the Company has filed an abbreviated registration statement to register additional shares of Common Stock pursuant to Rule 462(b) under the Securities Act (the "RULE 462 REGISTRATION STATEMENT"), then any reference herein to the term "REGISTRATION STATEMENT" shall be deemed to include such Rule 462 Registration Statement.

As part of the offering contemplated by this Agreement, Morgan Stanley & Co. Incorporated ("MORGAN STANLEY") has agreed to reserve out of the Shares set forth opposite its name on Schedule I to this Agreement, up to _____ shares, for

sale to certain parties with whom the Company has business relationships (collectively, "PARTICIPANTS"), (the "DIRECTED SHARE PROGRAM"). The Shares to be sold by Morgan Stanley pursuant to the Directed Share Program (the "DIRECTED SHARES") will be sold by Morgan Stanley pursuant to this Agreement at the public offering price. Any Directed Shares not orally confirmed for purchase by any Participants by the end of the first business day after the date on which this Agreement is executed will be offered to the public by Morgan Stanley as set forth in the Prospectus.

1. Representations and Warranties. The Company represents and warrants to and agrees with each of the Underwriters that:

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

(b) (i) The Registration Statement, when it became effective, did not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder and (iii) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorpora tion, has the corporate power and corporate authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiary, taken as a whole.

(d) The Company has only one subsidiary, VeriSign Japan KK, a corporation incorporated under the laws of Japan (the "SUBSIDIARY"). The

Subsidiary has been duly incorporated is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and the Subsidiary, taken as a whole. The Subsidiary has _____ shares of capital stock issued and outstanding, of which the Company owns _____ shares. All of the issued shares of capital stock of the Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and those that are owned directly by the Company, are owned free and clear of all liens, encumbrances, equities or claims. The Company does not own, directly or indirectly, an interest in any other corporation, partnership, business, trust or other entity required to be set forth in Exhibit 21.01 to the Registration Statement.

(e) The Company and the Subsidiary have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and the Subsidiary, taken as a whole, in each case free and clear of all liens, encumbrances and defects except such as are described in the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and the Subsidiary; and any real property and buildings held under lease by the Company and the Subsidiary are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and the Subsidiary, in each case except as described in or contemplated by the Prospectus.

(f) The authorized capital stock of the Company conforms as to legal matters to the description thereof contained in the Prospectus.

(g) The shares of Common Stock outstanding prior to the issuance of the Shares have been duly authorized, and are validly issued, fully paid and non-assessable. Except as set forth or contemplated in the Prospectus, neither the Company nor the Subsidiary has outstanding any options to purchase, or any preemptive rights or other rights to subscribe for or to purchase, any securities or obligations convertible into, or any contracts or commitments to issue or sell, shares of its capital stock or any such options, rights, convertible securities or obligations. All outstanding shares of capital stock of the Company and options and other rights to acquire capital stock have been issued in compliance with the registration and qualification provisions of all applicable federal and state securities laws and were not issued in violation of any preemptive rights, rights of first refusal or other similar rights.

(h) The Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive rights, rights of first refusal or similar rights.

(i) This Agreement has been duly authorized, executed and delivered by the Company.

(j) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Company or any agreement or other instrument binding upon the Company or the Subsidiary that is material to the Company and the Subsidiary, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or the Subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares or by the rules and regulations of the National Association of Securities Dealers, Inc. (the "NASD").

(k) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and the Subsidiary, taken as a whole, from that set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement).

(l) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, (i) the Company and the Subsidiary have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction not in the ordinary course of business; (ii) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends; and (iii) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company and the Subsidiary, except in each case as described in or contemplated by the Prospectus.

(m) There are no legal or governmental proceedings pending or threatened to which the Company or the Subsidiary is a party or to which any of the properties of the Company or the Subsidiary is subject that are required to be described in the Registration Statement or the Prospectus and are not so described

or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(n) Each of the Company and the Subsidiary has all necessary consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all federal, state, local, foreign and other governmental or regulatory authorities, all self-regulatory organizations and all courts and other tribunals, to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Prospectus, except to the extent that the failure to obtain or file would not have a material adverse effect on the Company and the Subsidiary taken as a whole. Neither the Company nor the Subsidiary has received any notice of proceedings related to the revocation or modification of any such consent, authorization, approval, order, certificate or permit which, singly or in the aggregate, if the subject of any unfavorable decision, ruling or finding, would result in a material adverse change in the condition, financial or otherwise, or in the earnings, business or operations of the Company, and the Subsidiary, taken as a whole, except as described in or contemplated by the Prospectus.

(o) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder, except for the omission of a price range and other information derived therefrom.

(p) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(q) Except as described in the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement.

(r) The Company and the Subsidiary are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; neither the Company nor the Subsidiary has been refused any insurance coverage sought or applied for; and neither the Company nor the Subsidiary has

any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not materially and adversely affect the condition, financial or otherwise, or the earnings, business or operations of the Company and the Subsidiary, taken as a whole, except as described in or contemplated by the Prospectus.

(s) The Company and the Subsidiary (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("ENVIRONMENTAL LAWS"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the Company and the Subsidiary, taken as a whole.

(t) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a material adverse effect on the Company and the Subsidiary, taken as a whole.

(u) Except as disclosed in the Prospectus, (i) the Company and the Subsidiary own or possess, or can acquire on reasonable terms, adequate licenses or other rights to use all material patents, copyrights, trademarks, service marks, trade names, technology and know-how currently employed by them to conduct their respective businesses in the manner described in the Prospectus, (ii) neither the Company nor the Subsidiary has received any notice of infringement or conflict with (and neither the Company nor the Subsidiary knows of any infringement or conflict with) asserted rights of others with respect to any patents, copyrights, trademarks, service marks, trade names, trade secrets, technology or know-how (including, without limitation, trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) which could reasonably be expected to result in any material adverse effect upon the Company and the Subsidiary, taken as a whole, and (iii) the discoveries, inventions, products or processes of the Company and the Subsidiary referred to in the Prospectus do not, to the knowledge of the Company or the Subsidiary, infringe or conflict with any right or patent of any third party, or any

discovery, invention, product or process which is the subject of a published patent application filed by any third party, known to the Company or the Subsidiary which could reasonably be expected to have a material adverse effect on the Company and the Subsidiary, taken as a whole.

(v) The Company and the Subsidiary maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(w) No material labor dispute with the employees of the Company or the Subsidiary exists, except as described in or contemplated by the Prospectus, or, to the knowledge of the Company, is imminent; and, without conducting any independent investigation, the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers or contractors that could reasonably be expected to have a material adverse effect on the Company and the Subsidiary, taken as a whole.

(x) All outstanding shares of Common Stock, and all securities convertible into or exercisable or exchangeable for Common Stock, are subject to valid, binding and enforceable agreements (collectively, the "LOCK-UP AGREEMENTS") that restrict the holders thereof from selling, making any short sale of, granting any option for the purchase of, or otherwise transferring or disposing of, any of such shares of Common Stock, or any such securities convertible into or exercisable or exchangeable for Common Stock, for a period of 180 days after the date of the Prospectus without the prior written consent of the Company or Morgan Stanley & Co. Incorporated.

(y) The Company (i) has notified each holder of a currently outstanding option issued under the VeriSign, Inc. 1995 Stock Option Plan and the VeriSign, Inc. 1997 Stock Option Plan (the "OPTION PLANS") and each person who has acquired shares of Common Stock pursuant to the exercise of any option granted under the Option Plans that, pursuant to the terms of the Option Plans and the option agreements pursuant to which options were granted, none of such options or shares may be sold or otherwise transferred or disposed of for a period of 180 days after the date of the initial public offering of the Shares and (ii) has imposed a stop-transfer instruction with the Company's transfer agent in order to enforce the foregoing lock-up provision imposed pursuant to the Option Plans and option agreements.

(z) As of the date the Registration Statement became effective, the Common Stock was authorized for listing on the Nasdaq National Market upon official notice of issuance.

(aa) The Company has complied with all provisions of Section 517.075, Florida Statutes relating to doing business with the Government of Cuba or with any person or affiliate located in Cuba.

(bb) The Company has not offered, or caused the Underwriters to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer's or supplier's level or type of business with the Company, or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products.

2. Agreements to Sell and Purchase. The Company hereby agrees to sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company the respective numbers of Firm Shares set forth in Schedule I hereto opposite its name at $_____ a share (the "PURCHASE PRICE").

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Additional Shares, and the Underwriters shall have a one-time right to purchase, severally and not jointly, up to _____ Additional Shares at the Purchase Price. If you, on behalf of the Underwriters, elect to exercise such option, you shall so notify the Company in writing not later than 30 days after the date of this Agreement, which notice shall specify the number of Additional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Such date may be the same as the Closing Date (as defined below) but not earlier than the Closing Date nor later than ten business days after the date of such notice. Additional Shares may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. If any Additional Shares are to be purchased, each Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as you may determine) that bears the same proportion to the total number of Additional Shares to be purchased as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

The Company hereby agrees that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Underwriters, it will not, during the period ending 180 days after the date of the Prospectus, (i) offer, pledge, sell, contract to

sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Shares to be sold hereunder, (B) the issuance by the Company of shares of Common Stock upon the exercise of stock options or warrants outstanding on the date hereof and described as such in the Prospectus, or any other issuances of Common Stock hereafter under the option or equity incentive plans described in the Prospectus, or (C) the issuance by the Company of Common Stock under the employee stock purchase plan described in the Prospectus.

3. Terms of Public Offering. The Company is advised by you that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in your judgment is advisable. The Company is further advised by you that the Shares are to be offered to the public initially at $_____ a share (the "PUBLIC OFFERING PRICE") and to certain dealers selected by you at a price that represents a concession not in excess of $_____ a share under the Public Offering Price, and that any Underwriter may allow, and such dealers may reallow, a concession, not in excess of $_____ a share, to any Underwriter or to certain other dealers.

4. Payment and Delivery. Payment for the Firm Shares shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Firm Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on [_____], 1998, or at such other time on the same or such other date, not later than [_____], 1998, as shall be designated in writing by you. The time and date of such payment are hereinafter referred to as the "CLOSING DATE".

Payment for any Additional Shares shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Additional Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on the date specified in the notice described in Section 2 or at such other time on the same or on such other date, in any event not later than [_____], 1998, as shall be designated in writing by you. The time and date of such payment are hereinafter referred to as the "OPTION CLOSING DATE".

Certificates for the Firm Shares and Additional Shares shall be in definitive form and registered in such names and in such denominations as you shall request in writing not later than one full business day prior to the Closing Date or the

Option Closing Date, as the case may be. The certificates evidencing the Firm Shares and Additional Shares shall be delivered to you on the Closing Date or the Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the Shares to the Underwriters duly paid, against payment of the Purchase Price therefor.

5. Conditions to the Underwriters' Obligations. The obligations of the Company to sell the Shares to the Underwriters and the several obligations of the Underwriters to purchase and pay for the Shares on the Closing Date are subject to the condition that the Registration Statement shall have become effective not later than 5:30 p.m. (New York City time) on the date hereof.

The several obligations of the Underwriters are subject to the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act; and

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and the Subsidiary, taken as a whole, from that set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement) that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus.

(b) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company, to the effect set forth in Section 5(a) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

The officer signing and delivering such certificate may rely upon his or her knowledge as to proceedings threatened.

(c) The Underwriters shall have received on the Closing Date an opinion of Fenwick & West LLP, special securities counsel for the Company, dated the Closing Date, to the effect that:

(i) the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and corporate authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and the Subsidiary, taken as a whole;

(ii) the authorized capital stock of the Company conforms in all material respects as to legal matters to the description thereof contained in the Prospectus;

(iii) the shares of Common Stock outstanding prior to the issuance of the Shares have been duly authorized, are validly issued, and non-assessable, and to such counsel's knowledge, are fully paid;

(iv) the Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive right or right of first refusal pursuant to the Company's certificate of incorporation or bylaws or, to such counsel's knowledge, similar rights;

(v) this Agreement has been duly authorized, executed and delivered by the Company;

(vi) the execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Company or, to such counsel's knowledge, any agreement or other instrument binding upon the Company or the Subsidiary that is material to the Company and the Subsidiary, taken as a whole, or, to such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or the Subsidiary that specifically refers to or is binding on the Company or the Subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is

required for the performance by the Company of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares by the Underwriters or the rules and regulations of the NASD (as to which such counsel need not express any opinion);

(vii) the statements (A) in the Prospectus under the captions ["RISK FACTORS--SHARES ELIGIBLE FOR FUTURE SALE," "DIVIDEND POLICY," "CERTAIN TRANSACTIONS," "SHARES ELIGIBLE FOR FUTURE SALE"] "Description of Capital Stock" and "Underwriters" and (B) in the Registration Statement in Items 14 and 15, in each case insofar as such statements constitute summaries of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein;

(viii) such counsel does not know of any legal, regulatory or governmental proceedings pending or threatened to which the Company or the Subsidiary is a party or to which any of the properties of the Company or the Subsidiary is subject that are required to be described in the Registration Statement or the Prospectus and are not so described or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required;

(ix) the Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as such term is defined in the Investment Company Act of 1940, as amended;

(x) to such counsel's knowledge: (1) based solely on oral advice of the Staff of the Commission, the Registration Statement has become effective under the Securities Act; (2) no stop order proceedings with respect to the Registration Statement have been instituted or are pending or threatened under the Securities Act and nothing has come to such counsel's attention to lead it to believe that such proceedings are contemplated; and (3) any required filing of the Prospectus and any supplement thereto pursuant to Rule 424(b) under the Securities Act has been made in the manner and within the time period required by such Rule 424(b);

(xi) no shares of Common Stock are required to be registered under the Registration Statement and no person or entity has any right to cause any shares of Common Stock to be registered under the Registration Statement, pursuant to the Company's certificate of incorporation or by-laws or, to such counsel's knowledge, any agreement or other right, which rights have not been validly waived; and

(xii) based on a letter from the NASDAQ Stock Market, the shares to be sold under this Agreement to the Underwriters are duly authorized for quotation on the NASDAQ National Market; and

(xiii) in addition to the matters set forth above, counsel rendering the foregoing opinion shall also include a statement to the effect that nothing has come to the attention of such counsel that causes it to believe that (i) the Registration Statement (except as to the financial statements, the notes thereto and the other financial and statistical data contained therein, as to which such counsel need not express any opinion or belief) at the date the Registration Statement became effective contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (2) the Prospectus (except as to the financial statements, the notes thereto and the other financial and statistical data contained therein, as to which such counsel need not express any opinion or belief) as of its date contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (3) the Registration Statement or the Prospectus (except as to the financial statements, the notes thereto and the other financial and statistical data contained therein, as to which such counsel need not express any opinion or belief) did not comply as to form in all material respects with the Securities Act and the applicable rules and regulations thereunder.

(d) The Underwriters shall have received on the Closing Date an opinion of Wilson Sonsini Goodrich & Rosati, counsel for the Underwriters, dated the Closing Date, covering the matters referred to in Sections 5(c)(iv), 5(c)(v), 5(c)(vi) (but only as to the statements in the Prospectus under "Description of Capital Stock" and "Underwriters") and 5(c)(xviii) above.

With respect to Section 6(c)(xiii) above, Fenwick & West and Wilson Sonsini Goodrich & Rosati may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and review and discussion of the

contents thereof, but are without independent check or verification, except as specified.

The opinion of Fenwick & West described in Section 5(c) above shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(e) The Underwriters shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Underwriters, from KPMG Peat Marwick LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus; provided that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(f) The "Lock-up Agreements," each substantially in the form of Exhibit A hereto, between you and certain shareholders, officers and directors of the Company relating to sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect on the Closing Date.

(g) The Shares shall have received approval for listing, upon official notice of issuance, on the Nasdaq National Market.

(h) The Underwriters shall have received on the Closing Date an opinion of counsel to the Subsidiary, dated the Closing Date, to the effect that:

(i) the Subsidiary has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and corporate authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and the Subsidiary, taken as a whole;

(ii) the Subsidiary has _____ shares of capital stock issued and outstanding, of which the Company owns _____ shares; and all of the issued shares of capital stock of the Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and such shares

which are owned by the Company are owned directly by the Company, free and clear of all liens, encumbrances, equities or claims; and

(iii) the execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of the certificate of incorporation or by-laws of the Subsidiary.

All the agreements, opinions, certificates and letters mentioned above or elsewhere in this Agreement shall be deemed in compliance with the provisions hereof only if Wilson Sonsini Goodrich & Rosati, counsel for the Underwriters, shall be reasonably satisfied that they comply in form and scope.

The several obligations of the Underwriters to purchase Additional Shares hereunder are subject to the delivery to you on the Option Closing Date of such documents as you may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Additional Shares and other matters related to the issuance of the Additional Shares.

6. Covenants of the Company. In further consideration of the agreements of the Underwriters herein contained, the Company covenants with each Underwriter as follows:

(a) To furnish to you, without charge, four (4) signed copies of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to furnish to you in New York City, without charge, prior to 5:00 p.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 6(c) below, as many copies of the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) Before amending or supplementing the Registration Statement or the Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) If, during such period after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters the Prospectus is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if, in the reasonable opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses you will furnish

to the Company) to which Shares may have been sold by you on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with law.

(d) To endeavor to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request.

(e) To make generally available to the Company's security holders and to you as soon as practicable an earning statement covering the twelve-month period ending March 31, 1999 that satisfies the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(f) During a period of three years from the effective date of the Registration Statement, the Company will furnish to you copies of (i) all reports to its stockholders and (ii) all reports, financial statements and proxy or information statements filed by the Company with the Commission or any national securities exchange.

(g) The Company will apply the proceeds from the sale of the Shares as set forth under "Use of Proceeds" in the Prospectus.

(h) The Company will use its best efforts to obtain and maintain in effect the quotation of the Shares on the Nasdaq National Market and will take all necessary steps to cause the Shares to be included on the Nasdaq National Market as promptly as practicable and to maintain such inclusion for a period of three years after the date hereof or until such earlier date as the Shares shall be listed for regular trading privileges on another national securities exchange approved by you.

(i) The Company will comply with all registration, filing and reporting requirements of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), which may from time to time be applicable to the Company.

(j) The Company will comply with all provisions of all undertakings contained in the Registration Statement.

(k) Prior to the Closing Date, the Company will not, directly or indirectly, issue any press release or other communication and will not hold any press conference with respect to the Company, or its financial condition, results of operations, business, properties, assets, or prospects or this offering, without your prior written consent.

(l) The Company agrees: (i) to enforce the terms of each Lock-up Agreement and (ii) issue stop-transfer instructions to the transfer agent for the Common Stock with respect to any transaction or contemplated transaction that would constitute a breach of or default under the applicable Lock-up Agreement. In addition, except with the prior written consent of Morgan Stanley, the Company agrees (i) not to amend or terminate, or waive any right under, any Lock-up Agreement, or take any other action that would directly or indirectly have the same effect as an amendment or termination, or waiver of any right under, any Lock-up Agreement, that would permit any holder of shares of Common Stock, or securities convertible into or exercisable or exchangeable for Common Stock, to sell, make any short sale of, grant any option for the purchase of, or otherwise transfer or dispose of, any of such shares of Common Stock or other securities prior to the expiration of 180 days after the date of the Prospectus, and (ii) not to consent to any sale, short sale, grant of an option for the purchase of, or other disposition or transfer of shares of Common Stock, or securities convertible into or exercisable or exchangeable for Common Stock, subject to a Lock-up Agreement.

(m) The Company will place a restrictive legend on any shares of Common Stock acquired pursuant to the exercise, after the date hereof and prior to the expiration of the 180-day period after the date of the Prospectus, of any option granted under the Option Plan, which legend shall restrict the transfer of such shares prior to the expiration of such 180-day period. In addition, the Company agrees that, without the prior written consent of Morgan Stanley, it will not release any stockholder or option holder from the market standoff provision imposed by the Company pursuant to the terms of the Option Plan earlier than 180 days after the date of the initial public offering of the Shares.

(n) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Shares under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, any preliminary prospectus, the Prospectus and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 6(d)

hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by the National Association of Securities Dealers, Inc., (v) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the Common Stock and all costs and expenses incident to listing the Shares on the Nasdaq National Market, (vi) the cost of printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depositary, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and one half the cost of any aircraft chartered or limousines hired in connection with the road show, and (ix) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 7 entitled "Indemnity and Contribution", and the last paragraph of Section 9 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, travel, meals and lodging expenses of the representatives and officers of the Underwriters, the costs of conference rooms and meals for "road show" meetings, one half the cost of any aircraft chartered or limosines hired in connection with the "road show" stock transfer taxes payable on resale of any of the Shares by them and any advertising expenses connected with any offers they may make.

(o) That in connection with the Directed Share Program, the Company will ensure that the Directed Shares will be restricted to the extent required by the NASD or the NASD rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of the effectiveness of the Registration Statement. Morgan Stanley will notify the Company as to which Participants will need to be so restricted. The Company will direct the transfer agent to place stop transfer restrictions upon such securities for such period of time.

(p) To pay all fees and disbursements of counsel incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Directed Share Program.

Furthermore, the Company covenants with Morgan Stanley that the Company will comply with all applicable securities and other applicable laws, rules and regulations in each foreign jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

7. Indemnity and Contribution. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the "Exchange Act," from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein; and provided further that the foregoing indemnity agreement with respect to any preliminary prospectus shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased Shares, or any person controlling such Underwriter, if a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Shares to such person, and if the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such losses, claims, damages or liabilities, unless such failure is the result of noncompliance by the Company with Section 6(a) hereof.

(b) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act ("UNDERWRITER ENTITIES"), from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) caused by any untrue statement or alleged untrue statement of a material fact contained in the prospectus wrapper material prepared by or with the consent of the Company for distribution in foreign jurisdictions in connection with the Directed Share Program attached to the Prospectus or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein, when considered in conjunction with the Prospectus or any applicable

preliminary prospectus, not misleading; (ii) caused by the failure of any Participant to pay for and accept delivery of the shares which, immediately following the effectiveness of the Registration Statement, were subject to a properly confirmed agreement to purchase; or (iii) related to, arising out of, or in connection with the Directed Share Program, provided that, the Company shall not be responsible under this subparagraph (iii) for any losses, claim, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of Underwriter Entities.

(c) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through you expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus or any amendments or supplements thereto.

(d) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 7(a), 7(b) or 7(c), such person (the "INDEMNIFIED PARTY") shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PARTY") in writing and the Indemnifying Party, upon request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Indemnifying Party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in respect of the legal expenses of any Indemnified Party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such Indemnified Parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Morgan Stanley & Co. Incorporated, in the case of parties indemnified pursuant to Section 7(a) or 7(b), and by the Company, in the case of parties indemnified pursuant to Section 7(c). The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested an Indemnifying Party to reimburse the Indemnified Party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Indemnifying Party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such Indemnifying Party of the aforesaid request and (ii) such Indemnifying Party shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding. Notwithstanding anything contained herein to the contrary, if indemnity may be sought pursuant to Section 7(b) hereof in respect of such action or proceeding, then in addition to such separate firm for the Indemnified Parties, the Indemnifying Party shall be liable for the reasonable fees and expenses of not more than one separate firm (in addition to any local counsel) for Morgan Stanley for the defense of any losses, claims, damages and liabilities arising out of the Directed Share Program, and all persons, if any, who control Morgan Stanley within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act.

(e) To the extent the indemnification provided for in Section 7(a), 7(b) or 7(c) is unavailable to an Indemnified Party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Party under such paragraph, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Shares or (ii) if the allocation provided by clause 7(e)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 7(e)(i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares (before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Shares. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties'

relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint.

(f) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 7(e). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

(g) The indemnity and contribution provisions contained in this Section 7 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Shares.

8. Termination. This Agreement shall be subject to termination by notice given by you to the Company, if (a) after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in your

judgment, is material and adverse and (b) in the case of any of the events specified in clauses 8(a)(i) through 8(a)(iv), such event, singly or together with any other such event, makes it, in your judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus.

9. Effectiveness; Defaulting Underwriters. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or the Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule I bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as you may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; provided that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 9 by an amount in excess of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Shares to be purchased, and arrangements satisfactory to you and the Company for the purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. If, on the Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Additional Shares and the aggregate number of Additional Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Additional Shares to be purchased, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase Additional Shares or (ii) purchase not less than the number of Additional Shares that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall

be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and dis bursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

10. Counterparts. This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

11. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

12. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

Very truly yours,

VERISIGN, INC.

By:

Name:
Title:

Accepted as of the date hereof

Morgan Stanley & Co. Incorporated
Hambrecht & Quist LLC
Wessels, Arnold & Henderson, L.L.C.

Acting severally on behalf
of themselves and the
several Underwriters named
in Schedule I hereto.

By: Morgan Stanley & Co. Incorporated

By:

Name:
Title:

SCHEDULE I

UNDERWRITER	NUMBER OF FIRM SHARES TO BE PURCHASED
Morgan Stanley & Co. Incorporated	
Hambrecht & Quist LLC	
Wessels, Arnold & Henderson, L.L.C.	
[NAMES OF OTHER UNDERWRITERS]	
Total.....	

EXHIBIT A

LOCK-UP AGREEMENT

November 6, 1997

Morgan Stanley & Co. Incorporated
Hambrecht & Quist LLC
Wessels, Arnold & Henderson, L.L.C.
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, NY 10036

Dear Sirs and Mesdames:

The undersigned understands that Morgan Stanley & Co. Incorporated ("Morgan Stanley") proposes to enter into an Underwriting Agreement (the "Underwriting Agreement") with VeriSign, Inc., a Delaware corporation (the "Company"), providing for the public offering (the "Public Offering") by the several Underwriters, including Morgan Stanley (the "Underwriters"), of shares (the "Shares") of the Common Stock, one-tenth of one cent ($0.001) par value per share, of the Company (the "Common Stock").

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of Morgan Stanley on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending 180 days after the date of the final prospectus relating to the Public Offering (the "Prospectus"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or excisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (a) the sale of any Shares to the Underwriters pursuant to the Underwriting Agreement or (b) transactions relating to shares of Common Stock or other securities acquired in open market transactions after the completion of the Public Offering. In addition, the undersigned agrees that, without the prior written consent of Morgan Stanley on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending 180 days after the date of the Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

Very truly yours,

(Name)

(Address)

EXHIBIT 3.01

CERTIFICATE OF AMENDMENT OF THE SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF VERISIGN, INC.

VeriSign, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "CORPORATION"), whose original Certificate of Incorporation was filed in the Office of the Secretary of State of the State of Delaware on April 12, 1995 under the name of Digital Certificates International, Inc., and subsequently amended and restated on November 14, 1996, does hereby certify:

The following resolutions amending the Corporation's Second Amended and Restated Certificate of Incorporation, approved by the Corporation's Board of Directors and Stockholders, were duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law, including written consent of the Stockholders of the Corporation and written notice to the non-consenting Stockholders of the Corporation in accordance with the provisions of Section 228 of the Delaware General Corporation Law:

RESOLVED, that Subsection 5.9.2.1.1(B) of Article Four of the Second Amended and Restated Certificate of Incorporation of this Corporation be amended and restated to read as follows:

(B) to officers, directors or employees of, or consultants or vendors to, the Company pursuant to stock option or stock purchase plans or agreements on terms approved by the Board of Directors, but not exceeding 5,045,000 shares of Common Stock (net of any repurchases of such shares or cancellations or expirations of options), subject to adjustment for all stock dividends, subdivisions and combinations;

IN WITNESS WHEREOF, Verisign, Inc. has caused this Certificate to be signed and attested by its duly authorized officers, this 18th day of November, 1997.

VERISIGN, INC.

/s/ Stratton Sclavos

Stratton Sclavos, President

Attest:

/s/ Timothy Tomlinson
- ---
Timothy Tomlinson, Secretary

SECOND
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
VERISIGN, INC.
a Delaware corporation

ONE: The name of the corporation is VeriSign, Inc.

TWO: The address of the corporation's registered office in the State of Delaware is 1050 S. State Street, in the City of Dover, in the County of Kent. The registered agent in charge thereof is CorpAmerica, Inc., 1050 S. State Street, Dover, Delaware 19901.

THREE: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation law of Delaware.

FOUR: The aggregate number of shares which the corporation shall have authority to issue is Thirty-One Million Eight Hundred Seventy-Five Thousand (31,875,000) consisting of (i) Twenty-One Million Five Hundred Ninety-Two Thousand One Hundred Seventeen (21,592,117) shares of Common Stock, One-Tenth of One Cent ($0.001) par value per share (the "COMMON STOCK"), and (ii) Four Million Three Hundred Six Thousand Eight Hundred Eighty Three (4,306,883) shares of Series A Convertible Preferred Stock, One-Tenth of One Cent ($0.001) par value per share (the "SERIES A PREFERRED STOCK"), Two Million One Hundred One Thousand (2,101,000) shares of Series B Convertible Preferred Stock, One-Tenth of One Cent ($0.001) par value per share (the "SERIES B PREFERRED STOCK") and Three Million Eight Hundred Seventy-Five Thousand (3,875,000) shares of the Series C Convertible Preferred Stock, One-Tenth of One Cent ($0.001) par value per share (the "SERIES C PREFERRED STOCK"). A statement of the designations, powers, preferences, rights, qualifications, limitations and restrictions in respect of the shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Common Stock is as follows:

1. DEFINITIONS. For purposes of this Article Four, the following terms shall have the following definitions:

1.1 "ACQUISITION" shall mean any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization in which the stockholders of the

Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the surviving corporation's or its parent corporation's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions in which in excess of fifty percent (50%) of the Company's voting power is transferred with the same result.

1.2 "ASSET SALE" shall mean a sale, lease or other disposition of all or substantially all of the assets of the Company.

1.3 "BOARD" shall mean the Board of Directors of the Company.

1.4 "COMPANY" shall mean this corporation.

1.5 "PREFERRED STOCK" shall refer to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock.

1.6 "SUBSIDIARY" shall mean any corporation at least fifty percent (50%) of whose outstanding voting stock shall at the time be owned, directly or indirectly, by the Company or by one or more such subsidiaries.

1.7 "CONVERSION PRICE" shall mean One Dollar and Twenty Cents ($1.20) with respect to the Series A Preferred Stock, as adjusted herein, Two Dollars and Forty-Five Cents ($2.45) with respect to the Series B Preferred Stock, as adjusted herein, and Eight Dollars ($8.00) with respect to the Series C Preferred Stock, as adjusted herein.

1.8 "ORIGINAL ISSUE DATE" shall mean (i) with respect to the Series A Preferred Stock the date the first share of Series A Preferred Stock is issued, (ii) with respect to the Series B Preferred Stock the date the first share of Series B Preferred Stock is issued and (iii) with respect to the Series C Preferred Stock the date the first share of Series C Preferred Stock is issued.

1.9 "CAPITAL STOCK" shall mean all issued and outstanding shares of Preferred Stock and Common Stock.

2. DIVIDEND AND DISTRIBUTIONS.

2.1 The holders of the outstanding shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be entitled to receive, when and as declared by the Board, out of any funds legally available therefor, dividends at the rate of Ten Cents ($0.10) per share of Series A Preferred Stock per annum, Twenty Cents ($0.20) per share of Series B Preferred Stock per annum and Sixty-Four Cents ($0.64) per share of Series C Preferred Stock per annum, (subject in all cases to appropriate adjustments for stock splits, stock dividends, combinations or other recapitalizations). Such dividends shall not be cumulative. No cash dividend shall be declared or paid with respect to the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock unless at the same time a like proportionate cash dividend for the same dividend period, ratably in proportion to the respective annual dividend rates set forth above, is declared and paid with respect to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock .

2.2 Unless full dividends on the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock for the then current fiscal year shall have been paid or declared and a sum sufficient for the payment thereof set apart: (i) no dividend whatsoever (other than a dividend payable solely in Common Stock) shall be paid or declared, and no distribution shall be made on the Common Stock or pursuant to Section 2.3 below, and (ii) no shares of Common Stock or Preferred Stock shall be purchased, redeemed or acquired by the Company and no moneys shall be paid into or set aside, or made available for a sinking fund, for the purchase, redemption or acquisition thereof; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from directors, officers, employees or consultants of the Company or of any Subsidiary pursuant to agreements under which the Company has the option, but not the obligation, to repurchase such shares upon the occurrence of certain events, including the termination of employment.

2.3 The holders of the outstanding shares of Common Stock and Preferred Stock shall at all times be treated as a single class with respect to dividends and distributions (excluding dividends in or distributions

of shares of Common Stock, but including, dividends or distributions of other securities of the Company), other than those set forth in Sections 2.1 and 2.2 hereof, and, provided the conditions in Section 2.2 hereof are satisfied, such single class, in addition to the dividends payable to the Preferred Stock pursuant to Section 2.1, shall be entitled to dividends when, as and if declared by the Board, out of any funds legally available therefor; provided, however, that each share of Preferred Stock shall be entitled to dividends and distributions equal to the aggregate amount of such dividends and distributions which the holder of that number of shares of Common Stock into which such shares of the Preferred Stock may be converted (on the record date fixed for determining payment of such dividend or distribution) shall be entitled to receive.

3. LIQUIDATION.

3.1 In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be entitled to receive before any payment or declaration and setting apart for payment of any amount shall be made in respect of the Common Stock, out of the assets of the Company available for distribution to its stockholders, whether such assets are capital, surplus or earnings, an amount equal to the following for each share of Series C Preferred Stock (subject to appropriate adjustments for stock splits, stock dividends, combinations or other recapitalizations): (i) $8.00 per share if the aggregate amount available for distribution to all shares of Capital Stock is equal to $16.00 or less per share calculated assuming the Preferred Stock has been converted into Common Stock; (ii) $4.00 per share if the aggregate amount available for distribution to all shares of Capital Stock is greater than $16.00 but less than or equal to $24.00 per share calculated assuming the Preferred Stock has been converted into Common Stock; (iii) $0.00 if the aggregate amount available for distribution to all shares of Capital Stock is in excess of $24.00 per share calculated assuming the Preferred Stock has been converted into Common Stock; an amount equal to the following for each share of Series B Preferred Stock (subject to appropriate adjustments for stock splits, stock dividends, combinations or other recapitalizations): (i) $2.40 per

share if the aggregate amount available for distribution to all shares of Capital Stock is equal to $4.80 or less per share calculated assuming the Preferred Stock has been converted into Common Stock; (ii) $1.20 per share if the aggregate amount available for distribution to all shares of Capital Stock is greater than $4.80 but less than or equal to $7.20 per share calculated assuming the Preferred Stock has been converted into Common Stock; (iii) $0.00 if the aggregate amount available for distribution to all shares of Capital Stock is in excess of $7.20 per share calculated assuming the Preferred Stock has been converted into Common Stock; and an amount equal to the following for each share of Series A Preferred Stock (subject to appropriate adjustment for stock splits, stock dividends, combinations or other recapitalizations): (i) $1.20 per share if the aggregate amount available for distribution to all shares of Capital Stock is equal to $2.40 or less per share calculated assuming the Preferred Stock has been converted into Common Stock; (ii) $0.60 per share if the aggregate amount available for distribution to all shares of Capital Stock is greater than $2.40 but less than or equal to $3.60 per share calculated assuming the Preferred Stock has been converted into Common Stock; (iii) $0.00 if the aggregate amount available for distribution to all shares of Capital Stock is in excess of $3.60 per share calculated assuming the Preferred Stock has been converted into Common Stock. In addition to the amounts set forth in the preceding sentence, the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock then outstanding shall be entitled to be paid an amount equal to all declared and unpaid dividends thereon to and including the date full payment shall be tendered to the holders of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock with respect to such liquidation, dissolution or winding up. If the assets to be distributed to the holders of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, shall be insufficient to permit the payment to such stockholders of the full preferential amounts as set forth above, then all of the assets of the Company legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock in proportion to the aggregate

liquidation preferences of the respective series, and ratably among the holders of such series in proportion to the amount of such stock owned by each such holder.

3.2 After the payment or distribution to the holders of the Preferred Stock of the full amounts as forth in Section 3.1, the holders of the Preferred Stock and Common Stock then outstanding, as a single class, shall be entitled pro rata, based on the number of shares outstanding, to all the remaining assets of the Company; provided, however, that each share of Preferred Stock shall be entitled to receive amounts equal to the aggregate amount of assets which the holder would have been entitled had the Preferred Stock been converted into Common Stock (on the date fixed for determining distribution of such assets).

3.3 An Acquisition or an Asset Sale shall be considered a liquidation under this Section 3. The provisions of this Section 3.3 may be waived by the approval by vote or written consent of the holders of at least a majority of the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock then outstanding, voting together as a single class on an as converted basis.

4 VOTING RIGHTS. Except as otherwise expressly provided herein or as required by law, the holders of the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Common Stock shall be entitled to vote on all matters. Each share of Common Stock shall be entitled to one vote and each share of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be entitled to that number of votes equal to the largest number of whole shares of Common Stock into which such shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, as the case may be, may be converted as of the close of business on the record date fixed for the meeting of the stockholders of the Company or the effective date of any written consent of the stockholders of the Company (with any fractional share determined on an aggregate basis for each holder being rounded up to the next whole share). Except as otherwise expressly provided herein or as required by law, the holders of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and Common Stock shall vote together as a single class on an as converted basis.

5 CONVERSION. The holders of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall have the following conversion rights (the "CONVERSION RIGHTS").

5.1 RIGHT TO CONVERT. Each share of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be convertible at the option of the holder thereof, at any time after the date of issuance of such share, into that number of fully paid and nonassessable shares of Common Stock (or other securities or property pursuant to Sections 5.6 or 5.7 below) which shall result from dividing (i) One Dollar and Twenty Cents ($1.20) for each share of Series A Preferred Stock, (ii) Two Dollars and Forty-Five Cents ($2.45) for each share of Series B Preferred Stock and (iii) Eight Dollars ($8.00) for each share of Series C Preferred Stock by the Conversion Price at the time in effect with respect to such series.

5.2 AUTOMATIC CONVERSION.

5.2.1 Each share of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall automatically be converted into that number of fully paid and non-assessable shares of Common Stock (or other securities or property pursuant to Sections 5.6 or 5.7 below) which shall result from dividing (i) One Dollar and Twenty Cents ($1.20) for each share of Series A Preferred Stock, (ii) Two Dollars and Forty-Five Cents ($2.45) for each share of Series B Preferred Stock and (iii) Eight Dollars ($8.00) for each share of Series C Preferred Stock by the Conversion Price then in effect with respect to such series immediately upon the earlier of: (i) the date of effectiveness of a registration statement under the Securities Act of 1933, as amended, or any successor statute, for a firmly underwritten offering of Common Stock which will provide proceeds to the Company of Fifteen Million Dollars ($15,000,000) or more and which has a per share price of not less than Nine Dollars ($9.00) (appropriately adjusted for stock splits, stock dividends and share combinations after the date of incorporation of the Company), or (ii) the date of approval of such conversion, by vote or written consent, of the holders of sixty-six and two-thirds percent (66-2/3%) of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock then outstanding, voting together as a single class on an as converted basis.

5.2.2 Upon the occurrence of any event specified in Section 5.2.1, the outstanding shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be converted automatically, without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of occurrence of the event causing automatic conversion and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock at such time on such date unless the transfer books of the Company are closed on such date, in which event such person shall be deemed to have become a stockholder of record on the next succeeding date on which the transfer books are open, but the Conversion Price with respect to the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be that in effect on such prior time and date.

5.2.3 Upon the automatic conversion of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock , the holders of such Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall surrender the certificates representing such shares, duly endorsed, at the office of the Company or of any transfer agent for the particular series of Preferred Stock, or shall notify the Company or transfer agent that such certificates have been lost, stolen or destroyed and shall execute an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith. Thereupon, the Company shall promptly issue and deliver at such office to such holder of Series A Preferred Stock and/or Series B Preferred Stock and/or Series C Preferred Stock new certificates for the number of shares of Common Stock to which such holder is entitled. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Common Stock upon

conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such sale of securities.

5.3 MECHANICS OF VOLUNTARY CONVERSION.

5.3.1 Before any holder of shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be entitled voluntarily to convert the same into shares of Common Stock, such holder shall surrender the certificates representing such shares, duly endorsed, at the office of the Company or of any transfer agent for the particular series of Preferred Stock, or shall notify the Company or transfer agent that such certificates have been lost, stolen or destroyed and shall execute an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith, and shall give written notice to the Company at such office that such holder elects to convert the same, stating therein the number of shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock being converted. Thereupon, the Company shall promptly issue and deliver at such office to such holder of Series A Preferred Stock and/or Series B Preferred Stock and/or Series C Preferred Stock new certificates for the number of shares of Common Stock to which such holder shall be entitled.

5.3.2 Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock to be converted, or delivery of the above-described notification and indemnity, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock at such time on such date, unless the transfer books of the Company are closed on such date, in which event such person or persons shall be deemed to have become a stockholder or stockholders of record on the next succeeding date on which the transfer books are open, but the Conversion Price with respect to the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be that in effect on such prior time and date. Upon conversion of only a

portion of the number of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock represented by a certificate surrendered for conversion, the Company shall issue and deliver to the holder of the certificate so surrendered for conversion, at the expense of the Company, a new certificate covering the number of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock as the case may be, representing the unconverted portion of the certificate so surrendered.

5.4 DIVIDEND PAYMENT UPON CONVERSION. Upon any conversion of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock into shares of Common Stock, the Company shall pay all declared, but unpaid, dividends on the shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, as the case may be, being converted; provided, however, that if the Company shall be prohibited by law from making all such payments in cash, the Company shall, in lieu of making a full cash payment of all such accrued and unpaid dividends, make payment thereof in cash to the extent permitted by law and shall pay the balance in whole shares of Common Stock, valued at the Conversion Price then in effect with respect to the particular series of Preferred Stock being converted, plus cash in lieu of any fractional share.

5.5 ADJUSTMENT FOR STOCK SPLITS AND COMBINATIONS. If the Company shall at any time effect a subdivision of the outstanding shares of Common Stock (or other securities into which the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock may be converted), then, and in each such case, the Conversion Price as in effect immediately before such subdivision with respect to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock shall be proportionately decreased and, conversely, if the Company shall at any time combine the outstanding shares of Common Stock (or other securities into which the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock may be converted), then, and in each such case, the Conversion Price with respect to the Series A Preferred Stock, the

Series B Preferred Stock and the Series C Preferred Stock as in effect immediately before such combination shall be proportionately increased.

5.6 ADJUSTMENT FOR RECLASSIFICATION, EXCHANGE AND SUBSTITUTION. If the Common Stock (or other securities into which the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock may be converted) shall at any time be reclassified or otherwise changed, whether by reorganization, reclassification or otherwise (other than by a merger, consolidation or sale of assets described in Section 5.7), then, and in each such event, each share of Series A Preferred Stock, each share of Series B Preferred Stock and each share of Series C Preferred Stock shall thereafter be convertible into the kind and amount of shares of stock and other securities or property which the holder of that number of shares of Common Stock (or other securities) into which such share of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, as the case may be, shall be convertible immediately prior to such event would be entitled to receive upon the occurrence of such event.

5.7 MERGER, CONSOLIDATION AND SALE OF ASSETS. If the Company shall at any time merge or consolidate with or into another corporation (other than where the Company is the surviving corporation and there is no reclassification or change in the Common Stock or other securities into which the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock may be converted) or shall sell all or substantially all of its properties and assets to any other person, then, as a part of such merger, consolidation or sale, provision shall be made to assure that the holders of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall thereafter be entitled to receive, upon conversion of any Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, the kind and amount of shares of stock and other securities or property of the Company, or of the successor corporation resulting from such merger, consolidation or sale, that the holders of that number of shares of Common Stock (or other securities) into which the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock, as the case may be, shall be convertible

immediately prior to such merger, consolidation or sale would be entitled to receive on such merger, consolidation or sale.

5.8 ADJUSTMENT FOR COMMON STOCK DIVIDENDS AND DISTRIBUTIONS. If the Company at any time or from time to time after the applicable Original Issue Date with respect to the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event the Conversion Price of the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date by multiplying the applicable Conversion Price of the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock, as the case may be, then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date and (ii) the denominator of which is the number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price with respect to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price with respect to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock shall be adjusted pursuant to this Section 5.8 to reflect the actual payment of such dividend or distribution.

5.9 ADJUSTMENT OF CONVERSION PRICE. The Conversion Price shall be subject to adjustment from time to time upon the happening of certain events, as follows:

5.9.1 SALE OF STOCK. If the Company issues or sells Additional Shares (as defined below) (other than upon conversion of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, or in a transaction or as the result of a transaction described in Sections 5.4, 5.5, 5.6, 5.7 or 5.8) at any time after the applicable Original Issue Date with respect to the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock for a consideration per share less than the Conversion Price for the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock then in effect (a "DILUTION SALE"), the Conversion Price of the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock, as the case may be, then in effect shall be adjusted to an amount obtained by multiplying the applicable Conversion Price then in effect with respect to such series by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares of Common Stock, which the aggregate consideration received by the Company for the total number of Additional Shares so issued would purchase at such Conversion Price in effect immediately prior to such issuance, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares so issued. For purposes of the above calculation, the number of shares of Common Stock outstanding immediately prior to such issue shall be calculated as if all shares of Preferred Stock had been fully converted immediately prior to such issuance of Additional Shares.

5.9.2 ISSUE OR SALE OF COMMON STOCK EQUIVALENTS.

5.9.2.1 For purposes of this Article Four, the following terms shall have the following definitions:

5.9.2.1.1 "ADDITIONAL SHARES" shall mean all shares of Common Stock issued (or, pursuant to Section 5.9.2.2 deemed to be issued) by the Company after the applicable Original Issue Date with respect to the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock other than shares of Common Stock issued or issuable:

(A) upon conversion of shares of Preferred Stock;

(B) to officers, directors or employees of, or consultants or vendors to, the Company pursuant to stock option or stock purchase plans or agreements on terms approved by the Board of Directors, but not exceeding four million two hundred forty-five thousand (4,245,000) shares of Common Stock (net of any repurchases of such shares or cancellations or expirations of options), subject to adjustment for all stock dividends, subdivisions and combinations;

(C) to lenders or strategic customers or partners of the Company on terms approved by the Board of Directors pursuant to warrants or otherwise, but not exceeding one hundred twenty-five thousand (125,000) shares of Common Stock (net of any repurchases of such shares or cancellations or expirations of options or warrants), subject to adjustments for any stock dividend, subdivisions and combinations;

(D) as a dividend or distribution solely on Preferred Stock; or

(E) for which adjustment of the Conversion Price is made pursuant to Sections 5.5, 5.6, 5.7 or 5.8.

1.1.1.1.1 "CONVERTIBLE SECURITIES" means any security which is directly or indirectly convertible into Common Stock.

1.1.1.1.2 "PARTICIPATING SECURITIES" means any security which participates with Common Stock in dividends or upon liquidation.

1.1.1.1.3 "RIGHTS" means any option, warrant or right to purchase Additional Shares, Convertible Securities or Participating Securities.

1.1.1.1.4 "COMMON STOCK EQUIVALENTS" means, collectively, Convertible Securities, Participating Securities and Rights, or any of them.

1.1.1.1.5 "EFFECTIVE PRICE" means the quotient obtained by dividing (i) Minimum Consideration by (ii) Maximum Shares upon Exercise.

1.1.1.1.6 "MAXIMUM SHARES UPON EXERCISE" means the maximum number of shares of Common Stock issuable at any time during the term of a Common Stock Equivalent upon complete exercise or full conversion of the Convertible Securities or Rights or presently represented by Participating Securities, computed without regard to contingent adjustments to the number of shares issuable upon exercise or conversion (other than adjustments caused solely by the passage of time which increase the Maximum Shares upon Exercise). For the purpose of calculating Maximum Shares upon Exercise, the number of shares of Common Stock represented by each share of Participating Securities shall be the highest (excluding infinitely large numbers and numbers calculated by dividing by zero) of: (a) that proportion of the dividends of the Company to which a share of Participating Securities is entitled because of its right of participation compared to the proportion of dividends of the Company to which a share of Common Stock is entitled; (b) that proportion of any liquidation distribution of the Company to which a share of Participating Securities is entitled because of its right of participation compared to the proportion of any liquidation distribution of the Company to which a share of Common Stock is entitled; or (c) the maximum number of shares of Common Stock issuable upon conversion or exercise of a Participating Security at any time during the term of any Participating Security which is also a Convertible Security, upon complete conversion or exercise thereof, without regard to contingent adjustments to the number of shares issuable upon exercise or conversion (other than adjustments caused solely by the passage of time which increase Maximum Shares upon Exercise).

1.1.1.1.7 "MINIMUM CONSIDERATION" means the minimum aggregate consideration payable at any time for the purchase of the Common Stock Equivalents and, during the term of the Common Stock Equivalents, upon complete exercise or full conversion of the Common Stock Equivalents

computed without regard to contingent adjustments to exercise or conversion price (other than adjustments caused solely by the passage of time which reduce Minimum Consideration).

1.1.1.2 The issue or sale of Common Stock Equivalents for an Effective Price less than the Conversion Price then in effect shall be a Dilution Sale and the Conversion Price shall be adjusted as set forth in Section 5.9.1 hereof provided that for the purposes of such adjustment: (a) the consideration received for such Dilution Sale shall be the product of (i) Effective Price and (ii) Maximum Shares upon Exercise; and (b) the number of shares issued in the present Dilution Sale shall be the Maximum Shares upon Exercise.

1.1.1.3 If the Company has issued Convertible Securities or Rights causing an adjustment to the Conversion Price pursuant to this Section 5.9, and said Convertible Securities or Rights subsequently expire without being converted or exercised, by reason of lapse of time or otherwise, and (except payment of the principal, interest and a reasonable prepayment premium or the redemption price and a reasonable redemption premium in the case of a convertible note or Preferred Stock voluntarily paid or redeemed by the Company, respectively) without payment of any kind or nature to, or for the benefit of, any present or prior holder of the Convertible Securities or Rights by any party in connection with such Convertible Securities or Rights, then, and in such event, the Conversion Price shall be recalculated and adjusted in accordance with Section 5 hereof as if such Convertible Securities or Rights had never been issued, but taking into account all events which would have been Dilution Sales if such Convertible Securities or Rights are disregarded; provided, however, that this Section 5.9.2.3 shall not have any effect on any conversion of Preferred Stock prior to the expiration date of such expired Convertible Securities or Rights.

1.1.2 DILUTION IN CASE OF OTHER STOCK OR SECURITIES. In case any securities, other than Common Stock of the Company, shall at the time be receivable by any holder of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock upon the conversion of such series, and in case any additional shares of such securities or any securities convertible into or exchangeable for such securities shall be

issued or sold for a consideration such as to dilute the conversion rights of the Series A Preferred Stock, the Series B Preferred Stock or the Series C Preferred Stock, as the case may be, then, and in each such case, the Conversion Price with respect to such series shall be adjusted substantially in the manner provided in this Section 5 so as to protect the holders of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock against the effect of such dilution.

1.1.3 DETERMINATION OF VALUE OF NON-CASH CONSIDERATION. Upon any issue or sale for consideration other than cash, or consideration part of which is other than cash, of any Additional Shares, Common Stock Equivalents or other securities, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined in good faith by the Board. In case any Additional Shares or Common Stock Equivalents shall be issued or sold together with other securities or assets of the Company for a consideration which covers both, the consideration for the issue or sale of such Common Stock or Common Stock Equivalents shall be deemed to be the portion of such consideration allocated thereto in good faith by the Board.

1.2 TIME OF ADJUSTMENTS TO CONVERSION PRICE.

1.2.1 All adjustments to Conversion Price, unless otherwise specified herein, shall be effective as of the earlier of:

1.2.1.1 the date of issue of the security causing the adjustment;

1.2.1.2 the date of sale of the security causing the adjustment;

1.2.1.3 the effective date of a division or combination of shares; or

1.2.1.4 the record date of any action of holders of the Company's capital stock of any class taken for the purpose of dividing or combining shares or entitling stockholders to receive a distribution or dividends payable in Common Stock or Common Stock Equivalents.

1.2.2 If the Company shall issue Common Stock Equivalents with different Effective Prices and such Common Stock Equivalents would under this Section 5 require multiple adjustments to the Conversion Price with respect to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock on the same day, then the Conversion Price with respect to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock shall be adjusted seriatim for each type of Common Stock Equivalent with a different Effective Price, adjusting the Conversion Price with respect to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock first for the Common Stock Equivalent with the highest Effective Price, followed by the adjustment for the Common Stock Equivalent with the next highest Effective Price and so on until all adjustments to the Conversion Price with respect to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock have been made.

1.3 NOTICE OF ADJUSTMENTS. In each case of an adjustment or readjustment of a Conversion Price, the Company at its expense, shall cause the Chief Financial Officer of the Company to compute such adjustment or readjustment and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or to be received by the Company for any Additional Shares or Common Stock Equivalents issued or sold or deemed to have been issued or sold, (b) the number of shares of Common Stock outstanding or deemed to be outstanding, and (c) the adjusted Conversion Price. The Company shall promptly mail a copy of each such certificate to each holder of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock affected by such adjustment. The Company shall, upon the written request at any time of any holder of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth such adjustment or readjustment, the Conversion Price at the time in effect and the number of shares of Common Stock and the amount, if any, of other property which at the time would be

received upon the conversion of a share of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock.

1.4 DURATION OF ADJUSTED CONVERSION PRICE. Following each adjustment of the Conversion Price with respect to the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock such adjusted Conversion Price shall remain in effect until further adjustment of such Conversion Price hereunder.

1.5 MINIMUM ADJUSTMENT. No adjustment of a Conversion Price shall be made in an amount less than One Cent ($0.01) per share (subject to appropriate adjustments for stock splits and stock dividends, and provided that at such time as events causing adjustments accumulating One Cent ($0.01) or more have occurred adjustments to Conversion Price shall be made), and no adjustment of a Conversion Price shall have the effect of increasing a Conversion Price above such Conversion Price in effect immediately prior to such adjustment (except for the upward adjustments provided in Sections 5.5, 5.8 and 5.9).

1.6 NOTICES OF RECORD DATE. In the event of any reclassification of or other change in the capital stock of the Company or any merger or consolidation of the Company, transfer of all or substantially all of the assets of the Company to any other person or voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, at least sixty (60) days prior to the record date of such event a notice specifying the date on which such event is expected to become effective and the time, if any, that is to be fixed as to when the holders of record of shares of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such event.

1.7 FRACTIONAL SHARES. No fractional shares of Common Stock shall be issued upon conversion of Shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock. The number of shares of Common Stock to which a holder of shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be entitled shall be based on the aggregate number of shares of Series A

Preferred Stock, Series B Preferred Stock and Series C Preferred Stock then being converted by such holder and the number of shares of Common Stock issuable upon such aggregate conversion. In lieu of any fractional share to which such holder would otherwise be entitled, the Company shall pay cash equal to the fair market value of such fraction based on the fair market value of one (1) share of Common Stock on the date of conversion, as determined in good faith by the Board.

1.8 RESERVATION OF STOCK ISSUABLE UPON CONVERSION. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock (or other securities into which the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock may be converted) solely for the purpose of effecting the conversion of the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock, such number of its shares of Common Stock (or such other securities) as shall, from time to time, be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock (or such other securities) shall not be sufficient to effect the conversion of all the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock then outstanding, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock (or such other securities) to such number of shares as shall be sufficient for such purpose.

1.9 STATUS OF CONVERTED STOCK. In case any shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock shall be converted pursuant hereto, the shares so converted shall be canceled and the authorized number of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, as the case may be, shall he reduced accordingly.

1.10 WAIVER OF ADJUSTMENT OF CONVERSION PRICE.

1.10.1 Notwithstanding anything herein to the contrary, the operation of, and any adjustment of the Conversion Price pursuant to, this Section 5, may be waived with respect to any specific share or shares of Preferred Stock, either prospectively or retroactively and either generally or in a particular instance by a writing executed by the registered holder of such share or shares. Any waiver pursuant to this Section 5.18 shall bind all future holders of shares of Preferred Stock for which such rights have been waived. In the event that a waiver of adjustment of Conversion Price under this Section 5.18 results in different Conversion Prices for shares of the same series of Preferred Stock, the Secretary of the Company shall maintain a written ledger identifying the Conversion Price for each share of such series of Preferred Stock. Such information shall be made available to any person upon request. For the purposes of Section 5.18, if different shares of the same series of Preferred Stock have more than one Conversion Price as a result of a waiver of adjustment of the Conversion Price under this Section 5.18, the Conversion Price for triggering any future adjustment of the Conversion Price of shares of such series of Preferred Stock which have not had such adjustment waived shall be the lowest Conversion Price in effect with respect to shares of such series of Preferred Stock.

1.10.2 Each holder of Preferred Stock agrees that in the event that:

1.10.2.1 the Company shall give a holder of Preferred Stock twenty calendar day's notice of the Company's intent to make a Dilution Sale together with the terms and conditions of such Dilution Sale, and

1.10.2.2 the Company shall offer to sell to such holder, at the same price per share as in the Dilution Sale, that portion (a "PRO RATA PORTION") of such Dilution Sale which equals the proportion that the number of shares of Common Stock issuable upon conversion of the Preferred Stock then held by such holder bears to the total number of shares of Common Stock of the Company issuable upon conversion of the Preferred Stock then outstanding, or such lesser portion as the Company may specify in writing, and

1.10.2.3 such holder fails to tender to the Company, other than at the written request of the Company, the purchase price of such holders' Pro Rata Portion (or such lessor portion as the Company may specify in writing) of such Dilution Sale on the scheduled closing of such Dilution Sale (which shall not be less than 20 days after the written notice provided in 5.18.2.1. above), then no adjustment of the Conversion Price shall be made with respect to such Dilution Sale (other than adjustments made prior to the time of such Dilution Sale), and any future adjustment with respect to future Dilution Sales shall be deemed waived, with respect to the shares of Preferred Stock then held of record by such holder.

1.10.3 In the event the provisions of this Section 5.18 result in more than one Conversion Price for the same series of Preferred Stock, the Secretary of the Company shall keep a written ledger identifying the Conversion Price in effect for each share of such series of Preferred Stock outstanding, which information shall be made available to any person upon request.

1.10.4 The waiver of adjustment of Conversion Price provided for in this Section 5.18 shall bind any transferee of shares of Preferred Stock. Each holder of Preferred Stock agrees that prior to transferring any shares of Preferred Stock to any person or entity such holder will ensure that such transferee shall have delivered to the Company a written acknowledgement of the provisions of this Section 5.18.

1.11 NO IMPAIRMENT. The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Preferred Stock against impairment.

2. RESTRICTIONS AND LIMITATIONS.

2.1 RESTRICTIONS. At all times that any shares of Series A Preferred Stock and/or the Series B Preferred Stock and/or Series C Preferred Stock are outstanding, the Company shall not, and shall not permit any Subsidiary to, without the approval by vote or written consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock then outstanding, voting together as a single class on an as converted basis:

2.1.1 Purchase, redeem or otherwise acquire (or pay into, or set aside for, a sinking fund for such purpose) any Common Stock or any other equity security; provided, however, that this restriction shall not apply to the repurchase of shares of Common Stock from directors, officers, employees or consultants of the Company, or any Subsidiary, pursuant to agreements under which the Company has the option, but not the obligation, to repurchase such shares (at cost) upon the occurrence of certain events, including termination of employment.

2.1.2 Increase the authorized number of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Common Stock.

2.1.3 Authorize or issue, or obligate itself to issue, any equity security, including any other security convertible into or exercisable for any equity security, senior to, or on a parity with, the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock as to dividend, liquidation preferences, redemption rights, voting rights or otherwise.

2.1.4 Effect any Acquisition or Asset Sale.

2.1.5 Effect any recapitalization or reorganization of the Capital Stock of the Company.

2.2 AMENDMENTS TO CERTIFICATE. The Company shall not amend its Certificate of Incorporation without the approval by vote or written consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock

then outstanding, voting together as a single class on an as converted basis, if such amendment would increase the authorized number of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock or change any of the rights, preferences or privileges of shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock or limitations provided herein for the benefit of the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock. Without limiting the generality of the preceding sentence, the Company will not amend its Certificate of Incorporation without the approval by vote or written consent of at least sixty-six and two-thirds percent (66-2/3%) of the shares of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock then outstanding, voting together as a single class on an as converted basis if such amendment would:

2.2.1 Reduce the amount payable to the holders of the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock upon the voluntary or involuntary liquidation, dissolution or winding up of the Company, or change the relative seniority of the liquidation preferences of the holders of such Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock as compared to the rights upon liquidation of the holders of any other capital stock of the Company;

2.2.2 Make the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock redeemable at the option of the Company;

2.2.3 Cancel or modify the Conversion Rights provided in Section 5 hereof.

2.3 VOTING RIGHTS. For purposes of this Section 6, each share of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock shall be entitled to that number of votes set forth in Section 4.

2.4 ADDITIONAL RESTRICTIONS.

2.4.1 At all times that any shares of Series A Preferred Stock are outstanding, the Company shall not, and shall not permit any Subsidiary to, without the approval by vote or written consent of the

holders of at least a majority of the Series A Preferred Stock then outstanding, voting as a separate class on an as converted basis:

2.4.1.1 increase the authorized number of shares of Series A Preferred Stock.

2.4.1.2 authorize or issue or obligate itself to issue, any equity security senior to or on a parity with the Series A Preferred Stock as to dividend, liquidation preference, redemption rights, voting rights or otherwise.

2.4.1.3 alter or change the rights, preferences or privileges of the shares of Series A Preferred Stock.

2.4.2 At all times that any shares of Series B Preferred Stock are outstanding, the Company shall not, and shall not permit any Subsidiary to, without the approval by vote or written consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the Series B Preferred Stock then outstanding voting as a separate class on an as converted basis:

2.4.2.1 increase the authorized number of shares of Series B Preferred Stock.

2.4.2.2 authorize or issue, or obligate itself to issue, any equity security senior to or on a parity with the Series B Preferred Stock as to dividend, liquidation preferences, redemption rights voting rights or otherwise.

2.4.2.3 alter or change the rights, preferences or privileges of the shares of Series B Preferred Stock.

2.4.3 At all times that any shares of Series C Preferred Stock are outstanding, the Company shall not, and shall not permit any Subsidiary to, without the approval by vote or written consent of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the Series C Preferred Stock then outstanding voting as a separate class on an as converted basis:

2.4.3.1 increase the authorized number of shares of Series C Preferred Stock.

2.4.3.2 authorize or issue, or obligate itself to issue, any equity security senior to or on a parity with the Series C Preferred Stock as to dividend, liquidation preferences, redemption rights voting rights or otherwise.

2.4.3.3 alter or change the rights, preferences or privileges of the shares of Series C Preferred Stock.

3. CONSTRUCTION. A reference in this Article Four to any Section shall mean a Section of this Article Four and shall include a reference to every Section the number of which begins with the number of the Section to which reference is specifically made.

FIVE: The Board of Directors of the Company is expressly authorized to make, alter or repeal bylaws of the corporation but the Stockholders may make additional bylaws and may alter or repeal any bylaw whether adopted by them or otherwise.

SIX: Elections of directors need not be by written ballot except to the extent provided in the bylaws of the Company.

SEVEN: The Company shall have a perpetual existence.

EIGHT: A. EXCULPATION. A director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation law or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation law is hereafter amended to further reduce or to authorize, with the approval of the Company's stockholders, further reductions in the liability of the Company's directors for breach of fiduciary duty, then a director of the Company shall not be liable for any such breach to the fullest extent permitted by the Delaware General Corporation Law as so amended.

B. INDEMNIFICATION. To the extent permitted by applicable law, this Company is also authorized to provide indemnification of (and advancement of expenses to) agents (and any other persons to which Delaware law permits this Company to provide indemnification) through bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the Delaware General Corporation Law, subject only to limits created by applicable Delaware law (statutory or non-statutory), with respect to actions for breach of duty to the Company, its stockholders, and others.

C. EFFECT OF REPEAL OR MODIFICATION. Any repeal or modification of any of the foregoing provisions of this Article Eight shall not adversely affect any right or protection of a director, officer, agent or other person existing at the time of, or increase the liability of any director of the Company with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

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IN WITNESS WHEREOF, the Second Amended and Restated Certificate of Incorporation of VeriSign, Inc. has been signed and attested as of this 14th day of November, 1996.

/s/ Stratton Sclavos

Stratton Sclavos, President

ATTEST:

/s/ Timothy Tomlinson
- ---
Timothy Tomlinson, Secretary

[SIGNATURE PAGE TO SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION]

EXHIBIT 3.03

Bylaws

of

DIGITAL CERTIFICATES INTERNATIONAL, INC.

ARTICLE I

Stockholders

Section 1. Annual Meeting. An annual meeting of the stockholders of the corporation, for the election of the Directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date and at such time as the Board of Directors shall each year fix.

Section 2. Special Meetings. Special meetings of the stockholders may be called by the President or by order of the Board of Directors, and shall be called by the Secretary (or in the case of the death, absence, incapacity or refusal of the Secretary, by any other officer) upon written application by one or more stockholders who together hold of record at least 10 percent in interest of the capital stock entitled to vote at such meeting.

Section 3. Place of Meetings. All meetings of stockholders shall be held at the principal office of the corporation unless a different place is fixed by the person or persons calling the meeting and stated in the notice of the meeting.

Section 4. Notices of Meetings and Adjourned Meetings. A written notice of each annual or special meeting of the stockholders stating the place, date, and hour thereof, shall be given by the Secretary (or the person or persons calling the meeting), not less than 10 nor more than 60 days before the date of the meeting, to each stockholder entitled to vote thereat, by leaving such notice with him or her or at his or her residence or usual place of business, or by depositing it postage prepaid in the United States mail, directed to each stockholder at his or her address as it appears on the records of the corporation. Notices of all meetings of stockholders shall state the purpose or purposes for which the meeting is called. An affidavit of the

Secretary, Assistant Secretary, or transfer agent of the corporation that the notice has been given shall, in the absence of fraud, be primary facie evidence of the facts stated therein. No notice need be given to any person with whom communication is unlawful or to any person who has waived such notice either (a) in writing (which writing need not specify the business to be transacted at, or the purpose of, the meeting) signed by such person before or after the time of the meeting or (b) by attending the meeting except for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken except that, if the adjournment is for more than 30 days or if, after the adjournment, a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in the manner provided in this Section 4.

Section 5. Quorum. At any meeting of the stockholders, a quorum for the transaction of business shall consist of one or more individuals appearing in person or represented by proxy and owning or representing a majority of the shares of the corporation then outstanding and entitled to vote thereat, unless or except to the extent that the presence of a larger number may be required by law (including as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the corporation). Where a separate vote by a class or classes is required, a majority of the shares of such class or classes then oustanding and entitled to vote present in person or by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter. If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote thereat who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

Section 6. Organization. Such person as the Board of Directors may have designated or, in the absence of such a person, the President of the corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote thereat who are present, in person or by proxy,

shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the corporation, the secretary of the meeting shall be such person as the chairman appoints.

Section 7. Conduct of Business. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order.

Section 8. Voting. Unless otherwise provided in the Certificate of Incorporation and subject to the provisions of Section 6 of Article IV hereof, each stockholder shall have one vote for each share of stock entitled to vote held by him or her of record according to the records of the corporation. Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held. Persons whose stock is pledged shall be entitled to vote unless the pledgor in a transfer on the books of the corporation has expressly empowered the pledgee to vote the pledged shares, in which case only the pledgee or his or her proxy shall be entitled to vote. If shares stand of record in the names of two or more persons or if two or more persons have the same fiduciary relationship respecting the shares then, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided to the contrary: (a) if only one votes, his or her act binds all; (b) if more than one vote, the act of the majority so voting binds all; and (c) if more than one vote and the vote is evenly split, the effect shall be as provided by law.

Section 9. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or any group of persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 10. Action at Meeting. When a quorum is present at any meeting, action of the stockholders on any matter properly

brought before such meeting, other than the election of directors, shall require, and may be effected by, the affirmative vote of the holders of a majority in interest of the stock present or represented by proxy and entitled to vote on the subject matter, except where a different vote is expressly required by law, the Certificate of Incorporation or these By-laws, in which case such express provision shall govern and control. The election of directors shall be determined by a plurality of votes cast. If the Certificate of Incorporation so provides, no ballot shall be required for the election of directors unless requested be a stockholder present or represented at the meeting and entitled to vote in the election.

Section 11. Stockholder Lists. The officer who has charge of the stock ledger of the corporation shall prepare and make available, at least 10 days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place of inspection within the city where the meeting is to be held (which place of inspection shall be specified in the notice of the meeting) or, if not so specified, at the place where the meeting is to be held. Such list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 12. Action by Written Consent. Any action required by law to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, and dated and signed by the holders of outstanding stock having not less than the minimum number of votes that would be

necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, are delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of stockholders are recorded. Delivery made to the corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the date the earliest dated consent is delivered to the corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the corporation in the manner described in this Section. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Such consents shall be filed with the records of the proceedings of the stockholders.

ARTICLE II

Directors

Section 1. Powers. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by law or these By-laws directed or required to be exercised or done by the stockholders.

Section 2. Number of Directors. The Board of Directors shall consist of no less than five (5) members nor more than seven (7) members, the number thereof to be fixed from time to time by resolution of the Board of Directors. Any amendment of these By-laws changing the authorized number of directors may be adopted only by the affirmate vote of the stockholders holding a majority of the outstanding capital stock of the Company entitled to vote.

Section 3. Election and Tenure. Each Director shall be elected by plurality vote of the stockholders at the annual meeting or as provided in Section 5 of this Article II. Each Director shall serve until his or her successor is elected and qualified, or until his or her earlier resignation or removal.

Section 4. Qualification. No Director need be a stockholder.

Section 5. Removal. Any Director or the entire Board of Directors may be removed with or without cause, by the holders of a majority of the shares then entitled to vote at an election of the Directors except as otherwise provided by law.

Section 6. Resignation. Any Director of the corporation may resign at any time by giving written notice to the Board of Directors, to the Chairman of the Board, if any, to the President, or to the Secretary, and any member of a committee may resign therefrom at any time by giving notice as aforesaid or to the chairman or secretary of such committee. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Vacancies and Newly Created Directorships. Vacancies and newly created directorships resulting from any increase in the authorized number of Directors may be filled (a) by the stockholders at any meeting or by written consent, (b) by a majority of the Directors then in office, although less than a quorum, or (c) by a sole remaining Director. Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more Directors by the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the Directors elected by such class, classes or series then in office or by the sole remaining director so elected. When one or more Directors shall resign from the Board, effective at a future date, a majority of Directors who are entitled to act on the filling of such vacancy or vacancies and who are then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies by vote to take effect when such resignation or resignations shall become effective.

Section 8. Annual Meeting. The first meeting of each newly elected board may be held without notice immediately after an annual meeting of stockholders (or a special meeting of stockholders held in lieu of an annual meeting) at the same place as that at which such meeting of stockholders was held; or such first meeting may be held at such place and time as shall be fixed by the consent in writing of all the Directors, or may be called in the manner hereinafter provided with respect to the call of special meetings.

Section 9. Regular Meetings. Regular meetings of the Directors may be held at such times and places as shall from time to time be fixed by resolution of the Board, and no notice need be given of regular meetings held at times and places so fixed, PROVIDED, HOWEVER, that any resolution relating to the holding of regular meetings shall remain in force only until the next annual meeting of stockholders and that, if at any meeting of Directors at which a resolution is adopted fixing the times or place or places for any regular meetings any Director is absent, no meeting shall be held pursuant to such resolution without notice to or waiver by such absent Director pursuant to Section 11 of this Article II.

Section 10. Special Meetings. Special meetings of the Directors may be called by the Chairman of the Board, if any, the President, or by at least one-third of the Directors then in office (rounded up to the nearest whole number), and shall be held at the place and on the date and hour designated in the call thereof.

Section 11. Notices. Notices of any special meeting of the Directors shall be given to each Director by the Secretary or an Assistant Secretary (a) by mailing to him or her, postage prepaid, and addressed to him or her at his or her address as registered on the books of the corporation, or if not so registered at his or her last known home or business address, a written notice of such meeting at least 4 days before the meeting, (b) by delivering such notice by hand or by telegram, telecopy or telex to him or her at least 48 hours before the meeting, addressed to him or her at such address, or (c) by giving such notice in person or by telephone at least 48 hours in advance of the meeting. In the absence of all

such officers, such notice may be given by the officer or one of the Directors calling the meeting. Notice need not be given to any Director who has waived notice (a) in writing executed by him or her before or after the meeting and filed with the records of the meeting, or (b) by attending the meeting except for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A notice or waiver of notice of a meeting of the Directors need not specify the business to be transacted at or the purpose of the meeting.

Section 12. Quorum. At any meeting of the Directors, a majority of the authorized number of Directors shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Board of Directors, a majority of those present (or, if not more than two Directors are present, any Director present) may adjourn the meeting from time to time to another place, date or time, without notice other than announcement at the meeting prior to adjournment, until a quorum shall be present.

Section 13. Participation in Meetings by Conference Telephone. One or more members of the Board of Directors, or any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 13 shall constitute presence in person at such meeting.

Section 14. Conduct of Business; Action by Written. At any meeting of the Board of Directors at which a quorum is present, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the Directors present, except as otherwise provided in these By-laws or required by law. Action may be taken by the Board of Directors, or any committee thereof, without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the records of proceedings of the Board or committee.

Section 15. Place of Meetings. The Board of Directors may hold its meetings, and have an office or offices, within or without the State of Delaware.

Section 16. Compensation. The Board of Directors shall have the authority to fix stated salaries for Directors for their service in such capacity and to provide for payment of a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board. The Board shall also have the authority to provide for payment of a fixed sum and expenses of attendance, if any, payable to members of committees for attending committee meetings. Nothing herein contained shall preclude any Director from serving the corporation in any other capacity and receiving compensation for such services.

Section 17. Committees. The Board of Directors, by resolution passed by a majority of the number of Directors required at the time to constitute a full Board as fixed in or determined pursuant to these By-laws as then in effect, may from time to time designate one or more committees, each committee to consist of one or more of the Directors of the corporation. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have such power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Subsection (a) of Section 151 of the Delaware General Corporation Law, fix the designations and any preferences or rights of such shares or fix the number of shares in a series of

stock or authorize the increase or decrease in the shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property or assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the By-laws of the corporation. Such a committee may, to the extent expressly provided in the resolution of the Board of Directors, have the power or authority to declare a dividend or to authorize the issuance of stock.

(b) At any meeting of any committee, a majority of the whole committee shall constitute a quorum and, except as otherwise provided by these By-laws or required by law, the affirmative vote of at least a majority of the members present at a meeting at which there is a quorum shall be the act of the committee.

(c) Each committee, except as otherwise provided by resolution of the Board of Directors, shall fix the time and place of its meetings within or without the State of Delaware, shall adopt its own rules and procedures, and shall keep a record of its acts and proceedings and report the same from time to time to the Board of Directors.

ARTICLE III

Officers

Section 1. Officers and Their Election. The officers of the corporation shall be a Chief Executive Officer, a President, a Secretary, a Chief Financial Officer and such Vice Presidents, Assistant Secretaries, Assistant Chief Financial Officers and other officers as the Board of Directors may from time to time determine and elect or appoint. The Board of Directors may appoint one of its members to the office of Chairman of the Board and another of its members to the office of Vice-Chairman of the Board and from time to time define the powers and duties of these offices notwithstanding any other provisions of these By-laws. All officers shall be elected by the Board of Directors and shall serve at the will of the Board of Directors. Any officer may, but need not, be a Director. Two or more offices may be held by the same person.

Section 2. Term of Office. The Chief Executive Officer, the President, the Chief Financial Officer and the Secretary shall, hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal.

Section 3. Vacancies. Any vacancy at any time existing in any office may be filled by the Board of Directors.

Section 4. Chairman of the Board. The Board of Directors may, in its discretion, elect a Chairman of the Board from among its members. He or she may be the Chief Executive Officer of the corporation if so designated by the Board, and he or she shall preside at all meetings of the Board of Directors at which he or she is present and shall exercise and perform such other powers and duties as may from time to time be assigned to him or her by the Board of Directors or prescribed by the Bylaws.

Section 5. Chief Executive Officer. The Board of Directors may elect a Chief Executive Officer of the corporation who may also be the Chairman of the Board or President of the corporation or both. It shall be his or her duty and he or she shall have the power to see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall from time to time report to the Board of Directors all matters within his or her knowledge which the interests of the corporation may require to be brought to its notice. The Chief Executive Officer, when present, shall preside at all meetings of the stockholders and, unless there shall be a Chairman of the Board, of the Board of Directors, unless otherwise provided by the Board of Directors.

Section 6. President. If there is no Chief Executive Officer, the President shall be the chief executive officer of the corporation except as the Board of Directors may otherwise provide. The President shall perform such duties and have such powers additional to the foregoing as the Board of Directors shall designate.

Section 7. Vice Presidents. In the absence or disability of the President, his or her powers and duties shall be performed by the vice president, if only one, or, if more than one, by the one designated for the purpose by the Board of Directors. Each vice

president shall perform such duties and have such powers additional to the foregoing as the Board of Directors shall designate.

Section 8. Chief Financial Officer. The Chief Financial Officer shall be the treasurer of the corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as shall be designated by the Board of Directors or in the absence of such designation in such depositories as he or she shall from time to time deem proper. The Chief Financial Officer (or any Assistant Chief Financial Officer) shall sign all stock certificates as treasurer of the corporation. He or she shall disburse the funds of the corporation as shall be ordered by the Board of Directors, taking proper vouchers for such disbursements. He or she shall promptly render to the Chief Executive Officer and to the Board of Directors such statements of his or her transactions and accounts as the Chief Executive Officer and Board of Directors respectively may from time to time require. The Chief Financial Officer shall perform such duties and have such powers additional to the foregoing as the Board of Directors may designate.

Section 9. Assistant Chief Financial Officers. In the absence or disability of the Chief Financial Officer, his or her powers and duties shall be performed by the Assistant Chief Financial Officer, if only one, or if more than one, by the one designated for the purpose by the Board of Directors. Each Assistant Chief Financial Officer shall perform such duties and have such powers additional to the foregoing as the Board of Directors shall designate.

Section 10. Secretary. The Secretary shall issue notices of all meetings of stockholders, of the Board of Directors and of committees thereof where notices of such meetings are required by law or these By-laws. He or she shall record the proceedings of the meetings of the stockholders and of the Board of Directors and shall be responsible for the custody thereof in a book to be kept for that purpose. He or she shall also record the proceedings of the committees of the Board of Directors unless such committees appoint their own respective secretaries. Unless the Board of

Directors shall appoint a transfer agent and/or registrar, the Secretary shall be charged with the duty of keeping, or causing to be kept, accurate records of all stock outstanding, stock certificates issued and stock transfers. He or she shall sign such instruments as require his or her signature. The Secretary shall have custody of the corporate seal and shall affix and attest such seal on all documents whose execution under seal is duly authorized. In his or her absence at any meeting, an Assistant Secretary or the Secretary pro tempore shall perform his or her duties thereat. He or she shall perform such duties and have such powers additional to the foregoing as the Board of Directors shall designate.

Section 11. Assistant Secretaries. In the absence or disability of the Secretary, his or her powers and duties shall be performed by the Assistant Secretary, if only one, or, if more than one, by the one designated for the purpose by the Board of Directors. Each Assistant Secretary shall perform such duties and have such powers additional to the foregoing as the Board of Directors shall designate.

Section 12. Salaries. The salaries and other compensation of officers, agents and employees shall be fixed from time to time by or under authority from the Board of Directors. No officer shall be prevented from receiving a salary or other compensation by reason of the fact that he or she is also a Director of the corporation.

Section 13. Removal. The Board of Directors may remove any officer, either with or without cause, at any time.

Section 14. Bond. The corporation may secure the fidelity of any or all of its officers or agents by bond or otherwise.

Section 15. Resignations. Any officer, agent or employee of the corporation may resign at any time by giving written notice to the Board of Directors, to the Chairman of the Board, if any, to the Chief Executive Officer or to the Secretary of the corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE IV

Capital Stock

Section 1. Stock Certificates; Uncertificated Shares. The shares of capital stock of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the adoption of such a resolution, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of, the corporation by the Chairman or Vice-Chairman of the Board of Directors or the President or a Vice President, and by the Chief Financial Officer (in his or her capacity as treasurer) or an Assistant Chief Financial Officer (in his or her capacity as assistant treasurer), or the Secretary or an Assistant Secretary, certifying the number of shares owned by him or her in the corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before the certificate is issued, such certificate may nevertheless be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 2. Classes of Stock. If the corporation shall be authorized to issue more than one class of stock or more than one series of and class, the face or back of each certificate issued by the corporation to represent such class or series shall either (a) set forth in full or summarize the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions thereof, or (b) contain a statement that the corporation will furnish a statement of the same without charge to each stockholder who so requests. Within a reasonable time after the issuance or transfer

of uncertificated shares, the corporation shall send to the registered holder thereof such written notice as may be required by law as to the information required by law to be set forth or stated on stock certificates.

Section 3. Transfer of Stock. Shares of stock shall be transferable only upon the books of the corporation pursuant to applicable law and such rules and regulations as the Board of Directors shall from time to time prescribe. The Board of Directors may at any time or from time to time appoint a transfer agent or agents or a registrar or registrars for the transfer or registration of shares of stock. Except where a certificate is issued in accordance with Section 5 of Article IV of these By-laws, one or more outstanding certificates representing in the aggregate the number of shares involved shall be surrendered for cancellation before a new certificate is issued representing such shares.

Section 4. Holders of Record. Prior to due presentment for registration of transfer the corporation may treat the holder of record of a share of its stock as the complete owner thereof exclusively entitled to vote, to receive notifications and otherwise entitled to all the rights and powers of a complete owner thereof, notwithstanding notice to the contrary.

Section 5. Stock Certificates. The Board of Directors may direct that a new stock certificate or certificates, or uncertificated shares, be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates or his or her legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against the corporation on account of the alleged loss, theft, or destruction, of such certificates or the issuance of such new certificate or certificates, or uncertificated shares.

Section 6. Record Date. (a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action other than stockholder action by written consent, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than 60 nor less than 10 days before the date of any meeting of stockholders, nor more than 60 days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of and dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall be not more than 10 days after the date upon which the resolution fixing the record date is adopted. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record

date has been fixed by the Board of Directors and no prior action by the Board of Directors is required by the Delaware General Corporation Law, the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation in the manner prescribed by Article I, Section 12 hereof. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by the Delaware General Corporation Law with respect to the proposed action by written consent of stockholders, the record date for determining stockholders entitled to consent to corporate action in writing shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

ARTICLE V

Miscellaneous Provisions

Section 1. Interested Directors and Officers. (a) No contract or transaction between the corporation and one or more of its Directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if:

(i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors, even though the number of disinterested Directors is less than a quorum; or

(ii) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and

the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(iii) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the shareholders.

(b) Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 2. Indemnification.

(a) Right to Indemnification. The corporation shall indemnify and hold harmless each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Director or an officer of the corporation or is or was serving at the request of the corporation as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, to the fullest extent authorized by law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Subsection (c) of this Section with respect to proceedings to enforce rights to indemnification, the corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or

part thereof) was authorized by the Board of Directors of the corporation; and provided further that as to any matter disposed of by a compromise payment by such person, pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless such compromise and indemnification therefor shall be appropriated:

(i) by a majority vote of a quorum consisting of disinterested Directors;

(ii) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors consisting of all the disinterested Directors;

(iii) if there are not two or more disinterested Directors in office, then by a majority of the Directors then in office, provided they have obtained a written finding by special independent legal counsel appointed by a majority of the Directors to the effect that, based upon a reasonable investigation of the relevant facts as described in such opinion, the person to be indemnified appears to have acted in good faith in the reasonable belief that his or her action was in the best interests of the corporation (or, to the extent that such matter relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan);

(iv) by the holders of a majority of the shares of stock entitled to vote for the election of Directors, which majority may include interested Directors and officers; or

(v) by a court of competent jurisdiction.

An "interested" Director or officer is one against whom in such capacity the proceeding in question or other proceeding on the same or similar grounds is then pending. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its
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equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or

proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(b) Right to Advancement of Expenses. The right to indemnification conferred in Subsection (a) of this Section shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise, which undertaking may be accepted without reference to the financial ability of such person to make repayment.

(c) Right of Indemnitee to Bring Suit. If a claim under Subsection (a) or (b) of this Section is not paid in full by the corporation within 60 days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the indemnitee may at any time there after bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking the corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the

Delaware General Corporation Law. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section or otherwise shall be on the corporation.

(d) Non-exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, certificate of incorporation, by-law, agreement, vote of disinterested Directors or otherwise. The corporation's indemnification under this Section 2 of any person who is or was a Director or officer of the corporation, or is or was serving, at the request of the corporation, as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person receives as indemnification (i) under any policy of insurance purchased and maintained on his or her behalf by the corporation, (ii) from such other corporation, partnership, joint venture, trust or other enterprise, or (iii) under any other applicable indemnification provision.

(e) Joint Representation. If both the corporation and any person to be indemnified are parties to an action, suit or proceeding (other than an action or suit by or in the right of the corporation to procure a judgment in its favor), counsel representing the corporation therein may also represent such indemnified person (unless such dual representation would involve

such counsel in a conflict of interest in violation of applicable principles of professional ethics), and the corporation shall pay all fees and expenses of such counsel incurred during the period of dual representation other than those, if any, as would not have been incurred if counsel were representing only the corporation; and any allocation made in good faith by such counsel of fees and disbursements payable under this paragraph by the corporation versus fees and disbursements payable by any such indemnified person shall be final and binding upon the corporation and such indemnified person.

(f) Indemnification of Employees and Agents of the Corporation. Except to the extent that rights to indemnification and advancement of expenses of employees or agents of the corporation may be required by any statute, the Certificate of Incorporation, this Section or any other by-law, agreement, vote of disinterested Directors or otherwise, the corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the corporation to the fullest extent of the provisions of this Section with respect to the indemnification and advancement of expenses of Directors and officers of the corporation.

(g) Insurance. The corporation may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law (as currently in effect or hereafter amended), the corporation's Certificate of Incorporation or these By-laws.

(h) Nature of Indemnification Right; Modification of Repeal of Indemnification. Each person who is or becomes a Director or officer as described in subsection (a) of this Section 2 shall be deemed to have served or to have continued to serve in such capacity in reliance upon the indemnity provided for in this Section 2. All rights to indemnification (and the advancement of expenses) under this Section 2 shall be deemed to be provided by a contract between the corporation and the person who serves as a

Director or officer of the corporation at any time while these By-laws and other relevant provisions of the Delaware General Corporation Law and other applicable law, if any, are in effect. Such rights shall continue as to an indemnitee who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any modification or repeal of this Section 2 shall not adversely affect any right or protection existing under this Section 2 at the time of such modification or repeal.

Section 3. Stock in Other Corporations. Subject to any limitations that may be imposed by the Board of Directors, the President or any person or persons authorized by the Board of Directors may, in the name and on behalf of the corporation, (a) call meetings of the holders of stock or other securities of any corporation or other organization, stock or other securities of which are held by this corporation, (b) act, or appoint any other person or persons (with or without powers of substitution) to act in the name and on behalf of the corporation, or (c) express consent or dissent, as a holder of such securities, to corporate or other action by such other corporation or organization.

Section 4. Checks, Notes, Drafts and Other Instruments. Checks, notes, drafts and other instruments for the payment of money drawn or endorsed in the name of the corporation may be signed by any officer or officers or person or persons authorized by the Board of Directors to sign the same. No officer or person shall sign any such instrument as aforesaid unless authorized by the Board of Directors to do so.

Section 5. Corporate Seal. The seal of the corporation shall be circular in form, bearing the name of the corporation, the word "Delaware", and the year of incorporation, and the same may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 6. Books and Records. The books, accounts and records of the corporation, except as may be otherwise required by law, may be kept outside of the State of Delaware, at such place or places as the Board of Directors may from time to time appoint. Except as may otherwise be provided by law, the Board of

Directors shall determine whether and to what extent the books, accounts, records and documents of the corporation, or any of them, shall be open to the inspection of the stockholders.

Section 7. Severability. If any term or provision of the By-laws, or the application thereof to any person or circumstances or period of time, shall to any extent be invalid or unenforceable, the remainder of the By-laws shall be valid and enforced to the fullest extent permitted by law.

Section 8. Interpretations. Words importing persons include firms, associations and corporations, all words importing the singular number include the plural number and vice versa, and all words importing the masculine gender include the feminine gender.

Section 9. Amendments. These By-laws may at any time and from time to time be amended or repealed by the stockholders or, if such power is conferred by the Certificate of Incorporation, by the Board of Directors, except that any By-law added or amended by the stockholders may be altered or repealed only by the stockholders if such By-law expressly so provides.

CERTIFICATION

I, the undersigned, do hereby certify that:

(1) I am the duly elected and acting Secretary of Digital Certificates International, Inc., a Delaware corporation; and

(2) The foregoing Bylaws, comprising twenty-three (23) pages, including this Certification, constitute the Bylaws of said corporation as duly adopted by the Board of Directors of this corporation on April 12, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 12th day of April, 1995.

/s/ Timothy Tomlinson

Timothy Tomlinson, Secretary

EXHIBIT 4.01

AMENDED AND RESTATED

INVESTORS' RIGHTS AGREEMENT

November 15, 1996

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AMENDED AND RESTATED

INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT is made as of the 15th day of November, 1996, by and between VeriSign, Inc., a Delaware corporation (the "Company"), and the investors listed on Schedule A hereto, each of which is herein referred to as an "Investor."

RECITALS

WHEREAS, certain of the Investors hold shares of the Company's Series A Preferred Stock and/or Series B Preferred Stock and/or Common Stock (the "Prior Investors") and possess registration rights, information rights, rights of first refusal, and other rights pursuant to that certain Investor's Rights Agreement dated February 20, 1996 (the "Prior Rights Agreement");

WHEREAS, certain Investors are parties to the Series C Preferred Stock Purchase Agreement of even date herewith between the Company and certain of the Investors (the "Series C Agreement");

WHEREAS, in order to induce the Company to enter into the Series C Agreement and to induce the Investors who are parties to the Series C Agreement to invest funds in the Company, the Prior Investors and the Company have agreed to enter into this Agreement amending and restating the Prior Rights Agreement in order to govern the rights of the Investors to cause the Company to register shares of Common Stock and certain other matters as set forth herein;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereto agree as follows:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Section 1:

(a) The term "Act" means the Securities Act of 1933, as amended.

(b) The term "Form S-3" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC

which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(c) The term "Holder" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.13 hereof

(d) The term "1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

(e) The term "register", "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(f) The term "Registrable Securities" means (i) the Common Stock issuable or issued upon conversion of the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock, (ii) any additional Common Stock of the Company held of record by a Holder and (iii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of the shares referenced in (i) and (ii) above, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights under this Section 1 are not assigned. For purposes of Section 1.3 hereof only, the definition of Registrable Securities shall also include the shares of Common Stock of the Company set forth on Schedule B attached hereto.

(g) The number of shares of "Registrable Securities then outstanding" shall be determined by the number of shares of Common Stock outstanding which are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities which are, Registrable Securities.

(h) The term "SEC" shall mean the Securities and Exchange Commission.

1.2 Request for Registration.

(a) If the Company shall receive at any time after the earlier of (i) January 1, 1997, or (ii) three (3) months after the effective date of the first registration statement for a public offering of securities of the Company (other than a registration statement relating either to the sale of securities to employees of the Company pursuant to a stock option, stock purchase or similar plan or a SEC Rule 145 transaction), a written request from the Holders of a majority of the Registrable Securities then outstanding that the Company file a registration statement under the Act, then the Company shall:

(i) within ten (10) days of the receipt thereof, give written notice of such request to all Holders; and

(ii) effect as soon as practicable, and in any event within one hundred twenty (120) days of the receipt of such request, the registration under the Act of all Registrable Securities which the Holders request to be registered, subject to the limitations of subsection 1.2(b), within twenty (20) days of the mailing of such notice by the Company in accordance with Section 3.5.

(b) If the Holders initiating the registration request hereunder ("Initiating Holders") intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to subsection 1.2(a) and the Company shall include such information in the written notice referred to in subsection 1.2(a). The underwriter will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in subsection 1.4(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated among all Holders thereof, including the Initiating Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities of the Company owned by each Holder; provided, however, that the number of shares of Registrable Securities to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting.

(c) Notwithstanding the foregoing, if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.2, a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, the Company shall have the right to defer taking action with respect to such filing for a period of not more than one hundred twenty (120) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve-month period.

(d) In addition, the Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.2:

(i) After the Company has effected two (2) registrations pursuant to this Section 1.2 and such registrations have been declared or ordered effective;

(ii) During the period starting with the date thirty (30) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred eighty (180) days after the effective date of, a registration subject to Section 1.3 hereof; provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective; or

(iii) If the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 1.12 below and that may be effectively marketed by means of the Form S-3 prospectus that the Company proposes to use.

1.3 Company Registration. If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities to participants in a Company stock plan, a registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities which are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company in accordance with Section 3.5, the Company shall, subject to the provisions of Section 1.8, cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

1.4 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety (90) days or until the distribution contemplated in the Registration Statement has been completed; provided, however, that such 90-day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included

in such registration at the request of an underwriter of Common Stock (or other securities) of the Company.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereto and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

1.5 Furnish Information.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information

regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

(b) The Company shall have no obligation with respect to any registration requested pursuant to Section 1.2 or Section 1.12 if, due to the operation of subsection 1.5(a), the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Company's obligation to initiate such registration as specified in subsection 1.2(a) or subsection 1.12(b), whichever is applicable.

1.6 Expenses of Demand Registration. All expenses other than underwriting discounts and commissions (which shall be borne pro rata by the selling Holders based on the number of Registrable Securities registered by each such Holder) incurred in connection with registrations, filings or qualifications pursuant to Section 1.2, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one counsel for the selling Holders shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 1.2; provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Section 1.2.

1.7 Expenses of Company Registration. The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to Section 1.3 for each Holder, including (without limitation) all registration, filing, and qualification fees, printers and accounting fees relating or apportionable thereto and the fees and disbursements of one counsel for the selling Holders, but excluding underwriting discounts and commissions relating to Registrable Securities (which shall be borne pro rata by the selling Holders based on the number of Registrable Securities registered by each such Holder).

1.8 Underwriting Requirements. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required under Section 1.3 to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the

underwriters selected by it (or by other persons entitled to select the underwriters), and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling stockholders according to the total amount of securities entitled to be included therein owned by each selling stockholder or in such other proportions as shall mutually be agreed to by such selling stockholders) but in no event shall (i) the amount of securities of the selling Holders included in the offering be reduced below twenty percent (20%) of the total amount of securities included in such offering, unless such offering is the initial public offering of the Company's securities in which case the selling stockholders may be excluded if the underwriters make the determination described above and no other stockholder's securities are included or (ii) notwithstanding (i) above, any shares being sold by a stockholder exercising a demand registration right similar to that granted in Section 1.2 be excluded from such offering. For purposes of the preceding parenthetical concerning apportionment, for any selling stockholder which is a holder of Registrable Securities and which is a partnership or corporation, the partners, retired partners and stockholders of such holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling stockholder", and any pro-rata reduction with respect to such "selling stockholder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling stockholder" as defined in this sentence.

1.9 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Act, or the 1934 Act, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or

supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, or any rule or regulation promulgated under the Act, or the 1934 Act; and the Company will pay to each such Holder, underwriter or controlling person any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, or the 1934 Act, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.10(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided, that, in no event shall any indemnity under this subsection 1.10(b) exceed the gross proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if

representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.10 to the extent and only to the extent the failure to timely deliver such notice has prejudiced the indemnified party's ability to defend such action, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) The obligations of the Company and Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.11 Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after ninety (90) days after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the 1934 Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities, such action to be taken as soon as

practicable after the end of the fiscal year in which the first registration statement filed by the Company for the offering of its securities to the general public is declared effective;

(c) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

1.12 Form S-3 Registration. In case the Company shall receive from
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any Holder or Holders a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 1.12: (1) if Form S-3 is not available for such offering by the Holders; (2) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $1,000,000; (3) if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than 60 days after receipt of the request of the Holder or Holders under this Section 1.12; provided, however, that the Company shall not utilize this

right more than once in any twelve month period; (4) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two registrations on Form S-3 for the Holders pursuant to this, Section 1.12; or (5) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. All expenses incurred in connection with a registration requested pursuant to this Section 1.12, including (without limitation) all registration, filing, qualification, printer's and accounting fees and the reasonable fees and disbursements of one counsel for all selling Holders and counsel for the Company, but excluding any underwriters' discounts or commissions associated with Registrable Securities (which shall be borne pro rata by the selling Holders based on the number of Registrable Securities registered by each such Holder), shall be borne by the Company. Registrations effected pursuant to this Section 1.12 shall not be counted as demands for registration or registrations effected pursuant to Sections 1.2 or 1.3, respectively.

1.13 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities, provided: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 1.15 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act. For the purposes of determining the number of shares of Registrable Securities held by a transferee or assignee, the holdings of transferees and assignees of a partnership who are partners or retired partners of such partnership (including spouses and ancestors, lineal descendants and siblings of such partners or spouses who acquire Registrable Securities by gift, will or intestate succession) shall be aggregated together and with the partnership; provided that all assignees and transferees who would not qualify individually for assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under this Section 1.

1.14 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company which would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 1.2 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of its

securities will not reduce the amount of the Registrable Securities of the Holders which is included or (b) to make a demand registration which could result in such registration statement being declared effective prior to the earlier of either of the dates set forth in subsection 1.2(a) or within one hundred twenty (120) days of the effective date of any registration effected pursuant to Section 1.2.

1.15 "Market Stand-Off" Agreement. Each Investor hereby agrees that, during the period of duration specified by the Company and an underwriter of common stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Act, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except common stock included in such registration; provided, however, that:

(a) such agreement shall not exceed one hundred eighty (180) days; and

(b) all officers and directors of the Company and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements or the Company imposes stock transfer restrictions on such person's shares pursuant to the following paragraph.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Investor (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

1.16 Termination of Registration Rights.

(a) No Holder shall be entitled to exercise any right provided for in this Section 1 after the earlier of (i) five (5) years following the consummation of the sale of securities pursuant to a registration statement filed by the Company under the Act in connection with the initial firm commitment underwritten offering of its securities to the general public, or (ii) such time as the Holder can sell all of such stock under Rule 144(k) (or successor rule) promulgated by the SEC.

2. Covenants of the Company.

2.1 Delivery of Financial Statements. The Company shall deliver to each Investor who holds a minimum of 50,000 shares of Series A Preferred Stock and/or Series B Preferred Stock and/or Series C Preferred Stock (subject to appropriate adjustment for stock splits, stock dividends, combinations and other recapitalizations):

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company and statement of stockholder's equity as of the end of such year, and a schedule as to the sources and applications of funds for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("GAAP"), and audited and certified by independent public accountants of nationally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within thirty (30) days after the end of each of the first three (3) quarters of each fiscal year of the Company, an unaudited profit or loss statement, schedule as to the sources and application of funds for such fiscal quarter and an unaudited balance sheet and a statement of stockholder's equity as of the end of such fiscal quarter;

(c) as soon as practicable, but in any event thirty (30) days prior to the end of each fiscal year, a budget and operating plan for the next fiscal year, prepared on a monthly basis, including balance sheets and sources and applications of funds statements for such months and, as soon as prepared, any other budgets or revised budgets prepared by the Company.

2.2 Special Covenants.

(a) The Company shall deliver to each Investor as soon as practicable, but in any event within thirty (30) days after the end of each of the first three (3) quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the number of common shares issuable upon conversion or exercise of any outstanding securities convertible or exercisable for common shares and the exchange ratio or exercise price applicable thereto, all in sufficient detail as to permit such Investor to calculate its percentage equity ownership in the Company.

(b) The Company shall deliver to each Investor such other information relating to the financial condition, business, prospects or corporate affairs of the Company as such Investor or any assignee of such Investor may from time to time request, provided, however, that the Company shall not be obligated under this subsection (b) or any other subsection of Section 2.2 to provide information which it deems in good faith to be a trade secret or similar confidential information.

(c) The Company shall permit each Investor, at its expense, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by such Investor; provided, however, that the Company shall not be

obligated pursuant to this subsection (c) to provide access to any information which it reasonably considers to be a trade secret or similar confidential information.

2.3 Termination of Information and Inspection Covenants. The covenants set forth in Sections 2.1, 2.2 and 2.4 shall terminate as to Investors and be of no further force or effect when the sale of securities pursuant to a registration statement filed by the Company under the Act in connection with the firm commitment underwritten offering of its securities to the general public is consummated. In addition, notwithstanding anything to the contrary in this Section 2, the Company shall have no obligation to deliver any information pursuant to the provisions of Section 2.1(c)(i) which the Company believes to be a trade secret or similar confidential information or (ii) to any Investor whom the Company's Board of Directors reasonably determines is a direct or indirect competitor or potential competitor of the Company or any of its affiliated entities.

2.4 Right of First Offer. Subject to the terms and conditions specified in this Section 2.4, the Company hereby grants to each Investor and to Mr. Stratton Sclavos (who, solely for purposes of this Section 2.4 shall be considered an "Investor") a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). For purposes of this Section 2.4, Investor includes any general partners and affiliates of an Investor. An Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners and affiliates in such proportions as it deems appropriate.

Each time the Company proposes to offer any shares of, or securities convertible into or exercisable for any shares of, any class of its capital stock ("Shares"), the Company shall first make an offering of such Shares to each Investor in accordance with the following provisions:

(a) The Company shall deliver a notice by registered or certified mail ("Notice") to the Investors (but need not send a notice to an Investor's general partners and affiliates) stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such Shares.

(b) Within twenty (20) calendar days after receipt of the Notice, the Investor may elect to purchase or obtain, at the price and on the terms specified in the Notice, up to that portion of such Shares which equals the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock then held by such Investor bears to the total number of shares of Common Stock of the Company then outstanding (assuming full conversion of all convertible securities). The Company shall promptly, in writing, inform each Investor which purchases all the shares available to it ("Fully-Exercising Investor") of any other Investor's failure to do likewise. During the ten-day period commencing after receipt of such information, each Fully-Exercising Investor shall be entitled to obtain that portion of the Shares for which Investors were entitled to subscribe but which were not subscribed for by the Investors which is equal to the proportion that the number of shares of Common Stock issued

and held, or issuable upon conversion of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock then held, by such Fully-Exercising Investor bears to the total number of shares of Common Stock issued and held, or issuable upon conversion of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock then held, by all Fully-Exercising Investors who wish to purchase some of the unsubscribed shares.

(c) If all Shares which Investors are entitled to obtain pursuant to subsection 2.4(b) are not elected to be obtained as provided in subsection 2.4(b) hereof, the Company may, during the ninety (90)-day period following the expiration of the period provided in subsection 2.4(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than, and upon terms no more favorable to the offeree than those specified in the Notice. If the Company does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within ninety (90) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Investors in accordance herewith.

(d) The right of first offer in this Section 2.4 shall not be applicable (i) to the issuance and sale of the Series C Preferred Stock to be purchased at the Closing, as defined in the Series C Agreement, (ii) to the issuance or sale of not to exceed 4,370,000 shares of Common Stock (or options therefor) to employees, consultants, directors or officers of the Company, members of advisory boards of the Company, entities of strategic significance to the Company, or lenders or vendors to the Company (and not repurchased at cost by the Company in connection with the termination of employment or service relationship) subsequent to the date of this Agreement, (iii) to securities offered to the public generally pursuant to a registration statement, (iv) to the issuance of securities pursuant to the conversion or exercise of convertible or exercisable securities, (v) to the issuance of securities in connection with a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, or (vi) to stock issued in connection with any split, stock dividend or recapitalization by the Company.

(e) The right of first offer set forth in this Section 2.4 may not be assigned or transferred, except that (i) such right is assignable by each Investor to any wholly owned subsidiary or parent of, or to any corporation or entity that is, within the meaning of the Act, controlling, controlled by or under common control with, any such Investor, (ii) such right is assignable to an assignee purchasing at least fifty percent (50%) of the outstanding Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock originally purchased by such Investor and (iii) such right is assignable between and among any of the Investors.

(f) That certain Right of First Refusal Agreement dated July 26, 1995 between the Company and Mr. Stratton Sclavos is hereby terminated and is replaced in its entirety by this Section 2.4.

2.5 Key-Person Insurance. As long as any shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock remain outstanding, the Company shall maintain, from financially sound and reputable insurers, a term life insurance policy in the amount of at least $1,000,000 on the life of Stratton Sclavos for so long as such individual remains an employee of the Company. Such policy names the Company as loss payee and shall not be cancelable by the Company without prior approval of the Board of Directors.

2.6 Directors' Expenses. The Company shall reimburse reasonable out-of-pocket expenses incurred by the Directors in attending Board of Directors' meetings.

2.7 Certain Board Approval. The Company agrees that it will obtain the Board of Directors' prior approval before entering into any agreement with RSA Data Security, Inc., a Delaware corporation, which is outside of the ordinary course of the Company's business and provides for payments to or by the Company in excess of $25,000.

2.8 Confidentiality. Kleiner Perkins Caulfield & Byers acknowledges that any member of the Board of Directors appointed by it shall have the fiduciary duties applicable to members of the Board of Directors under law with respect to the information provided under Article 2 of this Agreement.

3. Miscellaneous.

3.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

3.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon

personal delivery to the party to be notified or five (5) days after deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties.

3.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.7 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding. Any amendment or waiver effected in accordance with this Section 3.7 shall be binding upon each holder of any Registrable Securities then outstanding, each future holder of all such Registrable Securities, and the Company.

3.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

3.9 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.10 Entire Agreement. This Agreement (including the Exhibits hereto, if any) constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

3.11 Representation. By executing this Agreement, each Investor acknowledges and agrees that it has been advised to, and has had an opportunity to, consult with its own attorney in connection with this Agreement. In connection with the execution of the Prior Rights Agreement, each Investor executing same acknowledges and agrees that Brobeck, Phleger & Harrison LLP represented Kleiner Perkins Caulfield & Byers solely and that each such Investor had been advised to, and had an opportunity to, consult with its own attorney in connection with the Prior Rights Agreement.

3.12 Limitations on Disposition. Each Investor agrees not to make any disposition of any Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock (or any securities issued upon the conversion thereof) unless and until the transferee has

agreed in writing for the benefit of the Company to be bound by this Section 3.12, provided and to the extent such section is then applicable, and:

(a) There is then in effect a Registration Statement under the Act covering such proposed disposition and such disposition is made in accordance with such Registration Statement; or

(b) (i) Such Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (ii) if reasonably requested by the Company, such Investor shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144 except in unusual circumstances.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by an Investor which is a partnership to a partner of such partnership or a retired partner of such partnership who retires after the date hereof, or to the estate of any such partner or retired partner or the transfer by gift, will or intestate succession of any partner to his spouse or to the siblings, lineal descendants or ancestors of such partner or his spouse, if the transferee agrees in writing to be subject to the terms of this Section 3.12 to the same extent as if he were an original Investor hereunder.

(d) Nothing in this Agreement prohibits a party from selling, assigning, transferring or pledging shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock or Common Stock to an affiliate of such party whether foreign, domestic or otherwise, provided that Section 1.13 is satisfied.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

This Amendment is hereby executed as of the date first above written.

COMPANY:

VERISIGN, INC., a Delaware corporation

By: /s/ Stratton Sclavos

Stratton Sclavos, President

Address: 2593 Coast Avenue
Mountain View, CA 94043

PRIOR INVESTORS:

AMERITECH DEVELOPMENT CORPORATION

By: /s/ Thomas Touton

Name: Thomas Touton

Title: Vice President - Venture Capital

Address: 30 South Wacker Drive, 37th Floor
Chicago, IL 60606

BESSEMER VENTURE PARTNERS DCI

By: Bessemer Venture Partners III, L.P.
Managing General partner

By: Deer III & Co.

By: /s/ Robert H. Buescher

Name: Robert H. Buescher

Title: Partner

Address: 1025 Old Country Road
Suite 205
Westbury, NY 11590

/s/ D. James Bidzos

D. James Bidzos

Address: c/o RSA Data Security, Inc.

100 Marine Parkway, Suite 500
Redwood City, CA 94065

FIRST TZMM INVESTMENT PARTNERSHIP

By: /s/ Timothy Tomlinson

Name: Timothy Tomlinson

Title: General Partner

Address: c/o Tomlinson Zisko Morosoli & Maser LLP
200 Page Mill Road, 2nd Floor
Palo Alto, CA 94306

FISCHER SECURITY CORPORATION L.L.C.

By: /s/ Addison M. Fischer

Name: Addison M. Fischer

Title: Managing Director

Address: 4073 Mercantile Avenue
Naples, FL 33942

GC&H INVESTMENTS

By: /s/ James C. Kitch

Name: James C. Kitch

Title: Executive Partner

Address: 3000 Sand Hill Road
Building 3, Suite 230
Menlo Park, CA 94025

INTEL CORPORATION

By: /s/ Satish Rishi

Name: Satish Rishi

Title: Assistant Treasurer

Address: 2200 Mission College Boulevard
Santa Clara, CA 95052

KAIRDOS L.L.C.

By: /s/ D. James Bidzos

Name: D. James Bidzos

Title: Manager

Address: c/o D. James Bidzos
RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, Ca 94065

KLEINER PERKINS CAULFIELD & BYERS VII

By: /s/ Kevin R. Compton

Name: Kevin R. Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

KPCB INFORMATION SCIENCE ZAIBATSU FUND II

By: /s/ Kevin R. Compton

Name: Kevin R. Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

KPCB VII FOUNDERS FUND

By: /s/ Kevin R. Compton

Name: Kevin R. Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

MITSUBISHI CORPORATION

By:_____

Name: Hironori Aihara

Title: Managing Director

Address: 6-3, Marunouchi 2-Chome
Chiyoda-ku, Tokyo 100-86
Japan

/s/ Ronald Rivest

Ronald Rivest

Address: 24 Candia Street
Arlington, MA 02174

RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

Name: D. James Bidzos

Title: CEO

Address: 100 Marine Parkway, Suite 500
Redwood City, CA 94065

SECURITY DYNAMICS TECHNOLOGIES, INC.

By: /s/ Charles R. Stuckey

Name: Charles R. Stuckey

Title: Chairman and CEO

Address: 20 Crosby Drive
Bedford, MA 01730

TZM INVESTMENT FUND

By: /s/ Timothy Tomlinson

Name: Timothy Tomlinson

Title: General Partner

Address: c/o Tomlinson Zisko Morosoli & Maser LLP
200 Page Mill Road, 2nd Floor
Palo Alto, CA 94306

VISA INTERNATIONAL SERVICE ASSOCIATION

By: /s/ William Chenevich

Name: William Chenevich

Title: EVP

Address: c/o Andrew Konstantaras
Legal Department
VISA
900 Metro Center Boulevard
Foster City, CA 94404

Acknowledged and Agreed Solely
with Respect to Section 2.4:

/s/ Stratton Sclavos
- ---

_____
Stratton Sclavos

Address: 2593 Coast Avenue
Mountain View,
CA 94043

INVESTORS: CISCO SYSTEMS, INC.

By: /s/ Cisco Systems, Inc.

Name: _____

Title: _____

Address: 170 West Tasman Drive

Building J-4
San Jose, CA 95134
Attention: Mike Volpi

MICROSOFT CORPORATION

By: /s/ Gregory B. Maffei

Name: Gregory B. Maffei

Title: VP Corporate Development; Treasurer

Address: One Microsoft Way
Redmond, WA 98052-6399
Attn: Robert A. Eshelman

COMCAST INVESTMENT HOLDINGS, INC.

By: /s/ Julian A. Brodsky

Name: Julian A. Brodsky

Title: Vice Chairman

Address: 1500 Market Street
Philadelphia, PA 19102
Attn: General Counsel

VENTURE FUND I, LP

By: /s/ Neal Douglas

Name: Neal Douglas

Title: General Partner

Address: c/o AT&T Ventures
3000 Sand Hill Road, Bldg. 4,
Suite 235
Menlo Park, CA 94025
Attn: Neal Douglas

INTUIT INC.

By: /s/ James J. Heeger

Name: James J. Heeger

Title: SVP/CFO

Address: 2535 Garcia Avenue
P. O. Box 7850
Mountain View, CA 94039-7850
Attn: General Counsel

REUTERS NEWMEDIA INC.

By: /s/ Reuters Newmedia Inc.

Name: _____

Title: CFO, Reuters America Holdings Inc.

Address: c/o Reuters America Holdings
1700 Broadway
New York, NY 10019
Attn: Devin Wenig, Legal Dept.

FIRST DATA CORPORATION

By: /s/ Scott Loftesness

Name: Scott Loftesness

Title: Executive Vice President

Address: 700 Hansen Way

Palo Alto, CA 94304

_____

SOUTHBANK VENTURES, INC.

By: /s/ Yoshitaka Kitao

Name: Yoshitaka Kitao

Title: President

Address: 24-1 Nihonbashi-Hakozakicho
Chuo-ku, Tokyo 103
Japan

MERRILL LYNCH GROUP, INC.

By: /s/ Theresa Lang

Name: Theresa Lang

Title: President

Address: Merrill Lynch & Co., Inc.
World Financial Center
North Tower
280 Vesey Street
New York, NY 10281-1334
Attn: Andrea Lowenthal, Esq.

AMERINDO TECHNOLOGY GROWTH FUND II

By: /s/ Albert W. Vilar

Name: Albert W. Vilar

Title: Director

Address: c/o Amerindo Investment Advisors
399 Park Avenue, 18th Floor
New York, NY 10022

ATTRACTOR L.P.

By: /s/ Harvey Allison

Name: Harvey Allison

Title: MM of Attractor Ventures LLC
GD of Attractor

Address: 2730 Sand Hill Road, Suite 280
Menlo Park, CA 94025

Attn: Harvey Allison

CHANCELLOR LGT ASSET MANAGEMENT

By: /s/ Joan DeSantis

Name: Joan DeSantis

Title: Nominee Partner

Address: 1166 Avenue of the Americas
New York, NY 10036
Attn: Alessandro Piol

SCHEDULE A

Schedule of Investors

Name	Number of shares	Purchase price
Cisco Systems, Inc.	812,500	$6,500,000.00
Microsoft Corporation	812,500	6,500,000.00
Venture Fund I, LP	250,000	2,000,000.00
COMCAST Investment Holdings, Inc.	250,000	2,000,000.00
First Data Corporation	250,000	2,000,000.00
Intuit Inc.	250,000	2,000,000.00
Reuters NewMedia Inc.	250,000	2,000,000.00
SOFTBANK Ventures, Inc.	250,000	2,000,000.00
Merrill Lynch & Co., Inc.	250,000	2,000,000.00
Amerindo Technology Growth Fund II	62,500	500,000.00
Attractor L.P.	62,500	500,000.00
Chancellor LGT Asset Management	62,500	500,000.00
TOTAL:	3,562,500	$28,500,000.00

SCHEDULE D

Schedule of Stockholders

EXHIBIT D

Schedule of Stockholders

Series A Preferred Stockholders	No. of Shares
Ameritech Development Corporation	452,000
Bessemer Venture Partners DCI	850,000
First TZMM Investment Partnership	23,550
Fischer Security Corporation	425,000
GC&H Investments	33,333
Intel Corporation	850,000
Mistsubishi Corporation	425,000
Security Dynamics Technologies, Inc.	425,000
Visa International Service Association	850,000
TOTAL	4,306,883

Series B Preferred Stockholders	No. of Shares
Kleiner Perkins Caufield & Byers VII	1,153,207
KPCB VII Founders Fund	125,947
KPCB Information Science Zaibatsu III	32,799
Bessemer Venture Partners DCI	187,819
Mitsubishi Corporation	72,026
Security Dynamics Technologies, Inc.	72,026
Intel Corporation	144,052
Ameritech Development Corporation	72,026
GC&H Investments	5,589
Visa International Service Association	144,052
Fischer Security Corporation L.L.C.	72,026
First TZMM Investment Partnership	17,554
TOTAL	2,099,123

Common Stockholders	No. of Shares
The Allison A. Zisko 1996 Trust	10,000
Webster Augustine	55,000
Michael Baum	125,000
Bessemer Venture Partners DCI	258,333
D. James Bidzos	125,000
Lynette Covington	2,000
Ethel Daly	140,000
Cheryl Erickson	2,000
Dana L. Evan	135,000

Joni F. Harris	1,000
Hart Enterprises, LLC	500
Interim Services, Inc.	2,500
The Joy E. Tomlinson 1996 Trust	5,000
Kairdos L.L.C.	100,000
Betty J. Kinser	12,000
Lisa Kleissner	1,000
Peter Landrock	6,000
Lynn McNulty	1,000
Ram A. Moskovitz	625
The Natalie L. Zisko 1996 Trust	10,000
Jason Paul	6,250
Ronald Rivest	125,000
RSA Data Security, Inc.	4,000,000

Common Stockholders (cont'd)	No. of Shares
Arn Schaeffer	142,000
Stratton Sclavos	616,000
The Tucker Tomlinson 1996 Trust	5,000
TZM Investment Fund	50,000
Richard Yanovitch	290,000
George Ziemba	125,000
TOTAL	6,351,208

EXHIBIT 4.02

STOCKHOLDERS' AGREEMENT

This Stockholders' Agreement (this "AGREEMENT") is made and entered into as of April 18, 1995, by and among the entities and individuals set forth on Schedule A hereto (hereinafter referenced individually as a "STOCKHOLDER" and collectively as "STOCKHOLDERS") and Digital Certificates International, Inc., a Delaware corporation (the "COMPANY").

R E C I T A L S

A. The Company has been organized for the purpose of providing RSA certificate services.

B. Customers of the Company may be competitors of one or more of the Stockholders. As a result, the Stockholders believe that in order for the Company to succeed, no single Stockholder should control the Company.

C. The Stockholders wish to agree among themselves that no single Stockholder shall control, directly or indirectly, more than forty-five percent (45%) of the voting rights of the outstanding capital stock of the Company.

D. To prevent control, beneficially or of record, directly or indirectly, by a single Stockholder in excess of such forty-five percent (45%), the Stockholders wish to provide that no Stockholder owning, beneficially or of record, directly or indirectly, more than forty-five percent (45%) of the outstanding voting capital stock of the Company will vote or cause to be voted more than forty-five percent (45%) of the shares eligible to be voted on any matter.

A G R E E M E N T

NOW, THEREFORE, in reliance on the foregoing Recitals and in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. SHARES SUBJECT TO THIS AGREEMENT

Each Stockholder owns the number of shares of Common or Preferred Stock of the Company set forth on Schedule A. All of such shares and any additional shares of capital stock of the Company of any type, whether Common or Preferred, or rights to acquire Common or Preferred Stock which may be acquired, directly or indirectly, by the Stockholders in the future shall also be subject to this Agreement. All of the shares set forth on Schedule A together with all such future acquired shares and

rights to acquire shares are hereafter referenced respectively as each Stockholder's "SHARES."
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2. CERTAIN REPRESENTATIONS; INDEMNITY

2.1 REPRESENTATIONS. Each of the Stockholders acknowledges and represents that: (i) this Agreement was prepared with his, her or its knowledge and consent by legal counsel for the Company; (ii) he, she or it was advised by such counsel to consider seeking independent legal counsel to review this Agreement on his, her or its behalf; (iii) he, she or it had adequate time to seek the advice of such independent counsel and to review this Agreement; (iv) he, she or it either obtained such advice or knowingly and intentionally chose not to seek such advice; (v) he, she or it fully understands this Agreement and all of its terms and provisions, including, but not limited to, those provisions which significantly restrict his, her or its ability to sell, transfer or otherwise dispose of his, her or its Shares; and (vi) the restrictions imposed upon his, her or its Shares pursuant to this Agreement are reasonable.

2.2 INDEMNITY. Each Stockholder agrees to indemnify and hold the Company and the other Stockholders harmless from and against any and all liabilities, costs or expenses, including reasonable attorneys' fees, resulting from or arising out of any sale, transfer or other disposition of his, her or its Shares otherwise than in accordance with the terms and provisions of this Agreement.

3. RESTRICTIONS ON TRANSFERS. Except as otherwise specifically provided in this Section 3, no Stockholder (or any successor in interest to any Stockholder) shall have the right or the power, directly or indirectly, to sell, assign (with or without consideration), donate, give away, grant an option or proxy with respect to, pledge, hypothecate or otherwise transfer or encumber, voluntarily or involuntarily or by reason of operation of law (for example, but not limited to, a trustee in bankruptcy or a buyer at any creditor's or court sale), or to commit or agree to do any of the foregoing (hereinafter referenced collectively as a "TRANSFER") any of such Stockholder's Shares, or any right or interest therein to any Prohibited Party (as defined below), without the prior written consent of the Board of Directors of the Company and a majority in interest of the other Stockholders. For purposes of this Agreement, a "majority in interest" of the other Stockholders shall refer to parties to this Agreement holding shares of capital stock with more than 50% of the aggregate number of votes of all of the shares of capital

stock held by all parties hereto consenting to or approving a matter. Any purported Transfer contrary to, or in violation of, the provisions of this Agreement, shall not entitle the purported transferee thereof to have any such Shares transferred on the stock ledger or books of the Company, or obligate the Company to issue certificates evidencing such purported Transfer, nor shall such purported transferee be vested with voting rights or any other rights of a stockholder of the Company, and in all events, such Shares shall remain subject to the provisions of this Agreement. "PROHIBITED PARTY" shall mean Cylink Corporation, a California corporation ("CYLINK"), Caro-Kann Corporation, a California corporation ("CARO-KANN"), Pittway Corporation, a Delaware corporation ("PITTWAY"), or any entity affiliated with Cylink, Caro-Kann or Pittway.

4. VOTING RIGHTS

4.1 RIGHT TO VOTE UPON EXCEEDING 45% THRESHOLD.

4.1.1 EXCLUDED SHARES. The Stockholders and the Company agree that no Stockholder shall vote, directly or indirectly, Shares with voting rights in excess of forty-five percent (45%) of the voting rights of the total outstanding voting capital stock of the Company entitled to vote on any matter including without limitation election of Directors. For this purpose, Shares shall be considered entitled to vote if they are issued and outstanding and shall not be excluded because the holder thereof is interested in the matter. In the event that any Stockholder directly or indirectly owns, beneficially or of record, or has the right to vote capital stock of the Company with voting rights in excess of such percentage, such Stockholder agrees that it shall not cast votes on any matter on which the Stockholders are entitled to act whether at a meeting or by written consent in excess of forty-five percent (45%) of the total number of votes eligible to be cast thereon after excluding a number of shares held directly or indirectly by the Stockholder which would exceed such forty-five percent (45%) threshold. For example, if a Stockholder holds Five Million (5,000,000) shares of Common Stock representing fifty percent (50%) of the votes of the issued and outstanding shares of capital stock entitled to vote, such Stockholder agrees that it shall not cast more than Four Million Ninety Thousand Nine Hundred Nine (4,090,909) votes. Any stockholder acquiring, directly or indirectly, the right to cast more than forty-five percent (45%) of the aggregate votes of the issued and outstanding voting capital stock of the Company shall immediately give notice of such event to the Company together with the particulars thereof setting forth the total number of shares of voting capital stock held, directly or indirectly, by such Stockholder or as to which such Stockholder is entitled to vote, directly or indirectly. Every Stockholder agrees that the Company shall not count any votes cast by them, directly or indirectly, in excess of forty-five percent (45%) of the total number of votes eligible to be voted on any matter as calculated above.

4.1.2 PRO RATA VOTING. The holder of Shares not voted pursuant to Section 4.1.1 shall vote such shares in the following fashion. If the exclusion of such shares causes the number of shares eligible to be voted on a matter to be less in the aggregate than the minimum number of shares required under Delaware General Corporation Law, the Company's Certificate of Incorporation or Bylaws, such Stockholder shall vote such shares

pro rata based on the number of votes actually cast on the matter excluding the Shares being voted pursuant to this Section 4.1.2. For example, if the Company has 10,000,000 shares issued and outstanding and entitled to vote, and a single Stockholder has 8,000,000 shares, that Stockholder would be entitled to cast 1,636,364 votes pursuant to Section 4.1.1. Assuming 2,000,000 shares were voted for the matter and 1,636,364 votes were voted against the matter, such Stockholder would vote 3,500,000 shares for the matter and 2,863,636 shares against the matter pursuant to this Section 4.1.2. If there are sufficient Shares available to vote such that the mandatory voting provisions contained above in this Section 4.1.2 do not apply, then a Stockholder holding Shares not voted because of Section 4.1.1 may, but is not obligated to, vote such shares pro rata as set forth above in this Section 4.1.2.

4.2 CERTAIN INVOLUNTARY HOLDINGS. In the event that a Stockholder acquires or otherwise owns, beneficially or of record, directly or indirectly, shares of the Company's voting capital stock causing such Stockholder to hold more than forty-five percent (45%) of the issued and outstanding voting capital stock of the Company as a result of a merger, acquisition, redemption or other transaction on the part of the Company, the Company shall provide written notice to such Stockholder, which shall set forth the number of shares which such Stockholder (and any Permitted Transferees of such Stockholder) must not vote in order to comply with this Section 4.

4.3 OWNERSHIP OF SHARES. For purposes of this Section 4, a Stockholder shall be deemed to own all shares of the voting capital stock or rights to acquire voting capital stock of the Company held beneficially or of record, directly or indirectly, by the Stockholder. A Stockholder shall be deemed to own shares of capital stock or rights to acquire capital stock indirectly if: he, she or it (a) owns more than fifty percent (50%) of the outstanding voting securities of the entity that directly or indirectly owns such shares or acquisition rights, or (b) controls, is controlled by or is under common control with the individual or entity that directly or indirectly owns such shares or acquisition rights.

4.4 BOARD REPRESENTATION. So long as Bessemer Venture Partners III L.P. or its general partner or affiliates of such general partner ("BESSEMER") owns not less than fifty percent (50%) of the shares of the Preferred Stock it holds as set forth on Schedule A as of the date Bessemer first executes this Agreement (or an equivalent amount of Common Stock issued upon

conversion thereof), the Company and the Stockholders shall cause and maintain the election to the Board of Directors of a representative of Bessemer. So long as RSA Data Security, Inc., a Delaware corporation ("RSA"), owns not less than the lesser of (a) ten percent (10%) of the issued and outstanding voting shares of the Company (on an as converted basis) or (b) seventy-five percent (75%) of the shares of Common Stock held by it as set forth on Schedule A as of the date RSA first executes this Agreement, the Company and the Stockholders shall cause and maintain the election to the Board of Directors of a representative of RSA. In addition, the Company and the Stockholders shall cause and maintain the election to the Board of Directors of a representative of Visa International Service Association for so long as it or its affiliates own not less than 50 percent (50%) of the shares of the Preferred Stock it holds as set forth on Schedule A as of the date it first executes this Agreement (or an equivalent amount of Common Stock issued upon conversion thereof).

4.5 EMPLOYEES AS DIRECTORS. The Stockholders agree that, in addition to the RSA representative set forth in Section 4.4 hereof, they shall not vote for: (i) more than one employee of the Company nominated to serve on the Board of Directors of the Company, and (ii) no officers or affiliates of RSA nominated to serve on the Board of Directors of the Company, unless a majority of all of the Shares (on an as converted basis) held by the Stockholders and a majority of the Preferred Stock held by parties hereto, consent in writing to the nomination of such person to the Board of Directors prior to such vote.

4.6 LIMITATION ON EFFECTIVENESS.

4.6.1 This Section 4 shall not be effective until the Company shall have sold Preferred Stock with a gross purchase price received by the Company of Three Million Dollars ($3,000,000) or more and, unless earlier terminated pursuant to Section 6, shall continue for a period of ten (10) years from the date of this Agreement. This Agreement may be extended for an additional ten (10) years upon the written consent of the holders of more than sixty percent (60%) of the Shares. Such written consent must be delivered to the Secretary of the Company and the registered office of the Company in Delaware not earlier than the eighth anniversary of the effectiveness of this Agreement and not later than 30 days before the termination hereof.

4.6.2 This Section 4 shall not apply in instances where a class vote (Common voting as a class and

Preferred voting as a class) is required by law, the Company's Certificate of Incorporation or the Company's Bylaws on matters relating to the merger, consolidation or sale of all or substantially all of the assets of the Company.

4.6.3 This Section 4 shall not apply where only a single Stockholder is entitled to vote on a matter.

4.6.4 This Section 4 shall not apply in instances where its implementation would make it impossible under law, under the Company's Certificate of Incorporation, or the Company's Bylaws to obtain a legal, valid and binding vote on a matter.

5. LEGEND ON SHARE CERTIFICATES

In addition to any legends reflecting the restrictions on transfer imposed under federal and applicable state securities laws, each share certificate evidencing the Shares shall have endorsed on it the following:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER, VOTING AND OTHER RESTRICTIONS PURSUANT TO THE TERMS OF A STOCKHOLDERS' AGREEMENT, DATED APRIL 18, 1995 BETWEEN THE ISSUER AND THE REGISTERED HOLDER HEREOF, A COPY OF WHICH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF THE ISSUER.

6. MISCELLANEOUS PROVISIONS

6.1 FURTHER ASSURANCES. Each Stockholder and the Company agrees to take any and all actions and to execute any and all documents reasonably necessary to effectuate the terms and intent of this Agreement.

6.2 TERMINATION OF AGREEMENT. This Agreement shall terminate upon:

6.2.1 The written agreement of the Company and the holders of at least sixty-six and two-thirds percent (66 2/3%) of the Shares which are at that time subject to the terms of this Agreement;

6.2.2 The dissolution of the Company;

6.2.3 A merger of the Company with or into another corporation whereby the Stockholders do not continue to hold the Shares or do not receive shares of the surviving corporation;

6.2.4 The closing of a sale or exchange of all outstanding shares of capital stock of the Company; or

6.2.5 The public sale by the Company of securities pursuant to a registration under the Securities Act of 1933, as amended.

The termination of this Agreement shall not affect any right, remedy or obligation existing hereunder prior to the effective date of such termination.

6.3 SPECIFIC PERFORMANCE. The parties hereto agree that because the Shares have a unique and special value and cannot be readily purchased or sold in any regular market, irreparable damage would be suffered if the terms and provisions of this Agreement were breached and were not specifically enforceable. Accordingly, the parties hereto agree that in the event of a breach of this Agreement by any party hereto, the other parties hereto would not have an adequate remedy at law and shall therefore be entitled to obtain equitable relief from a court of competent jurisdiction enjoining the breaching party from violating any of the terms or provisions hereof, declaring any transaction in breach hereof rescinded and requiring specific performance of the terms hereof.

6.4 GOVERNING LAWS. IT IS THE INTENTION OF THE PARTIES HERETO THAT THE INTERNAL LAWS OF THE STATE OF DELAWARE, U.S.A. (IRRESPECTIVE OF ITS CHOICE OF LAW PRINCIPLES) SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS, AND THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO. THE PARTIES HEREBY EXCLUDE THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS FROM THIS AGREEMENT. THE PARTIES HEREBY AGREE THAT ANY SUIT TO ENFORCE ANY PROVISION OF THIS AGREEMENT OR ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE BUSINESS RELATIONSHIP BETWEEN ANY OF THE PARTIES HERETO SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA OR THE SUPERIOR OR MUNICIPAL COURT IN AND FOR THE COUNTY OF SAN MATEO, CALIFORNIA, U.S.A. Each party hereby agrees that such courts shall have exclusive in personam jurisdiction and venue with respect to such party, and each party hereby

submits to the exclusive in personam jurisdiction and venue of such courts.

6.5 BINDING UPON SUCCESSORS AND ASSIGNS. Subject to, and unless
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otherwise provided in, this Agreement, each and all of the covenants, terms, provisions, and agreements contained herein shall be binding upon, and inure to the benefit of, the permitted successors, executors, heirs, representatives, administrators and assigns of the parties hereto. Prior to any assignment hereunder, the assignee shall agree in writing to be bound by all of the terms and provisions of this Agreement. Upon any such assignment, such assignee shall be considered another party to this Agreement, shall hold the shares he, she or it purchases subject to all of the provisions of this Agreement and shall make no transfers other than as permitted herein. Except as set forth herein, nothing in this Agreement prohibits a party from selling, assigning, transferring or pledging shares of Preferred Stock or Common Stock of the Company to an affiliate of said party, whether foreign, domestic or otherwise.

6.6 SEVERABILITY. If any provision of this Agreement, or the
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application thereof, shall for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision.

6.7 ENTIRE AGREEMENT. This Agreement, the exhibits hereto, the
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documents referenced herein, and the exhibits thereto, constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect hereto and thereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

6.8 COUNTERPARTS. This Agreement may be executed in any number of
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counterparts, each of which shall be an original as against any party whose signature appears thereon and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts

hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as signatories.

6.9 OTHER REMEDIES. Any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby or by law on such party, and the exercise of any one remedy shall not preclude the exercise of any other.

6.10 AMENDMENT AND WAIVERS. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the holders of at least sixty-six and two-thirds percent (66 2/3%) of the Shares which are at that time subject to the terms of this Agreement. The waiver of any breach hereof for default in payment of any amount due hereunder or default in the performance hereof shall not be deemed to constitute a waiver of any other default or succeeding breach or default.

6.11 SURVIVAL OF AGREEMENTS. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

6.12 NO WAIVER. The failure of any party to enforce any of the provisions hereof shall not be construed to be a waiver of the right of such party thereafter to enforce such provisions.

6.13 ATTORNEYS' FEES.

6.13.1 Should suit or arbitration be brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees to be fixed by the court or arbitrator (including without limitation, costs, expenses and fees on any appeal). If either party to this Agreement shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorneys fees incurred in bringing such suit and enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment. For the purposes of this section, attorney fees shall include, without limitation, fees incurred in the following: (i) postjudgment motions; (ii) contempt proceedings; (iii) garnishment, levy, and debtor and third party examinations; (iv) discovery; and (v) bankruptcy litigation.

6.13.2 In addition to attorneys' fees recoverable pursuant to Section 6.13.1 above, the prevailing party in any suit or arbitration shall be entitled to recover its reasonable attorneys' fees incurred in enforcing the final judgment or arbitration award. Such right to attorneys' fees pursuant to this Section 6.13 is severable from the other provisions of this Agreement, shall survive the initial judgment or award in favor of the prevailing party, and is not to be deemed to be merged into such judgment or award.

6.14 NOTICES. Whenever any party hereto desires or is required to give any notice, demand or request with respect to this Agreement, each such communication shall be in writing and shall be given or made by, telecopy, telegraph, cable, mail or other delivery and telecopied, telegraphed, cabled, mailed or delivered to the intended recipient at the addresses specified below:

If to the Company: c/o Mr. D. James Bidzos
RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

with a copy to:	Timothy Tomlinson, Esq. Tomlinson Zisko Morosoli & Maser 200 Page Mill Road, Second Floor Palo Alto, CA 94306
If to a Stockholder or a Permitted Transferee:	At the address of such person as set forth on the stock record books of the Company

Except as may be otherwise provided elsewhere in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopier with verified receipt by the receiving telecopier, when delivered to the telegraph or cable office, when personally delivered, or in the case of a mailed notice, five (5) days after being deposited in the United States certified or registered mail, postage prepaid. Any party may change its address for such communications by giving notice thereof to the other parties in conformance with this section.

6.15 CONSTRUCTION OF AGREEMENT. This Agreement has been negotiated by the respective parties hereto and their attorneys and the language hereof shall not be construed for or against any party. A reference in this Agreement to any Section shall include a reference to every Section the number of which begins with the number of the Section which reference is specifically made (e.g., a reference to Section ERROR! REFERENCE SOURCE NOT FOUND. shall include a reference to Sections ERROR! REFERENCE SOURCE NOT FOUND. and ERROR! REFERENCE SOURCE NOT FOUND.). The titles and headings herein are for reference purposes only and shall not in any manner limit the construction of this Agreement, which shall be considered as a whole.

6.16 NO JOINT VENTURE. Nothing contained in this Agreement shall be deemed or construed as creating a joint venture or partnership between any of the parties hereto. No party is by virtue of this Agreement authorized as an agent, employee or legal representative of any other party. No party shall have the power to control the activities and operations of any other. No party shall have any power or authority to bind or commit any other. No party shall hold itself out as having any authority or relationship in contravention of this Section.

6.17 PRONOUNS. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person, persons, entity or entities may require.

6.18 ABSENCE OF THIRD PARTY BENEFICIARY RIGHTS. No provisions of this Agreement are intended nor shall be interpreted to provide or create any third party beneficiary rights or any other rights of any kind in any client, customer, affiliate, stockholder, partner of any party hereto or any other person, unless specifically provided otherwise herein, and, except as so provided, all provisions hereof shall be personal solely between the parties to this Agreement.

6.19 EMPLOYMENT. Nothing in this Agreement shall be construed as granting a Stockholder or any other party hereto any right to continued employment with the Company or any subsidiary of the Company. Except as the Company and a Stockholder may otherwise agree in writing, a Stockholder's employment shall be terminable by the Company or any such subsidiary at will.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

COMPANY:

Digital Certificates International, Inc.
c/o RSA Data Security, Inc.
Redwood City, CA 94065
100 Marine Parkway, Suite 500
Redwood City, CA 94065

DIGITAL CERTIFICATES INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ David Cowan

Name: David Cowan

Title: Chairman

STOCKHOLDERS:

Bessemer Venture Partners DCI
1025 Old County Road, Suite 205
Westbury, NY 11590

By: BESSEMER VENTURE PARTNERS DCI

By: Bessemer Venture Partners III L.P.
Managing General Partner

By: Deer III & Co.

By: /s/ Robert H. Buesher

Name: Robert H. Buesher

Title: Partner

Mitsubishi Corporation
6-3, Marunouchi 2- Chome,
Chiyoda-ku, Tokyo 100-86
Japan

MITSUBISHI CORPORATION

By: /s/ Yukihiro Kayama

Name: Yukihiro Kayama

Title: Senior Assistant to Managing Director
Information Systems and Services Group

Security Dynamics Technologies, Inc.
One Alewife Center
Cambridge, MA 02140-2312

SECURITY DYNAMICS TECHNOLOGIES, INC.

By: /s/ Charles R. Stuckey Jr.

Name: Charles R. Stuckey Jr.

Title: President and CEO

Intel Corporation
2200 Mission College Blvd.
Santa Clara, CA 95052

INTEL CORPORATION

By: /s/ Arvind Sodhani

Name: Arvind Sodhani

Title: Vice President and Treasurer

Ameritech Development Corporation
30 South Wacker Drive, 37th Floor
Chicago, Ill 60606

AMERITECH DEVELOPMENT CORPORATION

By: /s/ Thomas Touton

Name: Thomas Touton

Title: Vice President - Venture Capital

GC&H Investments
3000 Sand Hill Road
Building 3, Suite 230
Menlo Park, CA 94025

GC&H INVESTMENTS

By: /s/ James C. Kitch

Name: James C. Kitch

Title: Executive Partner

VISA International Service Association

c/o Andrew Konstantaras
Legal Department
VISA
900 Metro Center Boulevard
Foster City, CA 94404

VISA INTERNATIONAL SERVICE ASSOCIATION

By: /s/ William L. Powar

Name: William L. Powar

Title: Vice President

Fischer Security Corporation
4073 Mercantile Avenue
Naples, FL 33942

FISCHER SECURITY CORPORATION L.L.C.

By: /s/ Addison M. Fischer

Name: _____

Title: _____

First TZMM Investment Partnership
c/o Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, Second Floor
Palo Alto, CA 94306

FIRST TZMM INVESTMENT PARTNERSHIP

By: /s/ Timothy Tomlinson

Name: Timothy Tomlinson

Title: Partner

RSA Data Security, Inc.
100 Marine Parkway
Suite 500
Redwood City, CA 94065

RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

Name: D. James Bidzos

Title: _____

/s/ Ronald Rivest

Ronald Rivest
24 Candia Street
Arlington, MA 02174

/s/ D. James Bidzos

D. James Bidzos
c/o RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

Kairdos L.L.C.
c/o D. James Bidzos
RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

KAIRDOS L.L.C.

By: /s/ D. James Bidzos

Name: D. James Bidzos

Title: _____

TZM INVESTMENT FUND
c/o Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, Second Floor
Palo Alto, CA 94306

TZM INVESTMENT FUND

By: /s/ William E. Zisko

Name: William E. Zisko

Title: General Partner

SCHEDULE A

STOCKHOLDERS

NAME OF STOCKHOLDER	NUMBER AND CLASS OF SHARES OWNED
	PREFERRED
Bessemer Venture Partners DCI	850,000
Intel Corporation	850,000
Visa International Services Association	850,000
Mitsubishi Corporation	425,000
Security Dynamics Technologies, Inc.	425,000
Ameritech Development Corporation	425,000
Fischer Security Corp.	425,000
GC&H Investments	33,333
First TZMM Investment Partnership	23,550
	COMMON
Bessemer Venture Partners DCI	258,333
Ronald Rivest	125,000
D. James Bidzos	125,000
Kairdos L.L.C.	100,000
TZM Investment Fund	80,000
RSA Data Security, Inc.	4,000,000

AMENDMENT NO. 1 TO STOCKHOLDERS' AGREEMENT

This Amendment No. 1 ("Amendment") to the Stockholders' Agreement dated April 18, 1995 (the "Agreement") is made as of this 20th day of February, 1996 by and among VeriSign, Inc. (formerly Digital Certificates International, Inc.), a Delaware corporation (the "Company"), each of the individuals and entities listed on Schedule A to the Agreement (the "Existing Stockholders"), and each of the individuals and entities listed as New Stockholders on the signature page to this Amendment (the "New Stockholders"). Capitalized terms used herein which are not defined herein shall have the definition ascribed to them in the Agreement.

RECITALS

The Company desires to sell and issue to the New Stockholders and the New Stockholders desire to purchase from the Company, shares of the Company's Series B Preferred Stock pursuant to that certain Series B Preferred Stock Purchase Agreement of even date herewith (the "Series B Agreement").

The Existing Stockholders desire for the New Stockholders to invest in the Company and, as a condition thereof and to induce such investment, the Existing Stockholders and the Company are willing to enter into this Amendment to permit the New Stockholders to become a party to the Agreement.

The New Stockholders desire to invest in the Company and, as a condition thereof and in order to induce the Company to accept such investment, the New Stockholders are willing to enter into this Amendment to become parties to the Agreement.

In consideration of the foregoing and the promises and covenants contained herein and other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. ADDITIONAL PARTIES TO THE AGREEMENT.

The New Stockholders hereby enter into and become parties to the Agreement. Schedule A to the Agreement is amended to include the New Stockholders and the shares of the Company's capital stock purchased pursuant to the Series B Agreement.

2. AMENDMENTS TO AGREEMENT.

2.1 The New Stockholders and the Existing Stockholders are collectively referred to as "Stockholders" for the purposes of the Agreement.

2.2 Section 4.4 of the Agreement is amended in its entirety to read as follows:

> "4.4 Board Representation. So long as Bessemer Venture Partners III L.P. or its general partner or affiliates of such general partner ("Bessemer") owns not less than fifty percent (50%) of the shares of the Preferred Stock it holds as set forth on Schedule A as of the date Bessemer first executes this Agreement (or an equivalent amount of the Common Stock issued upon conversion thereof), the Company and the Stockholders shall cause and maintain the election to the Board of Directors of a representative of Bessemer. So long as Kleiner Perkins Caufield & Byers VII or its general partners or affiliates or partners of such general partners ("Kleiner") owns not less than fifty percent (50%) of the shares the Preferred Stock it holds as set forth on Schedule A as of

the date Kleiner first becomes a party to this Agreement (or an equivalent amount of the Common Stock issued upon conversion thereof), the Company and the Stockholders shall cause and maintain the election to the Board of Directors of a representative of Kleiner. So long as RSA Data Security, Inc., a Delaware corporation ("RSA"), owns not less than the lesser of
---
(a) ten percent (10%) of the issued and outstanding voting shares of the Company (on an as converted basis) or (b) seventy-five percent (75%) of the shares of Common Stock held by it as set forth on Schedule A as of the date RSA first executes this Agreement, the Company and the Stockholders shall cause and maintain the election to the Board of Directors of a representative of RSA. In addition, the Company and the Stockholders shall cause and maintain the election to the Board of Directors of a representative of each of the following Stockholders for so long as it or its affiliates owns not less than 50 percent (50%) of the shares of the Preferred Stock it holds as set forth on Schedule A as of the date it first executes this Agreement (or an equivalent amount of Common Stock issued upon conversion thereof): Intel Corporation and VISA."

2.3 Section 6.10 of the Agreement is amended in its entirety to read as follows:

"6.10 Amendment and Waivers. Except as otherwise
---
provided herein, any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the holders of at least sixty-six and two-thirds percent (66 2/3%) of the Shares which are at that time subject to the terms of this Agreement. Notwithstanding the above, with respect to Section 4.4 hereof and the election of representatives of Kleiner, Bessemer, RSA, Intel Corporation and VISA to the Board of Directors, this Agreement shall not be amended to remove such Board seats without the written consent of Kleiner, Bessemer, RSA, Intel Corporation or VISA with respect to their respective Board seats."

3. CONSENT.

Each Existing Stockholder, pursuant to any rights such Existing Stockholder may have under the Agreement, hereby, on behalf of itself and the other Stockholders under the Agreement consents to adding the New Stockholders as parties to the Agreement.

4. EFFECT OF AMENDMENT.

Except as amended and set forth above, the Agreement shall continue in full force and effect.

5. COUNTERPARTS.

This Amendment may be executed in any number of counterparts, each which will be deemed an original, and all of which together shall constitute one instrument .

6. SEVERABILITY.

If one or more provisions of this Amendment are held to be unenforceable under applicable law, such provision shall be excluded from this Amendment and the balance of the Amendment shall be interpreted as if such provision were so excluded and shall be enforceable in

accordance with its terms.

7. ENTIRE AGREEMENT.

This Amendment, together with the Agreement, constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

8. GOVERNING LAW.

This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within Delaware.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

This Amendment is hereby executed as of the date first above written.

COMPANY: VERISIGN, INC., a Delaware corporation

By:/s/ Stratton Sclavos

Stratton Sclavos, President

Address:

EXISTING STOCKHOLDERS: BESSEMER VENTURE PARTNERS DCI

By: Bessemer Venture Partners III L.P.
Managing General Partner

By: Deer III & Co.

By: /s/ Robert H. Buescher

Name: Robert H. Buescher

Title: Partner

Address: 1025 Old Country Road, Suite 205
Westbury, NY 11590

MITSUBISHI CORPORATION

By: _____

Name: Yukihiro Kayama

Title: Senior Assistant to Managing Director
Information Systems and Services Group

Address: 6-3, Marunouchi 2-Chome
Chiyoda-ku, Tokyo 100-86
Japan

[SIGNATURE PAGE TO AMENDMENT NO. 1
TO STOCKHOLDERS' AGREEMENT]

SECURITY DYNAMICS TECHNOLOGIES, INC.

By:/s/ Charles R. Stuckey Jr.

Name: Charles R. Stuckey Jr.

Title: President and CEO

Address: One Alewife Center
Cambridge, MA 02140-2312

INTEL CORPORATION

By: /s/ Arvind Sodhani

Name: Arvind Sodhani

Title: Vice President and Treasurer

Address: 2200 Mission College Blvd.
Santa Clara, CA 95052

AMERITECH DEVELOPMENT CORPORATION

By:/s/ Thomas Touton

Name: Thomas Touton

Title: Vice President - Venture Capital

Address: 30 South Wacker Drive, 37th Floor
Chicago, IL 60606

GC&H INVESTMENTS

By:/s/ James C. Kitch

Name: James C. Kitch

Title: Executive Partner

Address: 3000 Sand Hill Road
Building 3, Suite 230
Menlo Park, CA 94025

[SIGNATURE PAGE TO AMENDMENT NO. 1
TO STOCKHOLDERS' AGREEMENT]

RSA DATA SECURITY, INC.

By:/s/ D. James Bidzos

Name: D. James Bidzos

Title: CEO

Address: 100 Marine Parkway, Suite 500
Redwood City, CA 94065

/s/ Ronald Rivest

Ronald Rivest

Address: 24 Candia Street
Arlington, MA 02174

/s/ D. James Bidzos

D. James Bidzos

Address: c/o RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

KAIRDOS L.L.C.

By:/s/ D. James Bidzos

Name: D. James Bidzos

Title: Manager

Address: c/o D. James Bidzos
RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

[SIGNATURE PAGE TO AMENDMENT NO. 1
TO STOCKHOLDERS' AGREEMENT]

FIRST TZMM INVESTMENT PARTNERSHIP

By: /s/ Timothy Tomlinson

Title: General Partner

Address: c/o Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, Second Floor
Palo Alto, CA 94306

VISA INTERNATIONAL SERVICE
ASSOCIATION

By: /s/ Visa International Service Association

Title: Group EVP

Address: c/o Andrew Konstantaras
Legal Department
VISA
900 Metro Center Boulevard
Foster City, CA 94404

FISHCER SECURITY CORPORATION L.L.C.

By: /s/ Addison Fischer

Title: Managing Director

Address: 4073 Mercantile Avenue
Naples, FL 33942

NEW STOCKHOLDERS: KLEINER PERKINS CAUFIELD & BYERS VII

By: /s/ Kevin R. Compton

Name: Kevin R. Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

[SIGNATURE PAGE TO AMENDMENT NO. 1
TO STOCKHOLDERS' AGREEMENT]

KPCB VII FOUNDERS FUND

By: /s/ Kevin R. Compton

Name: Kevin R. Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

[SIGNATURE PAGE TO AMENDMENT NO. 1
TO STOCKHOLDERS' AGREEMENT]

KPCB INFORMATION SCIENCE
ZAIBATSU FUND II

By: /s/ Kevin R. Compton

Name: Kevin R. Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

[SIGNATURE PAGE TO AMENDMENT NO. 1
TO STOCKHOLDERS' AGREEMENT]

AMENDMENT NO. 2 TO STOCKHOLDERS' AGREEMENT

This Amendment No. 2 ("Amendment") to the Stockholders' Agreement dated April 18, 1995, as amended February 20, 1996 (the "Agreement"), is made as of this 15th day of November, 1996 by and among VeriSign, Inc. (formerly Digital Certificates International, Inc.), a Delaware corporation (the "Company"), each of the individuals and entities listed on Schedule A to the Agreement and on the signature pages to Amendment No. 1 thereto dated February 20, 1996 (now collectively defined as the "Current Stockholders"), and each of the individuals and entities listed as New Stockholders on the signature page to this Amendment (the "New Stockholders"). Capitalized terms used herein which are not defined herein shall have the definition ascribed to them in the Agreement.

RECITALS

The Company desires to sell and issue to the New Stockholders and the New Stockholders desire to purchase from the Company, shares of the Company's Series C Preferred Stock pursuant to that certain Series C Preferred Stock Purchase Agreement of even date herewith (the "Series C Agreement").

The Current Stockholders desire for the New Stockholders to invest in the Company and, as a condition thereof and to induce such investment, the Current Stockholders and the Company are willing to enter into this Amendment to permit the New Stockholders to become a party to the Agreement.

The New Stockholders desire to invest in the Company and, as a condition thereof and in order to induce the Company to accept such investment, the New Stockholders are willing to enter into this Amendment to become parties to the Agreement.

In consideration of the foregoing and the promises and covenants contained herein and other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. ADDITIONAL PARTIES TO THE AGREEMENT.

The New Stockholders hereby enter into and become parties to the Agreement. Schedule A to the Agreement is amended to include the New Stockholders and the shares of the Company's capital stock purchased pursuant to the Series C Agreement.

2. STOCKHOLDERS DEFINITION.

The New Stockholders and the Current Stockholders are collectively referred to as "Stockholders" for the purposes of the Agreement.

3. CONSENT.

Each Current Stockholder, pursuant to any rights such Current Stockholder may have under the Agreement, hereby, on behalf of itself and the other Current Stockholders under the Agreement consents to adding the New Stockholders as parties to the Agreement.

4. EFFECT OF AMENDMENT.

Except as amended and set forth above, the Agreement shall continue in full force and effect.

5. COUNTERPARTS.

This Amendment may be executed in any number of counterparts, each of which will be deemed an original, and all of which together shall constitute one instrument.

6. SEVERABILITY.

If one or more provisions of this Amendment are held to be unenforceable under applicable law, such provision shall be excluded from this Amendment and the balance of the Amendment shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

7. ENTIRE AGREEMENT.

This Amendment, together with the Agreement, constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

8. GOVERNING LAW.

This Amendment shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within Delaware.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

This Amendment is hereby executed as of the date first above written.

COMPANY: VERISIGN, INC., a Delaware corporation

By: /s/ Stratton Sclavos

Stratton Sclavos, President

Address: 2593 Coast Avenue
Mountain View, CA 94043

CURRENT STOCKHOLDERS: AMERITECH DEVELOPMENT CORPORATION

By: /s/ Thomas Touton

Name: Thomas Touton

Title: Vice President - Venture Capital

Address: 30 South Wacker Drive, 37th Floor
Chicago, IL 60606

BESSEMER VENTURE PARTNERS DCI

By: Bessemer Venture Partners III, L.P.
Managing General partner

By: Deer III & Co.

By: /s/ Robert H. Buescher

Name: Robert H. Buescher

Title: Partner

Address: 1025 Old Country Road
Suite 205
Westbury, NY 11590

/s/ D. James Bidzos

D. James Bidzos

[SIGNATURE PAGE TO AMENDMENT NO. 2
TO STOCKHOLDERS' AGREEMENT]

Address: c/o RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

FIRST TZMM INVESTMENT PARTNERSHIP

By: /s/ Timothy Tomlinson

Name: Timothy Tomlinson

Title: General Partner

Address: c/o Tomlinson Zisko Morosoli & Maser LLP
200 Page Mill Road, 2nd Floor
Palo Alto, CA 94306

FISCHER SECURITY CORPORATION L.L.C.

By:_____

Name:_____

Title: Managing Director

Address: 4073 Mercantile Avenue
Naples, FL 33942

GC&H INVESTMENTS

By: /s/ James C. Kitch

Name: James C. Kitch

Title: Executive Partner

Address: 3000 Sand Hill Road
Building 3, Suite 230
Menlo Park, CA 94025

INTEL CORPORATION

By: /s/ Satish Rishi

Name: Satish Rishi

[SIGNATURE PAGE TO AMENDMENT NO. 2
TO STOCKHOLDERS' AGREEMENT]

Title: Assistant Treasurer

Address: 2200 Mission College Boulevard
Santa Clara, CA 95052

KAIRDOS L.L.C.

By: /s/ D. James Bidzos

Name: D. James Bidzos

Title: Manager

Address: c/o D. James Bidzos
RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, Ca 94065

KLEINER PERKINS CAULFIELD & BYERS VII

By: /s/ Kevin R. Compton

Name: Kevin R. Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

KPCB INFORMATION SCIENCE ZAIBATSU FUND II

By: /s/ Kevin R. Compton

Name: Kevin R. Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

KPCB VII FOUNDERS FUND

By: /s/ Kevin R. Compton

[SIGNATURE PAGE TO AMENDMENT NO.2
TO STOCKHOLDERS' AGREEMENT]

Name: Kevin R. Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

MITSUBISHI CORPORATION

By:_____

Name: Hironori Aihara

Title: Managing Director

Address: 6-3, Marunouchi 2-Chome
Chiyoda-ku, Tokyo 100-86
Japan

/s/ Ronald Rivest

Ronald Rivest

Address: 24 Candia Street
Arlington, MA 02174

RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

Name: D. James Bidzos

Title: CEO

Address: 100 Marine Parkway, Suite 500
Redwood City, CA 94065

SECURITY DYNAMICS TECHNOLOGIES, INC.

By: /s/ Charles R. Stuckey Jr.

Name: Charles R. Stuckey Jr.

Title: Chairman and CEO

[SIGNATURE PAGE TO AMENDMENT NO.2
TO STOCKHOLDERS' AGREEMENT]

Address: 20 Crosby Drive
Bedford, MA 01730

TZM INVESTMENT FUND

By: /s/ Timothy Tomlinson

Name: Timothy Tomlinson

Title: General Partner

Address: c/o Tomlinson Zisko Morosoli & Maser LLP
200 Page Mill Road, 2nd Floor
Palo Alto, CA 94306

VISA INTERNATIONAL SERVICE ASSOCIATION

By: /s/ William L. Chenevich

Name: William L. Chenevich

Title: Group Executive V.P.

Address: c/o Andrew Konstantaras
Legal Department
VISA
900 Metro Center Boulevard
Foster City, CA 94404

NEW STOCKHOLDERS: CISCO SYSTEMS, INC.

By: /s/ Cisco Systems, Inc.

Name: _____

Title: _____

Address: 170 West Tasman Drive
Building J-4
San Jose, CA 95134
Attention: Mike Volpi

[SIGNATURE PAGE TO AMENDMENT NO. 2
TO STOCKHOLDERS' AGREEMENT]

MICROSOFT CORPORATION

By: /s/ Gregory B. Maffei

Name: Gregory B. Maffei

Title: VP, Corporate Development, Treasurer

Address: One Microsoft Way
Redmond, WA 98052-6399
Attn:

COMCAST INVESTMENT HOLDINGS, INC.

By: /s/ Julian A. Brodsky

Name: Julian A. Brodsky

Title: Vice Chairman

Address: 1500 Market Street
Philadelphia, PA 19102
Attn: General Counsel

VENTURE FUND I, LP

By: /s/ Neal Douglas

Name: Neal Douglas

Title: General Partner

Address: c/o AT&T Ventures
3000 Sand Hill Road, Bldg. 4,
Suite 235
Menlo Park, CA 94025
Attn: Neal Douglas

INTUIT INC.

[SIGNATURE PAGE TO AMENDMENT NO. 2
TO STOCKHOLDERS' AGREEMENT]

By: /s/ James J. Heeger

Name: James J. Heeger

Title: SVP/CFO

Address: 2535 Garcia Avenue
P. O. Box 7850
Mountain View, CA 94039-7850
Attn: General Counsel

REUTERS NEWMEDIA INC.

By: /s/ Reuters Newmedia Inc.

Name: _____

Title: CFO Reuters America Holdings, Inc.

Address: c/o Reuters America Holdings
1700 Broadway
New York, NY 10019
Attn: Devin Wenig, Legal Dept.

FIRST DATA CORPORATION

By: /s/ Scott Loftesness

Name: Scott Loftesness

Title: Executive Vice President - EFS

Address: 400 Hansen Way

Palo Alto, CA 94304

SOFTBANK VENTURES, INC.

By: /s/ Yoshitaka Kitao

Name: Yoshitaka Kitao

[SIGNATURE PAGE TO AMENDMENT NO. 2
TO STOCKHOLDERS' AGREEMENT]

Title: President

Address: 24-1 Nihonbashi-Hakozakicho
Chuo-ku, Tokyo 103
Japan

MERRILL LYNCH GROUP, INC.

By: /s/ Theresa Lang

Name: Theresa Lang

Title: President

Address: Merrill Lynch & Co., Inc.
World Financial Center
North Tower
280 Vesey Street
New York, NY 10281-1334
Attn: Andrea Lowenthal, Esq.

AMERINDO TECHNOLOGY GROWTH FUND II

By: /s/ Alberto W. Vilar

Name: Alberto W. Vilar

Title: Director

Address: c/o Amerindo Investment Advisors
399 Park Avenue, 18th Floor
New York, NY 10022

ATTRACTOR L.P.

By: /s/ Harvey Allison

Name: Harvey Allison

Title: MM of Attractor Ventures LLC

[SIGNATURE PAGE TO AMENDMENT NO. 2
TO STOCKHOLDERS' AGREEMENT]

Address: 2730 Sand Hill Road, Suite 280
Menlo Park, CA 94025
Attn: Harvey Allison

CHANCELLOR LGT ASSET MANAGEMENT

By: /s/ Joar DeSantis

Name: Joar DeSantis

Title: Nominee Partner

Address: 1166 Avenue of the Americas
New York, NY 10036
Attn: Alessandro Piol

GEMPLUS

By: /s/ Mark Lassus

Name: Mark Lassus

Title: President and CEO

Address: Parc D'Activities De Gemenos
13881 Gemenos
France
Attn: Marc Lassus

[SIGNATURE PAGE TO AMENDMENT NO. 2
TO STOCKHOLDERS' AGREEMENT]

EXHIBIT 4.03

CO-SALE AGREEMENT

THIS CO-SALE AGREEMENT ("Agreement") is made as of the 20th day of February, 1996 by and between VeriSign, Inc., a Delaware corporation (the "Company"), the individuals and entities listed on Schedule A attached hereto (the "Investors"), and RSA Data Security, Inc., a Delaware corporation ("Holder").

WHEREAS, the Company, Holder and certain of the Investors (the "Series A Investors") are parties to that certain Series A Preferred Stock Purchase Agreement dated April 18, 1995 (the "Series A Agreement"), pursuant to which Holder has granted certain co-sale rights, as more particularly set forth in Section 10 of the Series A Agreement, to the Series A Investors.

WHEREAS, Holder desires to terminate its obligations under Section 10 of the Series A Agreement, and whereas the Company and the Series A Investors are willing to allow Holder to terminate such obligations in consideration of Holder entering into this Agreement.

WHEREAS, the Company and Holder desire for certain of the Investors (the "Series B Investors") to purchase shares of the Company's Series B Preferred Stock pursuant to that certain Series B Preferred Stock Purchase Agreement of even date herewith (the "Series B Agreement"), and as a condition thereof and to induce such investment, the Company and Holder are willing to enter into this Agreement.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

I. RIGHT OF CO-SALE.

1.1 Grant. Should Holder receive a bona fide offer (the "Purchase Offer") from any person or entity ("Offeror"), to purchase from Holder any Common Stock or Preferred Stock of the Company (collectively, "Capital Stock"), now owned or hereafter acquired by Holder upon specific terms and conditions (including a specified purchase price payable in cash or other property), then Holder shall promptly notify each of the Investors of the terms and conditions of such Purchase Offer.

1.2 Exercise of Co-Sale Right. Each of the Investors shall have the right, exercisable upon written notice to Holder within ten (10) business days after receipt of the notice of the Purchase Offer referenced in Section 1.1 above, to participate in Holder's sale of the Capital Stock pursuant to the specified terms and conditions of such Purchase Offer. To the extent one or more of the Investors exercises such right of participation in accordance with the terms and conditions set forth below, the number of shares of Capital Stock which Holder may sell pursuant to such Purchase Offer shall be correspondingly reduced. The right of participation of each of the Investors shall be subject to the following terms and conditions:

a. Each of the Investors may sell all or any part of that number of shares of Common Stock (or Preferred Stock convertible into such number of shares of Common Stock) of the Company equal to the product obtained by multiplying (i) the maximum aggregate number of Common Stock and Preferred Stock (on an as-converted to Common Stock basis) covered by the Purchase Offer by (ii) a fraction, the numerator of which is the number of shares of Common Stock of the Company at the time owned by the Investor (assuming for such purpose the conversion of any Preferred Stock owned by the Investor into Common Stock) and the denominator of which is the combined number of shares of Common Stock of the Company at the time owned by the Holder and the Investors (assuming for such purpose the conversion of any Preferred Stock owned by Holder and the Investors).

b. To the extent one or more of the Investors elect not to sell the full number of shares said Investors are entitled to sell pursuant to Section 1.2(a) above, the Holder's right to participate in the sale shall be increased by a corresponding number of shares.

c. Each of the Investors may effect its participation in the sale by delivering to a closing agent reasonably acceptable to such Investors and the Holder ("Agent") for transfer to the Offeror one or more certificates, properly endorsed for transfer, which represent (i) the number of shares of Common Stock which the Investor elects to sell pursuant to this Section 1.2 or (ii) that number of shares of Preferred Stock which is at such time convertible into the number of shares of Common Stock which the Investor elects to sell pursuant to this Section 1.2; provided, however, that if the Offeror objects to the delivery of Preferred Stock in lieu of Common Stock, the participating Investor or Investors may convert and deliver Common Stock.

1.3 Payment of Proceeds. The stock certificates which the Investors deliver to the Agent pursuant to Section 1.2 above shall be transferred by the Agent to the buyer thereof in consummation of the sale of the stock pursuant to the terms and conditions specified in the Section 1.1 notice to the Investors. The Holder agrees to cause the buyer thereof to make payment therefor to the Agent and the Agent shall promptly thereafter remit to each Investor that portion of the sale proceeds to which the Investor is entitled by reason of said Investor's participation in such sale.

1.4 Non-Exercise. The exercise or non-exercise of the rights of the Investors hereunder to participate in one or more sales of stock made by Holder shall not adversely affect their rights to participate in any subsequent stock sales by Holder.

II. EXEMPT TRANSFERS.

2.1 Permitted Transactions. The participation rights of the Investors contained in this Agreement shall not pertain or apply to any pledge of the Company's capital Stock made by Holder which creates a mere security interest, nor shall such rights pertain or apply to any sales or transfers of the Company's Capital Stock to shareholders of Holder or affiliates of Holder or its shareholders, provided such shareholders or affiliates shall furnish the Investors with a written agreement agreeing to be bound by and comply with all of the provisions of this Agreement. Such transferred Capital Stock shall remain "Capital Stock" hereunder, and such transferee shall be treated as "Holder" for purposes of this Agreement.

III. PROHIBITED TRANSFERS.

3.1 Put Option. In the event Holder should sell any Capital Stock of the Company in contravention of the participation rights of the Investors under this Agreement (a "Prohibited Transfer"), the Investors shall have, in addition to such other remedies as may be available in law, in equity or otherwise, the option to sell to Holder a number of shares of Common Stock of the Company (either directly or through delivery of Preferred Stock at the time convertible into such number of shares of Common Stock) equal to the number of shares such Investor would have had the right to sell in the Prohibited Transfer, on the following terms and conditions:

a. The price per share at which the shares are to be sold to the Holder shall be equal to the price per share paid by the buyer to the Holder in the Prohibited Transfer.

b. The Investors shall deliver to the Holder, within ninety (90) days after they have received notice from the Holder or otherwise become aware of the Prohibited Transfer, the certificate or certificates representing shares to be sold, each certificate to be properly endorsed for transfer.

c. The Holder shall, upon receipt of the certificates for the repurchased shares, pay the aggregate purchase price therefor, by certified check or bank draft made payable to the order of the Investor exercising the put option set forth in this Article III.

IV. LEGEND REQUIREMENTS.

4.1 Legend. Each certificate representing the Capital Stock owned by Holder shall be endorsed with the following legend:

"THE SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN CO-SALE AGREEMENT BY AND BETWEEN THE REGISTERED HOLDER (OR HIS PREDECESSOR IN INTEREST) AND CERTAIN INVESTORS IN THE CAPITAL STOCK OF THE COMPANY. A COPY OF SUCH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY."

4.2 Removal. The Section 4.1 legend shall be removed upon termination of this Agreement in accordance with the provisions of Section 5.1.

V. TERMINATION.

5.1 Termination.

a. The rights of each Investor under Article I of this Agreement and the correlative obligations of Holder with respect to such Investor shall terminate at such time as such Investor shall no longer be the owner of any shares of Capital Stock of the Company. Unless sooner terminated in accordance with the preceding sentence, Article I of this Agreement shall terminate upon the first to occur of the following events:

(i) the liquidation or dissolution of the Company;

(ii) the execution by the Company of a general assignment for the benefit of creditors or the appointment of a receiver or trustee to take possession of the property and assets of the Company; or

(iii) immediately prior to the closing of a bona fide firm commitment underwritten public offering of the Company's Common Stock registered under the Securities Act of 1933 on Form S-1 (or any successor form designated by the Securities and Exchange Commission), resulting in aggregate gross proceeds to the Company of at least $15,000,000 at an offering price to the public of not less than $7.50 per share (appropriately adjusted to reflect any stock splits, stock dividends or similar events).

VI. MISCELLANEOUS PROVISIONS.

6.1 Notice. Any notice required or permitted to be given to a party pursuant to the provisions of this Agreement shall be in writing and shall be effective upon personal delivery or five (5) days after deposit in the U.S. mail (or equivalent independent service), postage prepaid and properly addressed to the party to be notified as set forth below such party's signature or at such other address as such party may designate by ten (10) days' advance written notice to the other parties hereto.

6.2 Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed and interpreted in such manner as to be effective and valid under applicable law.

6.3 Waiver or Modification. Any amendment or modification of this Agreement shall be effective only if evidenced by a written instrument executed Holder, (ii) the Company, and (iii) Investors, or their assignees, holding not less than a majority of the Common Stock issued or issuable upon conversion of the Preferred Stock then held by the Investors. Notwithstanding the foregoing, this Agreement may be amended to add additional Investors without the consent of the Holder.

6.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California as applied in contracts among California residents entered into and performed entirely within California.

6.5 Attorneys' Fees. In the event of any dispute involving the terms hereof, the prevailing parties shall be entitled to collect legal fees and expenses from the other party to the dispute.

6.6 Further Assurances. Each party agrees to act in accordance herewith and not to take any action which is designed to avoid the intention hereof.

6.7 Ownership. Holder represents and warrants that he is the sole legal and beneficial owner of the shares of stock subject to this Agreement and that no other person has any interest (other than a community property interest) in such shares.

6.8 Successors and Assigns. This Agreement and the rights and obligations of the parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives. This Agreement and the rights and obligations of the parties hereunder is specifically assignable by the Investors.

6.9 Aggregation of Stock. For the purposes of determining the availability of any rights under this Agreement, the holdings of transferees and assignees of an individual or a partnership who are spouses, ancestors, lineal descendants or siblings of such individual or partners or retired partners of such partnership (including spouses and ancestors, lineal descendants and siblings of such partners or spouses who acquire Common Stock by gift, will or intestate succession) shall be aggregated together with the individual or partnership, as the case may be, for the purpose of exercising any rights or taking any action under this Agreement.

6.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.11 Separate Counsel. Each party to this Agreement acknowledges and agrees that such party has been provided the opportunity and encouraged to consult with counsel of such party's own choosing with respect to this Agreement and that Brobeck, Phleger & Harrison LLP solely represents the interests of Kleiner Perkins Caufield & Byers VII, KPCB VII Founders Fund and KPCB Information Science Zaibatsu Fund II.

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IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated above.

COMPANY: VERISIGN, INC., a Delaware corporation

By:/s/ Stratton Sclavos

Stratton Sclavos, President

Address: 2593 Coast Ave

Mountain View, CA 94043

INVESTORS: KLEINER PERKINS CAUFIELD & BYERS VII

By:/s/ Kevin R. Compton

Name: Kevin Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

KPCB VII FOUNDERS FUND

By:/s/ Kevin R. Compton

Name: Kevin Compton

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

KPCB INFORMATION SCIENCE ZAIBATSU FUND II

By:/s/ Kevin R. Compton

Name:_____

Title: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

BESSEMER VENTURE PARTNERS DCI

By: Bessemer Venture Partners III L.P.
Managing General Partner

By: Deer III & Co.

BY: /s/ Robert H. Buescher

Name: _____

Title: Partner

Address: 1025 Old Country Road, Suite 205
Westbury, NY 11590

MITSUBISHI CORPORATION

By:_____

Name: Yukihiro Kayama

Title: Senior Assistant to Managing Director
Information Systems and Services Group

Address: 6-3, Marunouchi 2-Chome
Chiyoda-ku, Tokyo 100-86
Japan

SECURITY DYNAMICS TECHNOLOGIES, INC.

By:/s/ Charles R. Stuckey, Jr.

Name: Charles R. Stuckey, Jr.

Title: President and CEO

Address: One Alewife Center
Cambridge, MA 02140-2312

INTEL CORPORATION

By: /s/ Arvind Sodhani

Name:_____

Title: Vice President and Treasurer

Address: 2200 Mission College Blvd.
Santa Clara, CA 95052

AMERITECH DEVELOPMENT CORPORATION

By: /s/ Thomas Touton

Name: Thomas Touton

Title: Vice President - Venture Capital

Address: 30 South Wacker Drive, 37th Floor
Chicago, IL 60606

GC&H INVESTMENTS

By: /s/ James C. Kitch

Name: James C. Kitch

Title: Executive Partner

Address: 3000 Sand Hill Road
Building 3, Suite 230
Menlo Park, CA 94025

VISA INTERNATIONAL SERVICE ASSOCIATION

By: /s/ William Chenevich

Name: William Chenevich

Title: Group EVP

Address: c/o Andrew Konstantaras
Legal Department
VISA
900 Metro Center Boulevard
Foster City, CA 94404

FISCHER SECURITY CORPORATION L.L.C.

By: /s/ Addison M. Fischer

Name: Addison M. Fischer

Title: Managing Director

Address: 4073 Mercantile Avenue
Naples, FL 33942

FIRST TZMM INVESTMENT PARTNERSHIP

By: /s/ Timothy Tomlinson

Name: Timothy Tomlinson

Title: General Partner

Address: c/o Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, 2nd Floor
Palo Alto, CA 94306

HOLDER: RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

D. James Bidzos, President

Address: 100 Marine Parkway, Suite 500
Redwood City, CA 94065

VeriSign, Inc.

Schedule A

INVESTORS

KLEINER, PERKINS, CAUFIELD & BYERS VII

KPCB VII FOUNDERS FUND KPCB

INFORMATION SCIENCE ZAIBATSU FUND II

BESSEMER VENTURE PARTNERS DCI

MITSUBISHI CORPORATION

SECURITY DYNAMICS TECHNOLOGIES, INC.

INTEL CORPORATION

AMERITECH DEVELOPMENT CORPORATION

GC&H INVESTMENTS

VISA INTERNATIONAL SERVICE ASSOCIATION

FISCHER SECURITY CORPORATION L.L.C.

FIRST TZMM INVESTMENT PARTNERSHIP

EXHIBIT 10.01

DIGITAL CERTIFICATES INTERNATIONAL, INC.

SERIES A PREFERRED STOCK PURCHASE AGREEMENT

This Series A Preferred Stock Purchase Agreement is made as of April 18, 1995, by and between Digital Certificates International, Inc. (the "COMPANY"), RSA Data Security, Inc., a Delaware corporation ("RSA"), and the purchasers listed on Exhibit A (collectively referenced as the "PURCHASERS" and individually as a "PURCHASER").

1 Sale of Preferred Stock

Subject to the terms and conditions hereof, the Company will sell and issue to the Purchasers, and the Purchasers, severally and not jointly, will purchase from the Company, the number of shares of the Company's Series A Preferred Stock (the "PREFERRED STOCK") set forth opposite each Purchaser's name on Exhibit A, at a price of One Dollar and Twenty Cents ($1.20) per share.

2 Closing; Delivery

2.1 Closings. The closings of the purchase and sale of the Preferred Stock hereunder shall take place at such time or times as elected by the Company as set forth below. Each such closing is hereafter referenced as a "Closing". The Company shall schedule closings as it deems appropriate until such time as Four Million Three Hundred Six Thousand Eight Hundred Eighty-Three (4,306,883) shares of Preferred Stock have been sold or until December 31, 1995 whichever shall first occur. A majority of the holders of the Preferred Stock may approve an extension of such date. Each such closing shall be held at the offices of the Company or such other place as the Purchasers and the Company shall mutually agree.

2.2 Delivery. At each Closing, the Company shall deliver to each Purchaser a certificate representing the Preferred Stock which such Purchaser is purchasing at such Closing against delivery to the Company by such Purchaser of a bank check or bank wire (or other check acceptable to the Company) payable to the Company's order or by delivery of evidences of indebtedness of the Company for cancellation by the Company, all in the aggregate amount of the purchase price of such Preferred Stock.

3
Representations and Warranties of the Company

The Company and where specifically indicated RSA, hereby jointly and severally (only in those cases in which a representation or warranty is made as to the same matter by both the Company and RSA) represent and warrant to each Purchaser that all of the statements made below in this Section 3 are true and correct in all respects upon each Closing. These representations and warranties are subject to the exceptions set forth on Exhibit B (the "SCHEDULE OF EXCEPTIONS") furnished to each Purchaser, specifically identifying the relevant Section hereof, which exceptions shall be deemed to be representations and warranties as if made hereunder.

3.1 Organization and Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has full power and authority to own and operate its properties and assets, to execute and deliver this Agreement, the Registration Rights Agreement attached hereto as Exhibit C (the "REGISTRATION RIGHTS AGREEMENT"), the Stockholders Agreement attached hereto as Exhibit D (the "STOCKHOLDERS AGREEMENT"), the OEM Master License Agreement attached hereto as Exhibit M (the "OEM AGREEMENT"), the Non-Compete and Non-Solicitation Agreement attached as Exhibit N (the "NON-COMPETE AGREEMENT"), the Assignment attached as Exhibit I (the "ASSIGNMENT"), and to carry on its business as now conducted and as proposed to be conducted in the Business Plan (Version 2.0) dated November, 1994 and attached hereto as Exhibit E, heretofore furnished to each Purchaser ("BUSINESS PLAN"). This Agreement, the Registration Rights Agreement, the Stockholders Agreement, the OEM Agreement, the Non-Compete Agreement and the Assignment are collectively referenced hereinafter as the "AGREEMENTS". The Company is not required to be qualified as a foreign corporation in any jurisdiction except California; provided, however, that the Company need not be qualified in any jurisdiction in which a failure to qualify would not have a material and adverse effect on its operations or financial condition. The Company is duly qualified as a foreign corporation in California.

3.2 Capitalization. The authorized capital stock of the Company consists of Fifteen Million Nine Hundred Forty Thousand Two Hundred Seventeen (15,940,217) shares of Common Stock and Six Million Eight Hundred Fifty-Six Thousand Eight Hundred Eighty-Four (6,856,884) shares of Preferred Stock, none of such Common or Preferred will be issued and outstanding prior to the first Closing. The Preferred Stock has the rights, preferences, privileges and restrictions set forth in the Certificate of Incorporation

("CERTIFICATE") of the Company in the form of Exhibit F. The Company has reserved Six Million Eight Hundred Fifty-Six Thousand Eight Hundred Eighty-Four (6,856,884) shares of Common Stock for issuance upon conversion of the Preferred Stock. The Company has adopted a 1995 Stock Option Plan (the "PLAN") under which Two Million One Hundred Forty-Five Thousand (2,145,000) shares of Common Stock are available for sale pursuant to stock options to employees, officers, directors, advisory board members and consultants. Copies of the Plan and form of option agreement have been delivered to counsel for Purchasers. There are no other preemptive rights, options, warrants, conversion privileges or other rights or agreements presently outstanding for the purchase or acquisition from the Company of any of its authorized but unissued stock, other than the rights created by this Agreement. The list of the Company's security holders attached as Exhibit G is a true, correct and complete list of the owners and number of shares held by each owner, of record and, to the best knowledge of the Company, beneficially, of all outstanding securities of the Company as of the first Closing. The list of the Company's option holders attached hereto as Exhibit G is a true, correct and complete list of all option holders of the Company, the number of shares under option to each such person, the exercise price per share for all shares subject to option and the vesting schedule for each option. All outstanding securities of the Company were issued in compliance with applicable federal and state securities laws.

3.3 Subsidiaries. The Company has no subsidiaries and does not otherwise own or control, directly or indirectly, any equity interest in any corporation, association, joint venture, partnership or other business entity.

3.4 Authorization. All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution, delivery and performance of the Agreements by the Company, the authorization, sale, issuance and delivery of the Preferred Stock sold to the Purchasers hereunder (and the shares of Common Stock issuable upon conversion of such Preferred Stock) and the performance of all of the Company's obligations thereunder has been taken. The Agreements, when executed and delivered by the Company, shall constitute a valid and binding obligation of the Company, enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies. The Preferred Stock sold to the Purchasers hereunder, when payment therefor has been received by the Company, will be validly issued, full paid and nonassessable; the shares of Common Stock issuable upon conversion of such Preferred Stock have been duly and validly reserved and, when issued in

compliance with the provisions of the Certificate, will be validly issued, full paid and nonassessable; and such Preferred Stock and such shares of Common Stock will be free of any liens or encumbrances, other than those created by or imposed upon the holders thereof through no action of the Company; provided, however, that such Preferred Stock (and the shares of Common Stock issuable upon conversion thereof) may be subject to restrictions on transfer under state and federal securities laws as set forth herein and under the Stockholders Agreement and Registration Rights Agreement. The sale of Preferred Stock hereunder and its conversion into Common Stock are not subject to any preemptive rights or rights of first refusal.

3.5 Governmental Consent, Etc. No consent, approval or authorization of or designation, declaration or filing with any governmental authority on the part of the Company is required in connection with the valid execution and delivery of this Agreement, or the offer, sale or issuance of Preferred Stock hereunder or the shares of Common Stock issuable upon conversion of such Preferred Stock, or the consummation of any other transaction contemplated hereby, except, if required, the filing of Form D with the Securities and Exchange Commission and qualifications or filings under applicable state blue sky laws, which qualifications, if required, will have been obtained and will be effective on the Closing, and any such filings will be made within the time prescribed.

3.6 Proprietary Rights. The Company and RSA hereby represent and warrant that the Company possesses and has good, valid and marketable title, free and clear of all security interests, liens, claims, charges, encumbrances or any other defects in title of any nature whatsoever to, or has the valid, enforceable right to use (pursuant to written agreements, true and correct copies of which have been submitted to counsel for Purchasers), all trademarks, trademark rights, trade names, trade name rights, licenses, franchises, service marks, patents, patent applications, copyrights, inventions, discoveries, improvements, processes, trade secrets, formulae, proprietary rights or data, shop rights, ideas or know-how necessary to conduct its business as now being conducted or as proposed to be conducted in the Business Plan, without conflict with or infringement upon any valid rights of others and the lack of which could materially and adversely affect the operations or condition, financial or otherwise, of the Company. The Company has caused all present and past executive officers, directors, employees, consultants and other agents of the Company, and shall use its best efforts to cause all future officers, directors, employees, consultants and other agents of the Company, to execute proprietary information agreements substantially in the form of Exhibit H. There are no outstanding options, licenses or agreements of any kind relating to the foregoing,

nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes of any other person or entity other than such licenses or agreements arising from the purchase of "off the shelf" or standard products. The Company has not received any communications alleging that the Company has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity. None of the Company's employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with their duties to the Company or that would conflict with the Company's business as proposed to be conducted. Neither the execution nor delivery of the Agreements, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as proposed to be conducted in the Business Plan, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which RSA, the Company or any employee of the Company is now obligated. The Company does not believe it is or will be necessary to utilize any inventions, trade secrets or proprietary information of any of its employees made prior to their employment by the Company, except for inventions, trade secrets or proprietary information that have been assigned to the Company.

3.7 Labor Matters. The Company: (i) is not bound by or subject to any collective bargaining agreement with respect to any of its employees nor has any labor union requested or, to the best knowledge of the Company, sought to represent any of the employees, representatives or agents of the Company, (ii) does not have any current labor problems or disputes, pending or threatened, (iii) does not have in effect any "employee pension benefit plans" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974) or employee benefit or similar plans qualified under Section 401 of the Internal Revenue Code of 1986, as amended, and (iv) does not maintain, has not in the past maintained and is not and has not been a contributor to any multi-employer plan or single employer plan, as defined in Section 4001 of the Employee Retirement Income Security Act of 1974, as amended, for the employees of the Company or any trade or business (whether or not incorporated) which, together with the Company, would be deemed to be a "single employer" within the meaning of such Section 4001. The Company has complied in all material respects with all laws relating to the employment of labor, including provisions relating to wages, hours, equal opportunity, collective bargaining and payment of Social Security and other taxes.

3.8 Certain Transactions. The Company is not indebted, directly or indirectly, to any of its officers or directors, or to their respective immediate family, in any amount whatsoever, except for salaries and fees accrued in the ordinary course of business; none of said officers or directors or members of their immediate families, are indebted to the Company or have any direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship except RSA Data Security, Inc., or any firm or corporation which competes with the Company (except with respect to any interest in less than five percent (5%) of the stock of any corporation whose stock is publicly traded). No officer, director or stockholder, or any member of their immediate families, is, directly or indirectly, interested in any material contract with the Company. The Company is not a guarantor or indemnitor of any indebtedness of any other person, firm or corporation.

3.9 Voting Arrangements. Except as set forth in this Agreement and the Stockholders Agreement, to the best knowledge of the Company, there are no outstanding stockholder agreements, purchase agreements, voting trusts, proxies or other arrangements or understandings, either written or oral, among the stockholders of the Company relating to either the voting or the disposition of their respective shares.

3.10 Compliance with Other Instruments, None Burdensome, Etc. The Company is not in violation of any term of its Certificate of Incorporation or Bylaws, as amended and in effect on and as of each Closing. The Company is not in violation in any respect of any term or provision of any mortgage, indebtedness, indenture, contract, agreement, instrument, judgment or decree, order, statute, rule or regulation applicable to it where such violation would adversely affect the Company, its operations or financial condition. The execution, delivery and performance of and compliance with this Agreement, and the issuance of the Preferred Stock sold hereunder and the shares of Common Stock issuable upon conversion of such Preferred Stock, have not resulted and will not result in any violation of or conflict with, or constitute a material default under, any mortgage, indebtedness, indenture, contract, agreement, instrument, judgment or decree, order, statute, rule or regulation applicable to it, or result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of the Company; and there is no such term or provision which adversely affects the Company, its operations or financial condition as presently conducted or as contemplated to be conducted. The Company and, to the best knowledge of the Company, its officers, directors and key employees, are not parties to any mortgage, indebtedness, indenture, contract, agreement, instrument, judgment, decree or order restricting its ability to enter or compete in any line of business or market.

3.11 Litigation, Etc. The Company and RSA hereby represent and warrant that there are no actions, suits, proceedings or investigations pending against the Company or its properties, before any court or governmental agency (nor, to the best knowledge of the Company or RSA, is there any reasonable basis therefor or threat thereof), which, either in any case or in the aggregate, might result in any material adverse change in the business or financial condition of the Company, or in any material impairment of the right or ability of the Company to carry on its business as now conducted or as proposed to be conducted in the Business Plan or in any material liability on the part of the Company, or any change in the current equity ownership of the Company, and none which questions the validity of this Agreement or any action taken or to be taken in connection herewith. The foregoing includes, without limiting its generality, actions pending or threatened (or any basis therefor known to the Company or RSA) involving the prior employment of any of the Company's employees, their use in connection with the Company's business of any information or techniques allegedly proprietary to any of their former employers or third parties or their obligations under any agreements with prior employers or the execution and delivery of the Assignment.

3.12 Financial Statements.

3.12.1 Attached hereto as Exhibit J is the Company's pro forma unaudited balance sheet as of the first Closing (the "BALANCE SHEET").

3.12.2 The Company has no debt, liability or obligation of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due, that is not reflected or reserved against in the Balance Sheet, except for those (i) that may have been incurred after the date thereof and (ii) that are not required by generally accepted accounting principles to be included in a balance sheet or the notes thereto. All debts, liabilities and obligations incurred after the date of the Balance Sheet were incurred in the ordinary course of business and are usual and normal in amount, both individually and in the aggregate.

3.12.3 The Balance Sheet was prepared according to generally accepted accounting principles consistently applied to the extent they apply to pro forma balance sheets and presents fairly the financial position of the Company, except that it does not contain all of the footnotes required by generally accepted accounting principles.

3.13 Material Liabilities. The Company has no liabilities which are, individually or in the aggregate, material to the financial condition or operating results of the Company which have not been disclosed on the Balance Sheet.

3.14 Taxes. The Company has prepared and filed all federal, state and local income, withholding, sales, real property, personal property and other tax returns that are required to be filed by it and has paid or made provision for the payment of all taxes that have become due pursuant to such returns. None of such returns has been audited by any state or federal agency. No deficiency assessment or proposed adjustment of the Company's federal, state and or local taxes is pending, and the Company has no knowledge of any proposed liability for any tax to be imposed upon the Company for which there is not an adequate reserve reflected in the Balance Sheet.

3.15 Title. The Company and RSA hereby represent and warrant that the Company has good and marketable title to its property and assets. Such properties and assets are not subject to any material liens, mortgages, pledges, encumbrances or charges of any kind, except (a) as reflected in the Company's Balance Sheet, (b) for liens for current taxes not yet delinquent, (c) for liens imposed by law and incurred in the ordinary course of business for obligations not yet due to carriers, warehousemen, laborers, materialmen and the like, (d) for liens in respect of pledges or deposits under workers'

compensation laws or similar legislation or (e) for minor defects in title, none of which individually or in the aggregate materially interferes with the use of such property. All leases, if any, pursuant to which the Company leases real or personal property are in good standing and are valid and effective in accordance with their respective terms, assuming due execution by the other parties to such agreements, and, to the best knowledge of the Company, there exists no default or other occurrence or condition which could result in a material default or termination of any thereof.

3.16 Agreements; Action.

3.16.1 Except for agreements explicitly contemplated hereby, indemnity agreements, agreements with RSA copies of which have been provided to counsel for the Purchasers, and agreements between the Company and its employees with respect to the sale of the Company's Common Stock, there are no agreements, understandings or proposed transactions between the Company and any of its officers, directors, affiliates or any affiliate thereof.

3.16.2 There are no agreements, understandings, instruments, contacts, proposed transactions, judgments, orders, writs or decrees to which the Company is a party or to its knowledge by which it is bound which may involve (i) obligations (contingent or otherwise) of, or payments to, the Company in excess of $10,000 (other than obligations of, or payments to, the Company arising from purchase and sale agreements entered into in the ordinary course of business), except agreements assigned to the Company by RSA copies of which have been provided to counsel for Purchasers, or (ii) the license of any patent, copyright, trade secret or other proprietary right to or from the Company (other than licenses arising from the purchase of "off the shelf" or other standard products), except agreements with RSA copies of which have been provided to Company for Purchasers, or (iii) provisions restricting or affecting the development, manufacture or distribution of the Company's product or service, except agreements with RSA copies of which have been provided to Company for Purchasers or (iv) indemnification by the Company with respect to infringements of proprietary rights (other than indemnification obligations arising from purchase or sale agreement entered into in the ordinary course of business), except agreements with RSA copies of which have been provided to counsel for Purchasers.

3.16.3 The Company has not (i) incurred any indebtedness for money borrowed or any other liabilities (other than with respect to dividend obligations, distributions, indebtedness or other obligations incurred in the ordinary course of business or as disclosed in the Balance Sheet) individually in excess of $10,000 or,

in the case of indebtedness and/or liabilities individually less than $10,000, in excess of $25,000 in the aggregate, (ii) made any loans or advances to any person, other than ordinary advances for travel expenses, or (iv) after the date of the Balance Sheet sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business.

3.17 Compliance with Laws; Permits. To its knowledge, the Company is not in violation of any applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties which violation would materially and adversely affect the business, assets, liabilities, financial condition, operations or prospects of the Company. The Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could materially and adversely affect the business, properties, prospects or financial condition of the Company and believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as planned to be conducted.

3.18 Environmental and Safety Laws. To its knowledge, the Company is not in violation of any applicable statute, law or regulation relating to the environment or occupational health and safety, and to its knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law or regulation.

3.19 Offering Valid. Assuming the accuracy of the representations and warranties of the Purchasers contained in Section 4 hereof, the offer, sale and issuance of the Preferred Stock and the Common Stock issued upon conversion thereof (the "Conversion Shares") will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") and will have been registered or qualified (or are exempt from registration and qualification) under the registration, permit or qualification requirements of all applicable state securities laws. Neither the Company nor any agent on its behalf has solicited or will solicit any offers to sell or has offered to sell or will offer to sell all or any part of the Preferred Stock to any person or persons so as to bring the sale of such Preferred Stock by the Company within the registration provisions of the Securities Act.

3.20 Full Disclosure. The Agreements, the Exhibits hereto and all other documents delivered by the Company to Purchasers or their attorneys or agents in connection herewith or therewith or with the

transactions contemplated hereby or thereby are complete and accurate, taken as a whole do not contain any untrue statement of a material fact nor, to the Company's knowledge, omit to state a material fact necessary in order to make the statements contained herein or therein not misleading. Notwithstanding the foregoing, the Business Plan provided to the Purchasers was prepared by the management of the Company in a good faith effort to describe the Company's proposed business and product and the markets therefor. The assumptions applied in preparing the Business Plan appeared reasonable to management as of the date thereof. To the Company's knowledge, there are no facts which (individually or in the aggregate) materially adversely affect the business, assets, liabilities, financial condition, prospects or operations of the Company that have not been set forth in the Agreements, the Exhibits hereto or in other documents delivered to Purchasers or their attorneys or agents in connection herewith.

3.21 Qualified Small Business. The Company represents and warrants to the Purchasers that, to the best of its knowledge, the Preferred Stock should qualify as "Qualified Small Business Stock" as defined in Section 1202(c) of the Internal Revenue Code of 1986, as amended (the "Code") as of the date hereof. The Company will use reasonable efforts to comply with the reporting and recordkeeping requirements of Section 1202 of the Code and any regulations promulgated thereunder.

3.22 Section 83(b) Elections. To the Company's knowledge, all elections and notices permitted by Section 83(b) of the Internal Revenue Code and any analogous provisions of applicable state tax laws have been timely filed by all employees who have purchased shares of the Company's Common Stock under agreements that provide for the vesting of such shares.

3.23 Real Property Holding Corporation. The Company is not a real property holding corporation within the meaning of Internal Revenue Code Section 897(c)(2) and any regulations promulgated thereunder.

3.24 Insurance. The Company has or will obtain promptly following the Closing insurance policies with coverage customary for companies similarly situated to the Company.

3.25 Future Business. RSA represents and warrants that it has no present intention of entering the escrowed key repository business.

3.26 Certain Consents. RSA represents and warrants that it has obtained all necessary third party consents to the assignment of the

contracts assigned by RSA to the Company pursuant to the provisions of the Assignment Agreement between RSA and the Company dated April 12, 1995.

4
Representations and Warranties of Purchasers

Each Purchaser, as of the date each Purchaser closes, hereby, severally and not jointly, represents and warrants to the Company with respect to its purchase of the Preferred Stock hereunder that:

4.1 Experience. Purchaser has substantial experience in evaluating and investing in private placement transactions so that Purchaser is capable of evaluating the merits and risks of an investment in the Company and has the capacity to protect its own interests in connection with the purchase of the Preferred Stock. Purchaser understands that the investment to be made in connection with the acquisition of Preferred Stock is speculative and involves significant risk. Purchaser has the ability to bear the economic risk of this investment and can afford a complete loss of the purchase price.

4.2 Investment. Purchaser is acquiring the Preferred Stock and the underlying Common Stock to be issued on conversion thereof for investment for its own account, and not with the view to, or for resale in connection with, any "distribution" of all or any portion thereof within the meaning of the Securities Act. Purchaser understands that the Preferred Stock to be purchased hereunder and the underlying Common Stock to be issued on conversion thereof have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of Purchaser's investment intent and the accuracy of Purchaser's representations as expressed herein. If other than an individual, Purchaser (other than Bessemer Venture Partners DCI) also represents that it has not been organized solely for the purpose of acquiring the Preferred Stock.

4.3 Rule 144. Purchaser acknowledges that the Preferred Stock being purchased hereunder and the underlying Common Stock to be issued on conversion thereof must be held indefinitely unless subsequently registered under the Securities Act or unless an exemption from such registration is available. Purchaser is aware of the provisions of Rule 144 promulgated under the Securities Act which permit limited resale of shares purchased in a private placement, subject to the satisfaction of certain conditions, including, among other things, the existence of a public market for the shares, the availability of

certain current public information about the Company, the resale occurring after the expiration of minimum holding periods after a party has purchased and paid for the security to be sold, the sale being effected through a "broker's transaction" or in transactions directly with a "market maker" (as provided by Rule 144(f)) and the number of shares being sold during any three-month period not exceeding specified limitations (except as provided in Rule 144(k)).

4.4 No Public Market. Purchaser understands that no public market now exists for any of the securities issued by the Company, that the Company has made no assurances that a public market will ever exist for the Preferred Stock being acquired hereunder or the Common Stock issuable on conversion thereof and that, even if such a public market exists at some future time, the Company may not then be satisfying the current public information requirements of Rule 144.

4.5 Access to Data. Purchaser has received and reviewed the Company's Business Plan and Balance Sheet. In addition (but without limiting the effect of the Company's representations and warranties contained in this Agreement), Purchaser and its representatives have met with representatives of the Company and thereby have had the opportunity to request information and ask questions of, and receive answers from, said representatives concerning the Company and the terms and conditions of this transaction, as well as to obtain any additional information requested by Purchaser. Any questions raised by Purchaser or its representatives concerning this transaction have been answered to the satisfaction of Purchaser. Purchaser's decision to purchase the Preferred Stock is based on the answers to such questions as Purchaser and its representatives have raised concerning the transaction and on its own evaluation of the risks and merits of the purchase and the Company's proposed business activities.

4.6 Authorization. This Agreement when executed and delivered by Purchaser will constitute a valid and legally binding obligation of Purchaser, enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies.

5
Conditions to Closing of Purchasers

Purchasers' obligations to purchase the Preferred Stock at the Closing are, at the option of each such Purchaser, subject to the fulfillment as of the Closing of the following conditions:

5.1 Representations and Warranties. The representations and warranties made by the Company and RSA in Section 3 hereof shall be true and correct in all material respects as of the date of this Agreement, and shall be true and correct in all material respects on each Closing, with the same force and effect as if they had been made on and as of said date.

5.2 Performance. The Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing; provided, however, that the obligations of the Purchasers shall not be conditional upon the issuance by the Company of the Preferred Stock to any Purchaser listed on Exhibit A which has not performed or tendered the performance of its obligations under this Agreement required to be performed on or prior to the Closing.

5.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Preferred Stock pursuant to this Agreement shall have been duly obtained and shall be effective on and as of the Closing.

5.4 Minimum Investment. The Purchasers shall have purchased at the first Closing an aggregate of at least Two Million Five Hundred Fifty Thousand (2,550,000) shares of Preferred Stock.

5.5 Stock Certificates. The Company shall have delivered to each Purchaser a certificate for the Preferred Stock purchased by such Purchaser.

5.6 Stockholders Agreement. The Company, RSA and the Purchasers shall have executed and delivered the Stockholders Agreement in the form of Exhibit D hereto.

5.7 Registration Rights Agreement. The Company, RSA and the Purchasers shall have executed and delivered the Registration Rights Agreement in the form of Exhibit C hereto.

5.8 Assignment Agreement. The Company and RSA shall have executed and delivered the Assignment Agreement in the form of Exhibit I hereto.

5.9 OEM Master License Agreement. The Company and RSA shall have executed and delivered the OEM Master License Agreement in the form of Exhibit M hereto.

5.10 Non-Compete Agreement. The Company and RSA shall have executed and delivered the Non-Compete and Non-Solicitation Agreement in the form of Exhibit N hereto.

5.11 Ameritech Agreement. The Company shall have executed and delivered an agreement with Ameritech Development Corp. containing substantially the provisions set forth on Exhibit O hereto.

5.12 Opinion of Company's Counsel. Each Purchaser shall have received from counsel to the Company an opinion addressed to it, dated as of the Closing, in substantially the form of Exhibit K.

5.13 Company Compliance Certificate. Each of the Company and RSA respectively, shall have delivered to each Purchaser a certificate of the Company and RSA, respectively, in the form of Exhibits L(1) and L(2), executed by the President of the Company, and the President of RSA, respectively, dated as of the Closing, certifying, as applicable, to the fulfillment of the conditions specified in Sections 5.1, 5.2, 5.3 and 5.5 of this Agreement, and stating that there has been no adverse change in the business, affairs, prospects, operations, properties, assets or condition of the Company since the date of the Business Plan.

6
Conditions to Closing of Company

The Company's obligation to sell and issue the Preferred Stock to the Purchasers at a Closing is, at the option of the Company, subject to the fulfillment of the following conditions:

6.1 Representations. The representations and warranties made by Purchasers in Section 4 hereof shall be true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing, with the same force and effect as if they had been made on and as of said date.

6.2 Blue Sky. The Company shall have obtained all necessary Blue Sky law permits and qualifications, or secured exemptions therefrom, required by any state for the offer and sale of the Preferred Stock and the Common Stock issuable upon conversion of the Preferred Stock.

6.3 Stockholders Agreement. The Company, RSA and the Purchasers shall have executed and delivered the Stockholders Agreement in the form of Exhibit D hereto.

6.4 Registration Rights Agreement. The Company, RSA and the Purchasers shall have executed and delivered the Registration Rights Agreement in the form of Exhibit C hereto.

6.5 Payment of Purchase Price. Each Purchaser shall have delivered to the Company the purchase price for the Preferred Stock.

6.6 Minimum Investment. The Purchasers shall have purchased at the Closing an aggregate of at least Two Million Five Hundred Fifty Thousand (2,550,000) shares of Preferred Stock.

7

Affirmative Covenants of the Company and the Purchasers

The Company and each Purchaser, where indicated below, hereby covenant and agree as follows:

7.1 Financial Information. As long as a Purchaser holds Preferred Stock convertible into at least 50,000 shares of Common Stock or 50,000 shares of Common Stock issued upon conversion of the Preferred Stock, or a combination of such Preferred Stock or Common Stock, as adjusted for recapitalizations, stock splits, stock dividends and the like, the Company will provide the following reports to such Purchaser:

7.1.1 As soon as practicable after the end of each fiscal year, and in any event within ninety (90) days thereafter, consolidated balance sheets of the Company and its subsidiaries, if any, as of the end of such fiscal year, and consolidated statements of income and consolidated statements of cash flows of the Company and its subsidiaries, if any, for such year, all certified by independent public accountants of national standing selected by the Company together with a copy of the auditor's letter to management of required communications.

7.1.2 As soon as practicable after the end of the first (1st), second (2nd) and third (3rd) quarterly accounting periods in each fiscal year of the Company, and in any event within thirty (30) days thereafter, a consolidated balance sheet of the Company and its subsidiaries, if any, as of the end of each such quarterly period, and consolidated statements of income and consolidated statements of cash flows of the Company and its subsidiaries, if any, for such period and for the current fiscal year to date, prepared in accordance with generally accepted accounting principles (other than for accompanying notes), all in reasonable detail and signed, subject to changes resulting from year-end audit adjustments, by the principal financial or accounting officer of the Company.

7.1.3 Contemporaneously with delivery to holders of Common Stock, a copy of each report of the Company delivered to holders of Common Stock.

7.2 Additional Information. As long as a Purchaser holds Preferred Stock convertible into at least 50,000 shares of Common Stock or 50,000 shares of Common Stock issued upon conversion of the Preferred Stock, or a combination of such Preferred Stock or Common Stock, as adjusted for recapitalizations, stock splits, stock dividends and the like, the Company will provide the following reports to such Purchaser as soon as practicable after the end of each month, and in any event within thirty (30) days thereafter, unaudited consolidated balance sheets of the Company as at the end of such month, unaudited consolidated statements of income, and, if prepared for the Company's Board of Directors or officers, unaudited consolidated statements of cash flow for each month and for the current fiscal year to date. Such financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied (other than accompanying notes), all in reasonable detail and signed, subject to year-end audit adjustments, by the principal financial or accounting officer of the Company.

7.3 Forecasts and Operating Plan. As long as a Purchaser holds Preferred Stock convertible into at least 50,000 shares of Common Stock or 50,000 shares of Common Stock issued upon conversion of the Preferred Stock, or a combination of such Preferred Stock and Common Stock, as adjusted for recapitalizations, stock splits, stock dividends and the like, the Company will provide the following report to such Purchaser:

7.3.1 Within thirty (30) days before the end of each fiscal year, a projected monthly income, cash flow and balance sheet statement for the ensuing twelve (12) months.

7.3.2 Thirty (30) days before the end of each fiscal year, a comprehensive operating plan, including the annual budget, which must be presented to the Board of Directors for approval.

7.4 Termination of Covenants. The covenants set forth in Sections 7.1, 7.2 and 7.3 shall terminate and be of no further force or effect when the Company has registered a class of securities under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "1934 ACT"). In addition, notwithstanding anything to the contrary in this Section 7, the Company shall have no obligation to deliver any information pursuant to the provisions of Section 7.3 to any Purchaser or stockholder whom the Board of Directors reasonably

determines directly or indirectly competes with the Company or any of its affiliated entities.

7.5 Confidentiality.

7.5.1 Each Purchaser shall keep confidential and not disclose or deliver to third parties and not use for such Purchasers own purposes all information and financial statements delivered under Section 7.1, 7.2 and 7.3 or otherwise received by such Purchaser as a Director of the Company or as a holder of securities issued under this Agreement, and, in addition, any and all other information identified in writing as proprietary to the Company or Confidential (the "INFORMATION"). At the request of the Company, any person designated by each Purchaser to receive Information shall execute an agreement acknowledging that such person shall be bound by the obligations set forth in this Section 7.5, but subject to the exceptions set forth in subsection 7.5.2 below. This Section 7.5, and subsections 7.5.2 and 7.5.3 below, shall survive termination or expiration of this Agreement.

7.5.2 The obligation of confidentiality and restrictions on use imposed upon each Purchaser by this Section 7.5 shall not apply to any Information that such Purchaser can demonstrate was:

7.5.2.1 in the public domain before the date of this Agreement or subsequently came into the public domain other than through any disclosure or delivery thereof by such Purchaser; or

7.5.2.2 lawfully received by such Purchaser or any of its affiliates without a binder of confidentiality from a source other than the Company; or

7.5.2.3 disclosed without restriction by, or with the prior written approval of, the Company.

7.5.3 Notwithstanding anything to the contrary contained in this Section 7.5, any Purchaser may disclose or deliver any such Information to the extent such Purchaser shall have been advised by counsel that such disclosure or delivery is necessary for that Purchaser to comply with any law or regulation or to enforce any provision of this Agreement; provided, however, that such Purchaser shall give the Company reasonable advance notice of any such proposed disclosure or delivery, shall use its reasonable best efforts to secure from any person obtaining access to the Information pursuant to this Section 7.5.3 an agreement in writing to be bound by the provisions of this Section 7.5 and shall advise the Company in writing of the manner of such disclosure.

7.5.4 Injunctive Remedy. Each Purchaser agrees that rmedies at law may be inadequate to protect against breach of this Section 7.5 and hereby agrees to the granting of injunctive relief in favor of the Company without proof of actual damages for any breach of this Section 7.5.

7.6 Key Man Insurance. The Company shall obtain not later than ninety days (90) after the date of this agreement and keep in effect for a period of two (2) years from the date of the Closing, term life insurance in the amount of One Million Dollars ($1,000,000) on the life of D. James Bidzos, with proceeds payable to the Company. Within ninety (90) days after employing a new Chief Executive Officer, the Company shall obtain and keep in effect for a period of ten (10) years from the date of employment of such Chief Executive Officer, term life insurance in the amount of One Million Dollars ($1,000,000) on the life of such Chief Executive Officer with the proceeds payable to the Company.

7.7 Directors' Expenses. The Company shall reimburse reasonable out-of-pocket expenses incurred by Directors in attending Board of Directors' meetings.

7.8 Certain Board Approval. The Company agrees that it will obtain the Board of Directors' prior approval before entering into any agreement with RSA which is outside the ordinary course of the Company's business and provides for payments to or by the Company in excess of Twenty-Five Thousand Dollars ($25,000).

7.9 Reserved Shares. The Company agrees to reserve sufficient shares of Common Stock for issuance upon conversion of the Preferred Stock.

Restrictions on Transferability of Securities; Registration Rights; Compliance with Securities Act

The Preferred Stock being purchased hereunder and the Common Stock issuable upon conversion of such Preferred Stock shall not be sold, assigned, transferred or pledged except in accordance with the Registration Rights Agreement and the Stockholders Agreement. Nothing in this Agreement prohibits a Purchaser from selling, assigning, transferring or pledging such stock to an affiliate of such Purchaser, whether foreign, domestic or otherwise.

9
Purchasers' Right of First Refusal

The Company hereby grants to each Purchaser the right of first refusal to purchase, pro rata, all or any part of any New Securities (as defined in Section 9.1) which the Company may, from time to time, propose to sell and issue. Each Purchaser's pro rata share, for purposes of this right of first refusal, is the ratio (assuming, for purposes of calculating such ratio, complete conversion of all outstanding shares of Preferred Stock and complete conversion of all outstanding convertible securities of the Company other than the Preferred Stock) of the number of shares of Common Stock then held by such Purchaser to the total number of shares of Common Stock of the Company. This right of first refusal shall be subject to the following provisions:

9.1 "NEW SECURITIES" shall mean any shares of Common Stock or Preferred Stock of the Company, whether now authorized or not, and rights, options or warrants to purchase said Common Stock or Preferred Stock, and securities of any type whatsoever that are, or may become, convertible into Preferred Stock; provided that "New Securities" does not include (i) the first Four Million Three Hundred Six Thousand Eight Hundred Eighty-Three (4,306,883) shares of Series A Preferred Stock issued by the Company, (ii) shares of Common Stock issuable upon conversion of any Preferred Stock, (iii) shares of Common Stock issuable upon conversion or exercise of securities outstanding on the date hereof, (iv) securities offered to the public generally pursuant to a registration statement, (v) securities issued pursuant to the acquisition of another corporation by the Company by merger, purchase of substantially all of the assets or other reorganization whereby the Company or its shareholders immediately prior to such transaction owns not less than fifty-one percent (51%) of the voting power of such corporation or the surviving entity, (vi) up to 2,395,000 shares of the Company's Common Stock (and related warrants or options exercisable for Common Stock) issued to employees, officers and directors of the Company, consultants to the Company, members of advisory boards of the Company, entities of strategic significance to the Company, or lenders to the Company, (vii) any security if Purchasers holding a majority of the outstanding Preferred Stock purchased hereunder (or the shares of Common Stock issued upon conversion thereof, or any combination of such Preferred Stock and such shares of Common Stock) consent in writing that the right of first refusal shall not apply to such securities, (viii) stock issued pursuant to any rights or agreements, including, without limitation, convertible securities, options and warrants, provided that the rights of first refusal established by this Section 9.1 applied with respect to the initial sale or grant by the Company of such rights or

agreements or was not applicable, and (ix) stock issued in connection with any stock split, stock dividend or recapitalization by the Company.

9.2 In the event the Company proposes to undertake an issuance of New Securities, it shall give each Purchaser written notice of its intention, describing the type of New Securities and the price and terms upon which the Company proposes to issue the same. Each Purchaser shall have twenty (20) days from the date of receipt of any such notice to agree to purchase up to the Purchaser's pro rata share of such New Securities for the price and upon the terms specified in the notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased. Each Purchaser shall have a right of overallotment such that if any Purchaser fails to exercise his right hereunder to purchase his pro rata portion of New Securities, the other Purchasers may purchase the nonpurchasing Purchaser's portion on a pro rata basis, within ten (10) days from the date such nonpurchasing Purchaser fails to exercise his right hereunder to purchase his pro rata share of New Securities.

9.3 In the event that Purchasers fail to exercise in full the right of first refusal within said twenty (20) plus ten (10) day period, the Company shall have one hundred eighty (180) days thereafter to sell or enter into an agreement (pursuant to which the sale of New Securities covered thereby shall be closed, if at all, within ninety (90) days from the date of said agreement) to sell the New Securities respecting which the Purchasers' option was not exercised, at a price and upon terms no more favorable to the buyers of such securities then specified in the Company's notice to Purchasers. In the event the Company has not sold the New Securities or entered into an agreement to sell the New Securities within said one hundred eighty (180) day period (or sold and issued New Securities in accordance with the foregoing within ninety (90) days from the date of said agreement), the Company shall not thereafter issue or sell any New Securities, without first offering such securities to each Purchaser in the manner provided above.

9.4 The right of first refusal granted under this Agreement shall expire upon the closing of the first public offering of the Common Stock of the Company to the general public which is effected pursuant to a registration statement filed with, and declared effective by, the Commission under the Securities Act.

9.5 The right of first refusal hereunder is only assignable, in whole or in part, by a Purchaser to any affiliate of such Purchaser or to an assignee purchasing at least fifty percent (50%) of the outstanding Preferred Stock purchased hereunder by such Purchaser.

Any assignment of rights hereunder shall not affect a Purchaser's rights based on Preferred Stock or Common Stock Purchaser continues to hold.

10
Purchasers' Right of Co-Sale

10.1 Sales By RSA Data Security, Inc.

10.1.1 Should RSA ("PRINCIPAL SHAREHOLDER") receive a bona fide offer (the "PURCHASE OFFER") from any person or entity ("OFFEROR"), to purchase from said Principal Shareholder Common Stock or Preferred Stock (collectively "CAPITAL STOCK"), of the Company now owned or hereafter acquired by the Principal Shareholder upon specific terms and conditions (including a specified purchase price payable in cash or other property), then said Principal Shareholder shall promptly notify the Purchasers of the terms and conditions of such Purchase Offer (for purposes of this Section 10.1 only, the Principal Shareholder proposing to sell shares pursuant to this Section shall be referenced as the "SELLING PRINCIPAL SHAREHOLDER").

10.1.2 Each of the Purchasers shall have the right, exercisable upon written notice to the Selling Principal Shareholder within ten (10) business days after receipt of the notice of the Purchase Offer referenced in Section 10.1.1 above, to participate in the Selling Principal Shareholder's sale of the Capital Stock pursuant to the specified terms and conditions of such Purchase Offer. To the extent one or more of the Purchasers exercises such right of participation in accordance with the terms and conditions set forth below, the number of shares of Capital Stock which the Selling Principal Shareholder may sell pursuant to such Purchase Offer shall be correspondingly reduced. The right of participation of each of the Purchasers shall be subject to the following terms and conditions:

10.1.2.1 Each of the Purchasers may sell all or any part of that number of shares of Common Stock (or Preferred Stock convertible into such number of shares of Common Stock) of the Company equal to the product obtained by multiplying (i) the maximum aggregate number of shares of Common Stock covered by the Purchase Offer by (ii) a fraction, the numerator of which is the number of shares of Common Stock of the Company at the time owned by the Purchaser (assuming for such purpose conversion of the Preferred Stock) and the denominator of which is the combined number of shares of Common Stock of the Company at the time owned by the Selling Principal Shareholder and the Purchasers (assuming for such purpose conversion of the Preferred Stock).

10.1.2.2 To the extent one or more of the Purchasers elect not to sell the full number of shares said Purchasers are entitled to sell pursuant to Section 10.1.2.1 above, the Selling Principal Shareholder's right to participate in the sale shall be increased by a corresponding number of shares.

10.1.2.3 Each of the Purchasers may effect its participation in the sale by delivering to a closing agent acceptable to such Purchasers and Selling Principal Shareholder ("AGENT") for transfer to the
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Offeror one or more certificates, properly endorsed for transfer, which represent (i) the number of shares of Common Stock which the Purchaser elects to sell pursuant to this Section 10.1.2 or (ii) that number of shares of Preferred Stock which is at such time convertible into the number of shares of Common Stock which the Purchaser elects to sell pursuant to this Section 10.1.2; provided, however, that if the Offeror objects to the delivery of Preferred Stock in lieu of Common Stock, the participating Purchaser or Purchasers may convert and deliver Common Stock as provided in subparagraph (i) above.

10.1.3 The stock certificates which the Purchasers deliver to Agent pursuant to Section 10.1.2 shall be transferred by the Agent to the buyer thereof in consummation of the sale of the stock pursuant to the terms and conditions specified in the Section 10.1.1 notice to the Purchasers. Selling Principal Shareholder agrees to cause the buyer thereof to make payment therefor to Agent and Agent shall promptly thereafter remit to each Purchaser that portion of the sale proceeds to which the Purchaser is entitled by reason of said Purchaser's participation in such sale.

10.1.4 The exercise or non-exercise of the rights of the Purchasers hereunder to participate in one or more sales of stock made by any Principal Shareholder shall not adversely affect their rights to participate in subsequent stock sales by any Principal Shareholder.

10.1.5 The participation rights of the Purchasers contained in this Section 10 shall not pertain or apply to any pledge of Company Common Stock made by a Principal Shareholder which creates a mere security interest, nor shall such rights pertain or apply to any sales or transfers of Company Common Stock to shareholders of the Principal Shareholder or affiliates of the Principal Shareholder or its shareholders, provided such shareholders or affiliates shall furnish the Purchasers with a written agreement agreeing to be bound by and comply with all the provisions of this Section 10 applicable to the Principal Shareholder.

10.2 Prohibited Transfers.

10.2.1 In the event a Selling Principal Shareholder should sell any Common Stock of the Company in contravention of the participation rights of the Purchasers under this Section 10 (a "PROHIBITED TRANSFER"), the Purchasers shall have the put option provided below.

10.2.2 In the event a Prohibited Transfer occurs, the Purchasers shall have the option to sell to the Principal Shareholder effecting the Prohibited Transfer a number of shares of stock of the Company (either directly or through delivery of convertible Preferred Stock purchased hereunder) equal to the number of shares such Purchaser would have had the right to sell in the Prohibited Transfer on the following terms and conditions:

10.2.2.1 The price per share at which the shares are to be sold to the Principal Shareholder shall be equal to the price per share paid by the buyer to the Principal Shareholder in the Prohibited Transfer.

10.2.2.2 The Purchasers shall deliver to the Principal Shareholder, within ninety (90) days after they have received notice from the Principal Shareholder or otherwise become aware of the Prohibited Transfer, the certificate or certificates representing shares to be sold, each certificate to be properly endorsed for transfer.

10.2.2.3 The Principal Shareholder shall, upon receipt of the certificates for the repurchased shares, pay the aggregate purchase price therefor, by certified check or bank draft made payable to the order of the Purchaser exercising the put option.

10.3 Legended Certificates.

10.3.1 Each certificate representing shares of the Common Stock of the Company now or hereafter owned by the Principal Shareholder shall be endorsed with the following legend:

THE SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF SECTION 10 OF THAT CERTAIN PREFERRED STOCK PURCHASE AGREEMENT, DATED APRIL 17, 1995, AMONG THE COMPANY, THE HOLDER OF THIS CERTIFICATE, CERTAIN INVESTORS IN PREFERRED STOCK OF THE COMPANY AND OTHER PRINCIPAL SHAREHOLDERS AS SET FORTH THEREIN. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF

THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY.

10.3.2 The Section 10.3.1 legend shall be removed upon termination of this Section 10 in accordance with the provisions of Section 10.4.

10.4 Termination of Right. The rights of each Purchaser under this Section 10 and the correlative obligations of the Principal Shareholders with respect to such Purchaser shall terminate at such time as that Purchaser shall no longer be the owner of any shares of capital stock of the Company. Unless sooner terminated in accordance with the preceding sentence, this Section 10 shall terminate upon the first to occur of the following events:

10.4.1 the liquidation or dissolution of the Company;

10.4.2 the execution by the Company of a general assignment for the benefit of creditors or the appointment of a receiver or trustee to take possession of the property and assets of the Company; or

10.4.3 the registration of a class of the Company's securities under Section 12 of the 1934 Act.

11
Indemnification

11.1 Indemnification. RSA shall indemnify, hold harmless, reimburse and defend each Purchaser against any loss, liability or other damages, including reasonable costs of investigation, interest, penalties and attorneys' and accountants' fees incurred in connection with, or arising from, or attributable to (i) the lawsuit identified as RSA Data Security, Inc. v. Cylink Corporation, et al. (Santa Clara County Superior Court Case No. CV 740794), (ii) the lawsuit identified as Cylink Corporation v. RSA Data Security, Inc. and Related Cross Actions (United States District Court, Northern District of California, Oakland Division, Case No. C 94 02332 CW), (iii) the lawsuit identified as Schlafly v. Public Key Partners and RSA Data Security, Inc., (United States District Court, Northern District of California, San Jose Division, Case No. C 94 20512 SW (PVT), (iv) the failure of the Company to have good and marketable title free (except as described in the Assignment (defined below)) from all security interests, liens, claims, charges, encumbrances, or any other defects in title of any nature whatsoever to all assets and other interests transferred to the Company by RSA pursuant to the Assignment of even date herewith between the Company and RSA (the "Assignment"), (v) any

claim, suit or proceeding on the basis of infringement of any intellectual property right delivered to the Company pursuant to the Assignment or any claim that RSA had no right to transfer and assign such right and (vi) the failure of the assets and other rights transferred to DCI pursuant to the Assignment to be sufficient for the Company to conduct the certification business described in the Business Plan.

11.2 Purchase Option; Limit on Liability. In lieu of the payment of any amounts pursuant to Section 11.1 above, RSA may elect, within ninety days after the initial claim for indemnification is made by a Purchaser at its sole option, to purchase from any Purchaser claiming indemnification hereunder the shares of Preferred Stock (or equivalent shares of Common Stock received upon conversion thereof) acquired by such Purchaser pursuant to this Agreement at their aggregate fair market value, but only if the aggregate indemnification claim can reasonably be expected to exceed One Million Five Hundred Thousand Dollars ($1,500,000.00). The fair market value of such shares shall be agreed upon by RSA and such Purchaser within thirty (30) days (the "INITIAL PERIOD") after RSA's election to purchase shares hereunder. In the event RSA and such Purchaser are unable to reach an agreement during the Initial Period, the determination of fair market value shall be made pursuant to the appraisal procedure set forth in Section 11.3 below. Upon the purchase of any such shares, RSA shall have no further liability hereunder to any such selling Purchaser. Notwithstanding anything herein to the contrary, RSA shall have no indemnification liability to any Purchaser under this Section 11 in excess of the aggregate purchase price paid by such Purchaser for the shares of Preferred Stock acquired by such Purchaser pursuant to this Agreement. The preceding sentence is not to be construed as a limitation on the fair market value to be paid by RSA to a Purchaser in the event RSA elects to acquire a Purchaser's shares pursuant to this Section 11.2

11.3 Appraisal Procedure. Any appraisal pursuant to this Section 11 shall be conducted by three (3) independent appraisers, one of whom shall be appointed by RSA, the second by the Purchaser and the third selected by the first two (2) appraisers so selected, and, if such appraisers cannot in good faith agree upon the fair market value, such fair market value shall be the median of the appraisers' individual valuations. Fair market value determined under this Section 11 shall be inclusive of an amount representing the value of the goodwill of the Company, shall be calculated as of the date the claim for indemnification was initially made and shall be exclusive of any diminution or decrease in the fair market value as a result of the occurrence of the events for which indemnification is being claimed. The cost of any such appraisal shall be borne fifty percent (50%) by

the Purchaser and fifty percent (50%) by RSA. Each Purchaser and RSA agree to use their respective reasonable best efforts to commence the appraisal procedure as soon as practicable after the expiration of the Initial Period. Should any party fail or refuse to appoint an appraiser within thirty (30) days after expiration of the Initial Period, the appraiser appointed by the other party shall be the sole appraiser and such appraisal shall be binding on all parties hereto and their successors and assigns. Each appraiser appointed hereunder must be unaffiliated with and independent of the person appointing such appraiser. Each appraiser must have reasonable professional qualifications as an appraiser for the appraisal to be prepared hereunder.

12 Miscellaneous

12.1 Governing Laws. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

12.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto or their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

12.3 Severability. If any provision of this Agreement, or the application thereof, shall for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision.

12.4 Entire Agreement. This Agreement, the exhibits hereto, the documents referenced herein and the exhibits thereto, constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect hereto and thereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

12.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument.

12.6 Finder's Fees. The parties hereto each represent to every other party that such party neither is, nor will be, obligated for any finder's or broker's fee or commission in connection with the transactions contemplated herein. Each party agrees to indemnify and to hold harmless all other parties from any liability for any commission or compensation in the nature of a finder's or broker's fee (and the costs and expenses of defending against such liability or asserted liability) for which such indemnifying party, its employees, agents or representatives is responsible.

12.7 Expenses. The Company and each Purchaser shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement. In this regard, the Company shall pay Tomlinson, Zisko, Morosoli & Maser up to an aggregate of Sixty Thousand Dollars ($60,000) of its and RSA's legal fees in addition to all expenses related thereto for legal work performed in connection with the formation of the Company and the negotiation, execution, delivery and performance of this Agreement. The Company shall reimburse Cooley, Godward, Castro, Huddleson & Tatum, counsel to Purchasers, up to Thirty-Five Thousand Dollars ($35,000) of its legal fees and expenses for legal work performed in connection with the negotiation, execution, delivery and performance of this Agreement. The Company shall reimburse Farella, Braun & Martel, counsel to Visa International Service Association, up to Ten Thousand Dollars ($10,000) of its legal fees and expenses for legal work performed in connection with the negotiation, execution, delivery and performance of this Agreement.

12.8 Public Announcements. The Company, RSA and each Purchaser agree not to issue any press release or make any public statement with respect to the transactions contemplated by this Agreement or the identity of any of the Purchasers without the prior approval of all of

the Purchasers both as to the making of such release or statement and as to the form and content thereof, except to the extent that such party is advised by counsel, in good faith, that such release or statement is required as a matter of law.

12.9 Other Remedies. Any and all remedies herein expressly conferred upon a party shall be deemed cumulative with, and not exclusive of, any other remedy conferred hereby or by law on such party, and the exercise of any one remedy shall not preclude the exercise of any other.

12.10 Amendment and Waivers. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a writing signed by the party to be bound thereby. The waiver by a party of any breach hereof for default in payment of any amount due hereunder or default in the performance hereof shall not be deemed to constitute a waiver of any other default or succeeding breach or default.

12.11 Survival of Agreements. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. The representations, warranties, covenants and agreements of the Company contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Purchasers.

12.12 Attorneys' Fees. Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court (including, without limitation, costs, expenses and fees on any appeal). The prevailing party shall be the party entitled to recover its costs of suit, regardless of whether such suit proceeds to final judgment. A party not entitled to recover its costs shall not be entitled to recover attorneys' fees. No sum for attorneys' fees shall be counted in calculating the amount of a judgment for purposes of determining if a party is entitled to recover costs or attorneys' fees.

12.13 Notices. Whenever any party hereto desires or is required to give any notice, demand or request with respect to this Agreement, each such communication shall be in writing and shall be effective only if it is delivered by personal service or mailed, United States certified mail, return receipt requested, postage prepaid, addressed as follows:

Company:	Digital Certificates International, Inc. c/o RSA Data Security, Inc. 100 Marine Parkway, Suite 500 Redwood City, CA 94065 Attn: President
If to Company, with a copy to:	Timothy Tomlinson, Esq. Tomlinson Zisko Morosoli & Maser 200 Page Mill Road, Second Floor Palo Alto, CA 94306
Purchasers:	At the address(es) set forth on Exhibit A hereto

Such communications shall be effective when they are received by the addressee thereof; but if sent by certified mail in the manner set forth above, they shall be effective five (5) days after being deposited in the United States mail. Any party may change its address for such communications by giving notice thereof to the other parties in conformity with this Section.

12.14 Construction of Agreement. This Agreement has been negotiated by the respective parties hereto and their attorneys and the language hereof shall not be construed for or against any party. A reference in this Agreement to any Section shall include a reference to every Section the number of which begins with the number of the Section to which reference is specifically made (e.g., a reference to Section 5.8 shall include a reference to Sections 5.8.1 and 5.8.1.1). The titles and headings herein are for reference purposes only and shall not in any manner limit the construction of this Agreement which shall be considered as a whole. A reference to a Schedule, Exhibit or Section means a Schedule, Exhibit or Section of this Agreement, unless the context expressly otherwise requires.

12.15 Purchaser Investigation. Each Purchaser acknowledges that it is not relying upon any person, firm or corporation (other than the Company, its officers and directors) in making its investment or decision to invest in the Company. Each of the Purchasers, severally

and not jointly, represents to each of the other Purchasers that it has been solely responsible for its own "due-diligence" investigation of the Company and its management and business, and for its own analysis of the merits and risks of this investment. Each Purchaser agrees that no Purchaser nor the respective controlling persons, officers, directors, partners, agents or employees of any such Purchaser, shall be liable to any other Purchaser for any actions taken in connection with the purchase of Preferred Stock in accordance with the terms of this Agreement.

12.16 No Endorsement. Purchasers understand that no federal or state securities administrator has made any finding or determination relating to the fairness of investment in the Company or purchase of the Preferred Stock hereunder and that no federal or state securities administrator has recommended or endorsed the offering of securities by the Company hereunder.

12.17 California Corporate Securities Law. THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

12.18 Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person, persons, entity or entities may require.

12.19 Further Assurances. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intents and purposes of this Agreement.

12.20 Absence of Third Party Beneficiary Rights. No provisions of this Agreement are intended nor shall be interpreted to provide or create any third party beneficiary rights or any other rights of any kind in any client, customer, affiliate, shareholder or partner of any party hereto, or any other person, unless specifically provided otherwise herein and, except as so provided, all provisions hereof shall be personal solely between the parties to this Agreement.

IN WITNESS WHEREOF, the foregoing Agreement is hereby executed as of the date first above written.

COMPANY:

Digital Certificates International, Inc.
c/o RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

DIGITAL CERTIFICATES INTERNATIONAL, INC.

By: /s/ David Cowan

Name: David Cowan

Title: Chairman of the Board

RSA:

RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

Name: D. James Bidzos

Title: _____

PURCHASERS:

Bessemer Venture Partners DCI
1025 Old County Road, Suite 205
Westbury, NY 11590

BESSEMER VENTURE PARTNERS DCI

By: Bessemer Venture Partners III L.P.
Managing General Partner

By: Deer III & Co.

By: /s/ Robert H. Beuscher

Name: Robert H. Buescher
Title: Partner

Mitsubishi Corporation
6-3, Marunouchi 2-Chome,
Chiyoda-ku, Tokyo 100-86
Japan

MITSUBISHI CORPORATION

By: /s/ Mitsubishi Corporation
Name: Yukihiro Kayama

Title: Senior Assistant to Managing Director
Information Systems and Services Group

Security Dynamics Technologies, Inc.
One Alewife Center
Cambridge, MA 02140-2312

SECURITY DYNAMICS TECHNOLOGIES, INC.

By: /s/ Charles R. Stuckney Jr.
Name: Charles R. Stuckney Jr.
Title: President and CEO

Intel Corporation
2200 Mission College Blvd.
Santa Clara, CA 95052

INTEL CORPORATION

By: /s/ Arvind Sodhani
Name: Arvind Sodhani
Title: Vice President and Treasurer

Ameritech Development Corporation
30 South Wacker Drive, 37th Floor
Chicago, Ill 60606

AMERITECH DEVELOPMENT CORPORATION

By: /s/ Thomas Touton

Name: Thomas Touton

Title: Vice President - Venture Capital

GC&H Investments
3000 Sand Hill Road
Building 3, Suite 230
Menlo Park, CA 94025

GC&H INVESTMENTS

By: /s/ James C. Kitch

Name: James C. Kitch

Title: Executive Partner

VISA International Service Association
c/o Andrew Konstantaras
Legal Department
VISA
900 Metro Center Boulevard
Foster City, CA 94404

VISA INTERNATIONAL SERVICE ASSOCIATION

By: /s/ William L. Powar

Name: William L. Powar

Title: Vice President

Fischer Security Corporation L.L.C.
4073 Mercantile Avenue
Naples, FL 33942

FISCHER SECURITY CORPORATION L.L.C.

By: /s/ Addison M. Fischer

Name: Addison M. Fischer

Title: _____

First TZMM Investment Partnership
c/o Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, 2nd Floor
Palo Alto, CA 94306

FIRST TZMM INVESTMENT PARTNERSHIP

By: /s/ Timothy Tomlinson

Name: Timothy Tomlinson

Title: Partner

EXHIBIT A

LIST OF PURCHASERS

Purchaser	Shares
Bessemer Venture Partners DCI	850,000
Visa International Service Association	850,000
Intel Corporation	850,000
Fischer Security Corporation L.L.C.	425,000
Ameritech Development Corporation	425,000
Mitsubishi Corporation	425,000/*/
Security Dynamics Technologies, Inc.	425,000
GC&H Investments	33,333
First TZMM Investment Partnership	23,550
TOTAL	4,306,883

_____

/*/ It is understood that such shares will be purchased by Mitsubishi International at a closing to be held as soon as practicable after the date hereof upon receipt of all necessary executed closing documents.

EXHIBIT B

COMPANY'S SCHEDULE OF EXCEPTIONS

The following exceptions to the representations and warranties of the Company and RSA are exceptions to all representations and warranties in Section 3, the section references below are for reference purposes only.

3.1 As of the date hereof, the Company has not qualified to do business as a foreign corporation in California. The Company agrees to use its best efforts to qualify as a foreign corporation in California as soon as practicable after the date hereof.

3.6 The Company and RSA are parties to the following agreements:

13. Assignment from RSA to the Company relating to the assignment of certain technology and other assets to the Company ("ASSIGNMENT").

14. Master OEM Agreement from RSA to the Company relating to certain rights to TIPEM.

15. Non-Compete and Non-Solicitation Agreement whereby RSA agrees not to compete in certain fields and RSA and the Company agree not to solicit each other's employees.

16. RSA is assigning to the Company all of the contracts set forth on Exhibit E to the Assignment.

17. RSA has obtained all required consents except the consent to the assignment to the Company of (i) the Commercial Hierarchy Certifier Agreement between RSA and Apple Computer, Inc. dated November 5, 1993, (ii) certain sections of that certain Technology Software License Agreement between RSA and Microsoft Corporation dated May 24, 1991, and (iii) certain sections of that certain Second Encryption Software License Agreement between RSA and Apple Computer, Inc. dated as of September 25, 1990. RSA agrees to use its best efforts to obtain such consents as soon as practicable after the date hereof.

3.8 The Company has agreements with its shareholders, officers and directors as follows:

18. The agreements listed under Section 3.6 above.

19. The Company has entered an Indemnity Agreement with each of its directors.

20. The Company has entered a Founders Subscription Agreement with RSA whereby RSA purchased 4,000,000 shares of the Company's Common Stock.

21. The Company has entered Subscription Agreements with D. James Bidzos, a Director, and Ronald Rivest, a member of its Advisory Committee and Kairdos L.L.C., in which D. James Bidzos is Manager and a member and Timothy Tomlinson, a Director of the Company, is a member.

22. The Company has entered a Registration Rights Agreement in the form of Exhibit C hereto, to which certain directors and shareholders of the Company
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are parties.

23. The Company has entered a Stockholders Agreement in the form of Exhibit D hereto to which certain directors and shareholders of the Company are
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parties.

24. The Company has entered in an engagement letter with Tomlinson Zisko Morosoli & Maser. Timothy Tomlinson, a Director of the Company, is a partner in Tomlinson Zisko Morosoli & Maser.

25. The Company has entered into a Subscription and Repurchase Agreement with Bessemer Venture Partners DCI. David Cowan, a Director of the Company, is an affiliate of Bessemer Venture Partners IV.

26. The Company has entered a Subscription and Repurchase Agreement with TZM Investment Fund whereby TZM Investment Fund acquired 80,000 shares of the Common Stock of the Company. Timothy Tomlinson, a Director of the Company, is a partner in TZM Investment Fund.

27. The Company intends to offer its services to its shareholders and the Company already may have commenced negotiation of contracts with some or all of its shareholders.

11. As a result of his position as an officer, director and stockholder of both RSA and the Company, D. James Bidzos may be deemed to have an interest in any contract between the Company and RSA.

3.10 RSA has obtained all required consents except the consent to the assignment to the Company of (i) the Commercial Hierarchy Certifier Agreement between RSA and Apple Computer, Inc. dated November 5, 1993, (ii) certain sections of that certain Technology Software License Agreement between RSA and Microsoft Corporation dated May 24, 1991, and (iii) certain sections of that certain Second Encryption Software License Agreement between RSA and Apple Computer, Inc. dated as of September 25, 1990. RSA agrees to use its best efforts to obtain such consents as soon as practicable after the date hereof.

3.11 RSA is party to the following litigation:

3.11.1 RSA Data Security, Inc. v. Cylink Corporation, et al. (Arbitration), Santa Clara County Superior Court Case No. CV 740794.

3.11.2 Cylink Corporation v. RSA Data Security, Inc. and Related Cross-Action, (Patent Litigation), United States District Court, Northern District of California, Oakland Division, Case No. C 94 02332 CW.

3.11.3 Schlafly v. Public Key Partners and RSA Data Security, Inc., United States District Court, Northern District of California, San Jose Division, Case No. C 94 20512 SW (PVT).

3.15 At present, the Company shares space with RSA. A space sharing or sublease arrangement will be entered after the First Closing hereunder.

3.16.1 The Company has appointed as its general legal counsel the law firm of Tomlinson Zisko Morosoli & Maser of which Timothy Tomlinson, a Director, is a general partner.

3.16.2 See the contracts listed on Exhibit E to the Assignment.

3.20 The Business Plan was prepared in November 1994. Since that time RSA has conducted the Company's business in the ordinary course. The Business Plan assumed investment in October 1994 which did not occur. Section X of the Business Plan is superseded in its entirety by the Transaction Documents.

3.26 As of the date hereof, RSA has not obtained consent to the assignment to the Company of (i) the Commercial Hierarchy Certifier Agreement between RSA and Apple Computer, Inc. dated November 5, 1993, (ii) certain sections of that certain Technology Software License Agreement between RSA and Microsoft Corporation dated May 24, 1991, and (iii) certain sections of that certain Second Encryption Software License Agreement between RSA and Apple Computer, Inc. dated as of September 25, 1990. RSA agrees to use its best efforts to obtain such consents as soon as practicable after the date hereof.

EXHIBIT O

AMERITECH AGREEMENT TERMS

(a) Ameritech Development Corporation, a Purchaser ("Ameritech"), is subject to certain "line of business" restrictions under the Modification of Final Judgment in the United States vs. AT &T, Civil Action 82-0192 (D.D.C.) (as the same may be modified from time to time, the "MFJ"). Ameritech shall have the right to require the Company to repurchase all of the Series A Preferred Stock, Common Stock, and other securities of the Company owned beneficially or of record by Ameritech (collectively, the "Ameritech Securities") subject to the conditions of this paragraph (a) as follows:

(i) If a court of competent jurisdiction or the United States Department of Justice ("the D.O.J.") determines that (x) the original purchase of the Ameritech Securities was a violation of, or (y) the continuing ownership by Ameritech of the Ameritech Securities will violate the line of business restrictions of the MFJ to which Ameritech is subject and orders that Ameritech divest the Ameritech Securities or, in the case of the D.O.J., advises Ameritech that it intends to seek such divestiture, or counsel to Ameritech advises Ameritech that the divestiture of the Ameritech Securities is advisable under the MFJ, then Ameritech shall have the right to require the Company to purchase the Ameritech Securities at a purchase price which shall equal the fair market value of the Ameritech Securities (as determined pursuant to the paragraph (b) below) on the date of such judicial order to determination, unless such purchase would violate any provision of the General Corporation Law of the State of Delaware or the corporate laws of any other State applicable to the Company at such time. If the Company is obligated to purchase Ameritech Securities it will issue a note for the purchase price bearing interest at the annual rate of two percent above the rate of interest announced at such time by the First National Bank of Chicago as its prime commercial lending rate, compounded annually. The interest on such note will be payable quarterly and the principal of such note will mature and be payable on the earlier of (i) two years from the date of the note, (ii) 90 days after all shares

of the Company's Preferred Stock have been converted to Common Stock, (iii) the date on which cash dividends are paid on the Preferred Shares or Common Stock, (iv) the date on which the Company is acquired by a third party, whether through a sale of assets, sale of capital stock, merger, consolidation or otherwise or (v) the consummation of an underwritten public offering by the Company of any of its securities.

(ii) For a period of 60 days prior to exercising its right to require the Company to repurchase Ameritech Securities, Ameritech shall have the right to sell the Ameritech Securities to a third party; provided, however, that the Company shall have a right of first refusal to purchase the Ameritech Securities. in the event that Ameritech reaches general agreement with a third party regarding the sale of the Ameritech Securities within such 60 day period, Ameritech will give the Company written notice describing the price and general terms of the proposed sale (the "Sale Notice"). The Company may elect to purchase all (but not less than all) of the Ameritech Securities for the same price and upon the same terms and conditions as set forth in the Sale Notice by giving written notice of such election to Ameritech within 15 days after receiving the sale Notice. The closing of the purchase of the Ameritech Securities by the Company pursuant to this subsection (ii) shall take place promptly (and in any event within 15 days) following the Company's delivery of written notice to the Purchaser.

(b) The fair market value of the Ameritech Securities shall be determined by a nationally known venture capitalist or investment banker mutually agreeable to the Company and the Ameritech. The costs of such appraisal shall be borne equally by the Company and Ameritech.

(c) The rights granted to Ameritech under this Section __ are personal to Ameritech and may not be assigned to any other party other than its stockholders and affiliates which acquire the Ameritech Securities in compliance with this agreement.

(d) Termination. The provisions of this Section __ shall terminate and have no further force and effect upon the first to occur of:

(i) The occurrence of both (1) the consummation of the first underwritten public offering by the Company of any of its equity securities, the aggregate market value of which on the

date of such offering shall be at least $10,000,000; and (2) the availability to the original purchaser of the Ameritech Securities of the resale provisions of Rule 144(k) promulgated under the Act or any then equivalent regulation; or

(ii) The termination of ownership by the original purchaser of the Ameritech Securities and its affiliates of all of the Ameritech Securities.

EXHIBIT 10.02

VERISIGN, INC.

SERIES B PREFERRED STOCK PURCHASE AGREEMENT

February 20, 1996

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SERIES B PREFERRED STOCK PURCHASE AGREEMENT

THIS SERIES B PREFERRED STOCK PURCHASE AGREEMENT (this "Agreement") is made as of the 20th day of February, 1996, by and between VeriSign, Inc., a Delaware corporation (the "Company"), and each of the persons listed on Schedule A hereto, each of which is herein referred to as an "Investor."

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Purchase and Sale of Stock.

1.1 Sale and Issuance of Series B Preferred Stock.

(a) The Company shall adopt and file with the Secretary of State of Delaware on or before the Closing (as defined below) an Amended and Restated Certificate of Incorporation in the form attached hereto as Exhibit A (the "Restated Certificate").

(b) Subject to the terms and conditions of this Agreement, each Investor agrees, severally and not jointly, to purchase at the Closing and the Company agrees to sell and issue to each Investor, severally and not jointly, at the Closing that number of shares of the Company's Series B Preferred Stock set forth opposite each Investor's name on Schedule A hereto at a price of $2.45 per share.

1.2 Closing. The purchase and sale of the Series B Preferred Stock shall take place at the offices of Brobeck, Phleger & Harrison LLP, Two Embarcadero Place, 2200 Geng Road, Palo Alto, California, at 11:00 a.m., on January __, 1996, or at such other time and place as the Company and Investors acquiring in the aggregate more than half the shares of Series B Preferred Stock sold pursuant hereto shall mutually agree in writing (which time and place are designated as the "Closing"). At the Closing, the Company shall deliver to each Investor a certificate representing the shares of Series B Preferred Stock that such Investor is purchasing against payment of the purchase price therefor by check, wire transfer, cancellation of indebtedness, or such other form of payment as shall be mutually agreed upon by such Investor and the Company. In the event that payment by an Investor is made, in whole or in part, by cancellation of indebtedness, then such Investor shall surrender to the Company for cancellation at the Closing any evidence of such indebtedness or shall execute an instrument of cancellation in form and substance acceptable to the Company. In addition, the Company at the Closing shall deliver to any Investor choosing to pay any part of the purchase price of the Stock by cancellation of indebtedness, a check in the amount of any interest accrued on such indebtedness through the Closing.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to each Investor that, except as set forth on the Schedule of Exceptions attached hereto, specifically identifying the relevant subparagraph(s) hereof, which exceptions shall be deemed to be representations and warranties as if made hereunder:

2.1 Organization; Good Standing; Qualification. The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, has all requisite corporate power and authority to own and operate its properties and assets and to carry on its business as now conducted and as proposed to be conducted, to execute

and deliver this Agreement, that certain Investors' Rights Agreement dated as of even date herewith the form of which is attached hereto as Exhibit B (the "Investors' Rights Agreement"), that certain Co-Sale Agreement dated as of even date herewith the form of which is attached hereto as Exhibit C (the "Co-Sale Agreement"), that certain Amendment No. 1 to Stockholders' Agreement dated as of even date herewith the form of which is attached hereto as Exhibit E (the "Stockholders' Agreement") and any other agreement to which the Company is a party the execution and delivery of which is contemplated hereby (the "Ancillary Agreements"), to issue and sell the Series B Preferred Stock and the Common Stock issuable upon conversion thereof, and to carry out the provisions of this Agreement, the Investors' Rights Agreement, the Co-Sale Agreement, the Stockholders' Agreement, the Restated Certificate and any Ancillary Agreements. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure so to qualify would have a material adverse effect on its business, properties, prospects or financial condition.

2.2 Authorization. All corporate action on the part of the Company, its officers, directors, and stockholders necessary for the authorization, execution and delivery of this Agreement the Investors' Rights Agreement, the Co-Sale Agreement, the Stockholders' Agreement and any Ancillary Agreements, the performance of all obligations of the Company hereunder and thereunder at the Closing and the authorization, issuance (or reservation for issuance), sale, and delivery of the Series B Preferred Stock being sold hereunder and the Common Stock issuable upon conversion thereof has been taken or will be taken prior to the Closing, and this Agreement, the Investors' Rights Agreement, the Co-Sale Agreement, the Stockholders' Agreement and any Ancillary Agreements constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (iii) to the extent the indemnification provisions contained in the Investors' Rights Agreement may be limited by applicable federal or state securities law.

2.3 Valid Issuance of Preferred and Common Stock. The Series B Preferred Stock that is being purchased by the Investors hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid, and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, the Investors' Rights Agreement and the Co-Sale Agreement, the Stockholders' Agreement and under applicable state and federal securities laws. The Common Stock issuable upon conversion of the Series B Preferred Stock purchased under this Agreement has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Restated Certificate, will be duly and validly issued, fully paid, and nonassessable and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, the Investors' Rights Agreement, the Co-Sale Agreement and the Stockholders' Agreement and under applicable state and federal securities laws.

2.4 Governmental Consents. No consent, approval, qualification, order or authorization of, or filing with, any local, state, or federal governmental authority is required on the part of the Company in connection with the Company's valid execution, delivery, or performance of this Agreement, the offer, sale or issuance of the Series B Preferred Stock by the Company or the issuance of Common Stock upon conversion of the Series B Preferred Stock, except (i) the filing of the Restated Certificate with the Secretary of State of the State of Delaware, and (ii) such filings as have been made prior to the Closing, except that any notices of sale required to be filed with the Securities and Exchange Commission (the "SEC") under

Regulation D of the Securities Act of 1933, as amended (the "1933 Act"), or such post-closing filings as may be required under applicable state securities laws, which will be timely filed within the applicable periods therefor.

2.5 Capitalization and Voting Rights. The authorized capital of the Company consists, or will consist prior to the Closing, of:

(i) Preferred Stock. 6,407,883 shares of Preferred Stock, par value $0.001 (the "Preferred Stock"), of which 4,306,883 shares have been designated Series A Convertible Preferred Stock ("Series A Preferred Stock"), all of which are issued and outstanding, and 2,101,000 shares have been designated Series B Convertible Preferred Stock ("Series B Preferred Stock"), up to all of which will be sold pursuant to this Agreement. The rights, privileges and preferences of the Series A and Series B Preferred Stock will be as stated in the Restated Certificate.

(ii) Common Stock. 15,592,117 shares of common stock ("Common Stock"), par value $0.001 of which 4,688,333 shares are issued and outstanding.

(iii) The outstanding shares of Series A Preferred Stock and Common Stock are owned by the stockholders and in the numbers specified in Exhibit D hereto.
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(iv) The outstanding shares of Series A Preferred Stock and Common Stock have been issued in accordance with the registration or qualification provisions of the 1933 Act and any relevant state securities laws or pursuant to valid exemptions therefrom.

(v) Except for (A) the conversion privileges of the Series A and Series B Preferred Stock, (B) the rights provided in Section 2.4 of the Investors' Rights Agreement, and (C) currently outstanding options to purchase 1,615,750 shares of Common Stock granted to employees pursuant to the Company's 1995 Stock Option Plan (the "Option Plan"), there are not outstanding any options, warrants, rights (including conversion or preemptive rights and rights of first refusal) or agreements for the purchase or acquisition from the Company of any shares of its capital stock. In addition to the aforementioned options, the Company has reserved an additional 529,250 shares of its Common Stock for purchase upon exercise of options to be granted in the future under the Option Plan. The Company is not a party or subject to any agreement or understanding, and, to the best of the Company's knowledge, there is no agreement or understanding between any persons that affects or relates to the voting or giving of written consents with respect to any security or the voting by a director of the Company.

2.6 Subsidiaries. The Company does not own or control, directly or indirectly, any interest in any other corporation, association, or other business entity. The Company is not a participant in any joint venture, partnership, or similar arrangement.

2.7 Agreements; Action.

(a) Except for agreements explicitly contemplated hereby, by the Investors' Rights Agreement, the Co-Sale Agreement, the Stockholders' Agreement, any Ancillary Agreements and that certain Stockholders' Agreement dated April 18, 1995 among the Company, the Series A Preferred Stockholders and the other parties named therein, there are no agreements, understandings or proposed transactions between the Company and any of its officers, directors, affiliates, or any affiliate thereof.

(b) The Company does not have any contract, agreement, lease, commitment or proposed transaction, written or oral, absolute or contingent, other than (i) contracts for the purchase of supplies and services that were entered into in the ordinary course of business and that do not involve more than $50,000, and do not extend for more than one (1) year beyond the date hereof, (ii) sales contracts entered into in the ordinary course of business, and (iii) contracts terminable at will by the Company on no more than thirty (30) days notice without cost or liability to the Company and that do not involve any employment or consulting arrangement and are not material to the conduct of the Company's business. For the purpose of this Section, employment and consulting contracts and contracts with labor unions, and license agreements and any other agreements relating to the acquisition or disposition of the Company's technology, shall not be considered to be contracts entered into in the ordinary course of business.

(c) The Company has not (i) declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock, (ii) incurred any indebtedness for money borrowed or any other liabilities individually in excess of $50,000 or, in the case of indebtedness and/or liabilities individually less than $50,000, in excess of $150,000 in the aggregate, (iii) made any loans or advances to any person, other than ordinary advances for travel expenses, or (iv) sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business.

(d) For the purposes of subsections (b) and (c) above, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same person or entity (including persons or entities the Company has reason to believe are affiliated therewith) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsections.

2.8 Related-Party Transactions. No employee, officer, or director of the Company or member of his or her immediate family thereof is indebted to the Company, nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them. To the best of the Company's knowledge, none of such persons has any direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship, or any firm or corporation that competes with the Company, except that employees, officers or directors of the Company and members of their immediate families may own stock in publicly traded companies that may compete with the Company. To the best of the Company's knowledge, no officer or director or any member of their immediate families is, directly or indirectly, interested in any material contract with the Company.

2.9 Registration Rights. Except as provided in the Investors' Rights Agreement, the Company is not obligated to register under the 1933 Act any of its presently outstanding securities or any of its securities that may subsequently be issued.

2.10 Permits. The Company has all franchises, permits, licenses, and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could materially and adversely affect the business, properties, prospects or financial condition of the Company and believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as planned to be conducted. The Company is not in default in any material respect under any of such franchises, permits, licenses or other

similar authority.

2.11 Compliance with Other Instruments. The Company is not in violation or default in any material respect of any provision of its Restated Certificate or Bylaws or in any material respect of any provision of any mortgage, indenture, agreement, instrument or contract to which it is a party or by which it is bound or, to the best of its knowledge, of any federal or state judgment, order, writ, decree, statute, rule or regulation applicable to the Company. The execution, delivery and performance by the Company of this Agreement, the Investors' Rights Agreement, the Co-Sale Agreement, the Stockholders' Agreement and any Ancillary Agreements, and the consummation of the transactions contemplated hereby and thereby will not result in any such violation or be in material conflict with or constitute, with or without the passage of time or giving of notice, either a material default under any such provision or an event that results in the creation of any material lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization, or approval applicable to the Company, its business or operations, or any of its assets or properties.

2.12 Litigation. There is no action, suit, proceeding or investigation pending or currently threatened against the Company that questions the validity of this Agreement, the Investors' Rights Agreement, the Co-Sale Agreement, the Stockholders' Agreement or any Ancillary Agreements or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby, or that might result, either individually or in the aggregate, in any material adverse change in the assets, business properties, prospects or financial condition of the Company, or in any material change in the current equity ownership of the Company. The foregoing includes, without limitation, any action, suit, proceeding, or investigation pending or currently threatened involving the prior employment of any of the Company's employees, their use in connection with the Company's business of any information or techniques allegedly proprietary to any of their former employers, their obligations under any agreements with prior employers, or negotiations by the Company with potential backers of, or investors in, the Company or its proposed business. The Company is not a party to, or to the best of its knowledge, named in any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit or proceeding by the Company currently pending or that the Company currently intends to initiate.

2.13 Returns and Complaints. The Company has received no customer complaints concerning alleged defects in the design of its products that, if true, would materially adversely affect the operations or financial condition of the Company.

2.14 Disclosure. The Company has provided each Investor with all the information reasonably available to it without undue expense that such Investor has requested for deciding whether to purchase the Series B Preferred Stock and all information which the Company believes is reasonably necessary to enable such Investor to make such decision. To the best of the Company's knowledge after reasonable investigation, neither this Agreement nor any other written statements or certificates made or delivered in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading.

2.15 Offering. Subject in part to the truth and accuracy of each Investor's representations set forth in this Agreement, the offer, sale and issuance of the Series B Preferred Stock and Common Stock issuable upon the conversion thereof as contemplated by this Agreement are exempt from the registration requirements of the 1933 Act, and neither the

Company nor any authorized agent acting on its behalf will take any action hereafter that would cause the loss of such exemption.

2.16 Title to Property and Assets; Leases. Except (a) as reflected in the Financial Statements (defined in Section 2.17), (b) for liens for current taxes not yet delinquent, (c) for liens imposed by law and incurred in the ordinary course of business for obligations not past due to carriers, warehousemen, laborers, materialmen and the like, (d) for liens in respect of pledges or deposits under workers' compensation laws or similar legislation, or (e) for minor defects in title, none of which, individually or in the aggregate materially interferes with the use of such property, the Company owns its property and assets free and clear of all mortgages, liens, claims and encumbrances. With respect to the property and assets it leases, the Company is in compliance with such leases and, to the best of its knowledge, holds a valid leasehold interest free of any liens, claims or encumbrances, subject to clauses (a)-(e) above.

2.17 Financial Statements. The Company has delivered to each Investor its unaudited financial statements (balance sheet and profit and loss statement, statement of shareholders' equity and statement of changes in financial position, at December 31, 1995 and for the fiscal year then ended (the "Financial Statements"). The Financial Statements have been prepared in accordance with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods indicated and with each other, except that they may not contain all footnotes required by GAAP. The Financial Statements fairly present the financial condition and operating results of the Company as of the dates, and for the periods, indicated therein, subject to normal year-end audit adjustments which are neither individually nor in the aggregate material. Except as set forth in the Financial Statements, the Company has no material liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to December 31, 1995 and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under GAAP to be reflected in the Financial Statements, which, in both cases, individually or in the aggregate, are not material to the financial condition or operating results of the Company. Except as disclosed in the Financial Statements, the Company is not a guarantor or indemnitor of any indebtedness of any other person, firm or corporation. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with GAAP.

2.18 Changes. To the best of the Company's knowledge, since December 31, 1995, there has not been:

(a) Any change in the assets, liabilities, financial condition or operating results of the Company from that reflected in the Financial Statements, except changes in the ordinary course of business that have not been, in the aggregate, materially adverse;

(b) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the business, properties, prospects or financial condition of the Company (as such business is presently conducted and as it is proposed to be conducted);

(c) any waiver or compromise by the Company of a valuable right or of a material debt owed to it;

(d) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company, except in the ordinary course of business and which is not material to the business, properties, prospects or financial condition of

the Company (as such business is presently conducted and as it is proposed to be conducted);

(e) any material change to a material contract or arrangement by which the Company or any of its assets is bound or subject, except any such change made in the ordinary course of business;

(f) any material change in any compensation arrangement or agreement with any employee, officer, director, or stockholder;

(g) any sale, assignment or transfer of any patents, trademarks, copyrights, trade secrets or other intangible assets;

(h) any resignation or termination of employment of any key officer of the Company; and the Company, to the best of its knowledge, does not know of the impending resignation or termination of employment of any such officer;

(i) receipt of notice that there has been a loss of, or material order cancellation by, any major customer of the Company;

(j) any mortgage, pledge, transfer of a security interest in, or lien, created by the Company, with respect to any of its material properties or assets, except liens for taxes not yet due or payable;

(k) any loans or guarantees made by the Company to or for the benefit of its employees, officers or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business;

(l) any declaration, setting aside or payment or other distribution in respect of any of the Company's capital stock, or any direct or indirect redemption, purchase or other acquisition of any of such stock by the Company;

(m) to the best of the Company's knowledge, any other event or condition of any character that might materially and adversely affect the business, properties, prospects or financial condition of the Company (as such business is presently conducted and as it is proposed to be conducted); or

(n) any agreement or commitment by the Company to do any of the things described in this Section 2.18.

2.19 Patents and Trademarks. To the best of its knowledge (but without having conducted any special investigation or patent search) the Company owns or possesses sufficient legal rights to all patents, trademarks, servicemarks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes necessary for its business as now conducted and as proposed to be conducted without any conflict with or infringement of the rights of others. The Schedule of Exceptions contains a complete list of patents and pending patent applications of the Company. Except for agreements with its own employees or consultants, substantially in the form referenced in Section 2.22 below, there are no outstanding options, licenses, or agreements of any kind relating to the foregoing, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other person or entity. The Company has not received

any communications alleging that the Company has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights, trade secrets or other proprietary rights of any other person or entity. The Company is not aware that any of it employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of such employee's best efforts to promote the interests of the Company or that would conflict with the Company's business as proposed to be conducted. Neither the execution nor delivery of this Agreement, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as proposed, will, to the best of the Company's knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated. The Company does not believe it is or will be necessary to use any inventions of any of its employees (or persons it currently intends to hire) made prior to their employment by the Company.

2.20 Manufacturing and Marketing Rights. The Company has not granted rights to manufacture, produce, assemble, license, market, or sell its products to any other person and is not bound by any agreement that affects the Company's exclusive right to develop, manufacture, assemble, distribute, market, or sell its products.

2.21 Labor Agreements and Actions. To the best knowledge of the Company, there is no strike, or labor dispute or union organization activities pending or threatened between it and its employees. To the best knowledge of the Company, none of the Company's employees belongs to any union or collective bargaining unit. To the best of its knowledge, the Company has complied in all material respects with all applicable state and federal equal employment opportunity and other laws related to employment. To the best of the Company's knowledge, no employee of the Company is or will be in violation of any judgment, decree or order, or any term of any employment contract, patent disclosure agreement or other contract or agreement relating to the relationship of any such employee with the Company or any other party because of the nature of the business conducted or to be conducted by the Company or to the utilization by the employee of his best efforts with respect to such business. The Company is not party to or bound by any currently effective employment contract, deferred compensation agreement, bonus plan, incentive plan, profit sharing plan, retirement agreement, or other employee compensation agreement. The Company is not aware that any officer or key employee, or that any group of key employees, intends to terminate their employment with the Company, nor does the Company have a present intention to terminate the employment of any of the foregoing. Subject to general principles related to wrongful termination of employees, the employment of each officer and employee of the Company is terminable at the will of the Company.

2.22 Proprietary Information and Inventions Agreements. Each employee and officer of the Company has executed a Proprietary Information and Inventions Agreement substantially in the form or forms that have been delivered to special counsel for the Investors.

2.23 Tax Returns, Payments, and Elections. The Company has filed all tax returns and reports as required by law. These returns and reports are true and correct in all material respects. The Company has paid all taxes and other assessments due, except those contested by it in good faith. The provision for taxes of the Company as shown in the Financial Statements is adequate for taxes due or accrued as of the date thereof. The Company has not elected pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), to be treated as

an S corporation or a collapsible corporation pursuant to Section 341(f) of Section 1362(a) of the Code, nor has it made any other elections pursuant to the Code (other than elections which relate solely to methods of accounting, depreciation or amortization) which would have a material effect on the business, properties, prospects or financial condition of the Company. The Company has never had any tax deficiency proposed or assessed against it and has not executed any waiver of any statute of limitations on the assessment or collection of any tax or governmental charge. None of the Company's federal income tax returns and none of its state income or franchise tax or sales or use tax returns has ever been audited by governmental authorities. Since the date of the Financial Statements, the Company has made adequate provisions on its books of account for all taxes, assessments and governmental charges with respect to its business, properties and operations for such period. The Company has withheld or collected from each payment made to each of its employees, the amount of all taxes (including, but not limited to, federal income taxes, Federal Insurance Contribution Act taxes and Federal Unemployment Tax Act taxes) required to be withheld or collected therefrom, and has paid the same to the proper tax receiving officers or authorized depositaries.

2.24 Insurance. The Company has in full force and effect fire and casualty insurance policies, with extended coverage, sufficient in amount (subject to reasonable deductibles) to allow it to replace any of its properties that might be damaged or destroyed. The Company has in full force and effect term life insurance, payable to the Company, on the lives of Mr. D. James Bidzos and Mr. Stratton Sclavos in the amount of $1,000,000 each. The Company has in full force and effect products liability insurance in amounts customary for companies similarly situated.

2.25 Environmental and Safety Laws. To the best of its knowledge, the Company is not in violation of any applicable statute, law, or regulation relating to the environment or occupational health and safety, and to the best of its knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law, or regulation.

2.26 Forfeiture. No shareholders of the Company have purchased any shares of the Company's capital stock subject to a risk of forfeiture.

2.27 Minute Books. The copy of the minute books of the Company provided to the Investor's special counsel contain minutes of all meetings of directors and stockholders and all actions by written consent without a meeting by the directors and stockholders since the time of incorporation and reflect all actions by the directors (and any committee of directors) and stockholders with respect to all transactions referred to in such minutes accurately in all material respects.

3. Representations, Warranties and Covenants of the Investors.

3.1 Representations and Warranties. Each Investor hereby severally and not jointly represents and warrants to the Company, with respect to such Investor's purchase of Series B Preferred Stock that:

(a) Authorization. It has full power and authority to enter into this Agreement and that this Agreement constitutes a valid and legally binding obligation of such Investor.

(b) Purchase Entirely for Own Account. This Agreement is made with each Investor in reliance upon such Investor's representation to the Company, which by such Investor's execution of this Agreement such Investor hereby confirms, that the Series B Preferred Stock to be purchased by such Investor and the Common Stock issuable upon conversion thereof (collectively, the "Stock") will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, each Investor further represents that such Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Stock.

(c) Reliance Upon Investors' Representations. It understands that the Series B Preferred Stock is not, and any Common Stock acquired on conversion thereof at the time of issuance may not be, registered under the 1933 Act on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the 1933 Act pursuant to section 4(2) thereof, and that the Company's reliance on such exemption is predicated on the Investors' representations set forth herein. Each Investor realizes that the basis for the exemption may not be present if, notwithstanding such representations, such Investor has in mind merely acquiring shares of the Stock for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. No Investor has any such intention.

(d) Receipt of Information. It believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Series B Preferred Stock. Each Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Series B Preferred Stock and the business, properties, prospects and financial condition of the Company and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to it or to which it had access. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of the Investors to rely thereon.

(e) Investment Experience. Each Investor is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Series B Preferred Stock. If other than an individual, Investor also represents it has not been organized for the purpose of acquiring the Series B Preferred Stock.

(f) Accredited Investor. Each Investor (other than Bessemer Venture Partners DCI) is an "accredited investor" within the meaning of SEC Rule 501 of Regulation D, as presently in effect.

(g) Restricted Securities. It understands that the shares of Series B Preferred Stock it is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the 1933 Act, only in certain limited

circumstances. In this connection, each Investor represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act.

3.2 Covenants. Each Investor hereby covenants as follows:

(a) Legends. To the extent applicable, each certificate or other document evidencing any of the Series B Preferred Stock or any Common Stock issued upon conversion thereof shall be endorsed with the legends set forth below, and each Investor covenants that, except to the extent such restrictions are waived by the Company, such Investor shall not transfer the shares represented by any such certificate without complying with the restrictions on transfer described in the legends endorsed on such certificate:

(i) "The shares represented hereby have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred, assigned, pledged, or hypothecated absent an effective registration thereof under such Act or compliance with Rule 144 promulgated under such Act, or unless the Company has received an opinion of counsel, satisfactory to the Company and its counsel, that such registration is not required."

(ii) Any legend required by the laws of the State of California, including any legend required by the California Department of Corporations and Sections 417 and 418 of the California Corporations Code.

(b) Further Limitations on Disposition. Without in any way limiting the representations set forth above, each Investor further agrees not to make any disposition of all or any portion of the Series B Preferred Stock or any Common Stock issuable upon the conversion thereof unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section 3.2(b), provided and to the extent such section is then applicable, the Investors' Rights Agreement, the Co-Sale Agreement, the Stockholders' Agreement and any applicable Ancillary Agreements and:

(i) There is then in effect a Registration Statement under the Act covering such proposed disposition and such disposition is made in accordance with such Registration Statement; or

(ii) A. Such Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and B. if reasonably requested by the Company, such Investor shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144 except in unusual circumstances.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer by an Investor which is a partnership to a partner of such partnership or a retired partner of such partnership who retires after the date hereof, or to the estate of any such partner or retired partner or the transfer by gift, will or intestate succession of any partner to his spouse or to the siblings, lineal descendants or ancestors of such partner or his spouse, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if he were an original Investor hereunder.

(iv) Nothing in this Agreement prohibits a party from selling, assigning, transferring or pledging shares of Series B Preferred Stock or Common Stock to an affiliate of such party whether foreign, domestic or otherwise, provided that Section 3.2(b) is satisfied.

4. California Commissioner of Corporations.

4.1 Corporate Securities Law. THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION FOR SUCH SECURITIES PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

5. Conditions of Investor's Obligations at Closing. The obligations of each Investor under subsection 1.1(b) of this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions, the waiver of which shall not be effective against any Investor who does not consent in writing thereto:

5.1 Representations and Warranties. The representations and warranties of the Company contained in Section 2 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing.

5.2 Performance. The Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

5.3 Compliance Certificate. The President of the Company shall deliver to each Investor at the Closing a certificate certifying that the conditions specified in Sections 5.1 and 5.2 have been fulfilled and stating that there shall have been no adverse change in the business, affairs, operations, properties, assets or condition of the Company since the date of its Financial Statements.

5.4 Qualifications. All authorizations, approvals, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Stock pursuant to this Agreement shall be duly obtained and effective as of the Closing.

5.5 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to the Investors' special counsel, which shall have received all such counterpart original and certified or other copies of such documents as it may reasonably request.

5.6 Board of Directors. Immediately prior to the Closing,

Kevin

Compton shall have been elected as member of the Company's Board of Directors.

5.7 Opinion of Company Counsel. Each Investor shall have received from Tomlinson Zisko Morosoli & Maser LLP, counsel for the Company, an opinion, dated the date of the Closing, in form and substance satisfactory to special counsel to Kleiner Perkins Caufield & Byers.

5.8 Investors' Rights Agreement. The Company and each Investor shall have entered into the Investors' Rights Agreement in the form attached hereto as Exhibit B.

5.9 Co-Sale Agreement. The Company, each Investor and RSA Data Security, Inc. shall each have entered into a Co-Sale Agreement in the form attached hereto as Exhibit C.

5.10 Amendment No. 1 to Stockholders' Agreement. The Company, each Investor and two-thirds (2/3) in interest of the signatories to that certain Stockholders' Agreement dated April 18, 1995 shall have entered into an Amendment No. 1 to Stockholders' Agreement in the form attached hereto as Exhibit E.

5.11 Additional Agreement. The Company and Ameritech Development Corp. shall have entered into an Agreement containing substantially the same terms as set forth in Exhibit G attached hereto.

5.12 Indemnification. The Company and Kevin Compton shall have entered into an Indemnification Agreement in the form hereto attached hereto as Exhibit F.

6. Conditions of the Company's Obligations at Closing. The obligations of the Company to each Investor under this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions by such Investor:

6.1 Representations and Warranties. The representations and warranties of the Investor contained in Section 3 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

6.2 Payment of Purchase Price. Each Investor shall have delivered the purchase price specified in Section 1.2.

6.3 Qualifications. All authorizations, approvals, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Series B Preferred Stock pursuant to this Agreement shall be duly obtained and effective as of the Closing.

7. Miscellaneous.

7.1 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

7.2 Survival of Warranties. The warranties, representations and

covenants of the Company and Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing.

7.3 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including permitted transferees of any shares of Series B Preferred Stock sold hereunder or any Common Stock issued upon conversion thereof). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.4 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

7.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.6 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

7.7 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified by hand or professional courier service or five (5) days after deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties.

7.8 Finder's Fee. Each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. Each Investor severally and not jointly agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Investor or any of its officers, partners, employees, or representatives is responsible. The Company agrees to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

7.9 Expenses. Irrespective of whether the Closing is effected, the Company shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement. If the Closing is effected, the Company shall, at the Closing, reimburse the reasonable fees of special counsel for the Investors not to exceed $20,000 and shall, upon receipt of a bill therefor, reimburse the out of pocket expenses of such counsel.

7.10 Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the Investors' Rights Agreement, the Co-Sale

Agreement, the Stockholders' Agreement or the Restated Certificate, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

7.11 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of more than 50% of the Common Stock (that has not been sold to the public) issued or issuable upon conversion of the Series B Preferred Stock. Any amendment or waiver effected in accordance with this Section shall be binding upon each holder of any securities purchased under this Agreement at the time outstanding (including securities into which such securities have been converted), each future holder of all such securities, and the Company.

7.12 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

7.13 Aggregation of Stock. All shares of the Series B Preferred Stock held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPANY:

VERISIGN, INC., a Delaware corporation

By: /s/ Stratton Sclavos

Stratton Sclavos, President

Address: 2593 Coast Ave

Mountain View, CA 94043

INVESTORS:

KLEINER PERKINS CAUFIELD & BYERS VII

By: /s/ Kevin R. Compton

Its: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

KPCB VII FOUNDERS FUND

By: /s/ Kevin R. Compton

Its: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

KPCB INFORMATION SCIENCE ZAIBATSU FUND II

By: /s/ Kevin R. Compton

Its: General Partner

Address: 2750 Sand Hill Road
Menlo Park, CA 94025

RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

Title: CEO

Address: 100 Marine Parkway, Suite 500
Redwood City, CA 94065

KAIRDOS L.L.C.

By: /s/ D. James Bidzos

Title: Manager

Address: c/o D. James Bidzos
RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

TZM INVESTMENT FUND

By: /s/ Timothy Tomlinson

Title: General Partner

Address: c/o Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, Second Floor
Palo Alto, CA 94306

BESSEMER VENTURE PARTNERS DCI

By: Bessemer Venture Partners III, L.P.,
Its Managing General Partner

By: Deer III & Co.,
Its Partner

By: /s/ Bessemer Venture Partners DCI

Address: 1025 Old Country Road, Suite 205
Westbury, NY 11590

MITSUBISHI CORPORATION

By: /s/ Mitsubishi Corporation

Title: _____

Address: 6-3, Marunouchi 2-Chome
Chiyoda-ku, Tokyo 100-86
Japan

SECURITY DYNAMICS TECHNOLOGIES, INC.

By: /s/ Charles R. Stuckey Jr.

Title: President and CEO

Address: One Alewife Center
Cambridge, MA 02140-2312

[SIGNATURE PAGE TO SERIES B PREFERRED
STOCK PURCHASE AGREEMENT]

INTEL CORPORATION

By: /s/ Arvind Sodhani

Title: Vice President and Treasurer

Address: 2200 Mission College Boulevard
Santa Clara, CA 95052

AMERITECH DEVELOPMENT CORPORATION

By: /s/ Thomas Touton

Title: VP. Venture Capital

Address: 30 South Wacker Drive, 37th Floor
Chicago, IL 60606

GC&H INVESTMENTS

By: /s/ James C. Kitch

Title: Executive Partner

Address: 3000 Sand Hill Road
Building 3, Suite 230
Menlo Park, CA 94025

VISA INTERNATIONAL SERVICE ASSOCIATION

By: /s/ William L. Chevenich

Title: Group EVP

Address: c/o Andrew Konstantaras
Legal Department
VISA
900 Metro Center Boulevard
Foster City, CA 94404

FISCHER SECURITY CORPORATION L.L.C.

By: /s/ Addison M. Fischer

Title: Managing Director

Address: 4073 Mercantile Avenue
Naples, FL 33942

FIRST TZMM INVESTMENT PARTNERSHIP

By: /s/ Timothy Tomlinson

Title: General Partner

Address: c/o Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, Second Floor
Palo Alto, CA 94306

SCHEDULE A

Schedule of Investors

Name	Number of Shares	Purchase Price
Kleiner Perkins Caufield & Byers VII	1,153,207	$2,825,357.15
KPCB VII Founders Fund	125,947	$ 308,570.15
KPCB Information Science Zaibatsu Fund II	32,799	$ 80,357.55
Bessemer Venture Partners DCI	187,819	$ 460,156.55
Mitsubishi Corporation	72,026	$ 176,463.70
Security Dynamics Technologies,Inc.	72,026	$ 176,463.70
Intel Corporation	144,052	$ 352,927.40
Ameritech Development Corporation	72,026	$ 176,463.70
GC&H Investments	5,589	$ 13,693.05
Visa International Service Association	144,052	$ 352,927.40
Fischer Security Corporation L.L.C.	72,026	$ 176,463.70
First TZMM Investment Partnership	17,554	$ 43,007.30
TOTAL:	2,099,123	$5,142,851.35

EXHIBIT D

Schedule of Stockholders

Series A Preferred Stockholders	No. of Shares
Ameritech Development Corporation	425,000
Bessemer Venture Partners DCI	850,000
First TZMM Investment Partnership	23,550
Fischer Security Corporation	425,000
GC&H Investments	33,333
Intel Corporation	850,000
Mitsubishi Corporation	425,000
Security Dynamics Technologies,Inc.	425,000
Visa International Service Association	850,000
TOTAL:	4,306,883

Common Stockholders	No. of Shares
Bessemer Venture Partners DCI	258,333
D. James Bidzos	125,000
Kairdos L.L.C.	100,000
RSA Data Security, Inc.	4,000,000
Ronald Rivest	125,000
TZM Investment Fund	80,000
TOTAL:	4,688,333

EXHIBIT 10.03

VERISIGN, INC.
SERIES C PREFERRED STOCK PURCHASE AGREEMENT

November 15, 1996

TABLE OF CONTENTS

Schedules and Exhibits

SERIES C PREFERRED STOCK PURCHASE AGREEMENT

THIS SERIES C PREFERRED STOCK PURCHASE AGREEMENT (this "Agreement") is made as of the 15th day of November, 1996, by and between VeriSign, Inc., a Delaware corporation (the "Company"), and each of the persons listed on Schedule A hereto, each of which is herein referred to as an "Investor."

THE PARTIES HEREBY AGREE AS FOLLOWS:

3. Purchase and Sale of Stock.

3.1 Sale and Issuance of Series C Preferred Stock.

(a) The Company shall adopt and file with the Secretary of State of Delaware on or before the Closing (as defined below) an Amended and Restated Certificate of Incorporation in the form attached hereto as Exhibit A (the "Restated Certificate").

(b) Subject to the terms and conditions of this Agreement, each Investor agrees, severally and not jointly, to purchase at the Closing and the Company agrees to sell and issue to each Investor, severally and not jointly, at the Closing that number of shares of the Company's Series C Preferred Stock set forth opposite each Investor's name on Schedule A hereto at a price of $8.00 per share.

3.2 Closing. The purchase and sale of the Series C Preferred Stock shall take place at the offices of Tomlinson Zisko Morosoli & Maser LLP, 200 Page Mill Road, 2nd Floor, Palo Alto, California, at 11:00 a.m., on November 15, 1996, or at such other time and place as the Company and Investors acquiring in the aggregate more than half the shares of Series C Preferred Stock to be sold pursuant hereto shall mutually agree in writing (which time and place are designated as the "Closing"). At the Closing, the Company shall deliver to each Investor a certificate representing the shares of Series C Preferred Stock that such Investor is purchasing against payment of the purchase price therefor by check, wire transfer, or such other form of payment as shall be mutually agreed upon by such Investor and the Company.

4. Representations and Warranties of the Company. The Company hereby represents and warrants to each Investor that, except as set forth on the Schedule of Exceptions attached hereto, specifically identifying the relevant subparagraph(s)

hereof, which exceptions shall be deemed to be representations and warranties as if made hereunder:

4.1 Organization; Good Standing; Qualification. The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, has all requisite corporate power and authority to own and operate its properties and assets and to carry on its business as now conducted and as proposed to be conducted, to execute and deliver this Agreement, that certain Amended and Restated Investors' Rights Agreement dated as of even date herewith the form of which is attached hereto as Exhibit B (the "Investors' Rights Agreement"), that certain Amendment No. 2 to Stockholders' Agreement dated as of even date herewith the form of which is attached hereto as Exhibit C (the "Stockholders' Agreement") and any other agreement to which the Company is a party the execution and delivery of which is contemplated hereby (the "Ancillary Agreements"), to issue and sell the Series C Preferred Stock and the Common Stock issuable upon conversion thereof, and to carry out the provisions of this Agreement, the Investors' Rights Agreement, the Stockholders' Agreement, the Restated Certificate and any Ancillary Agreements. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure so to qualify would have a material adverse effect on its business, properties, prospects or financial condition.

4.2 Authorization. All corporate action on the part of the Company, its officers, directors, and stockholders necessary for the authorization, execution and delivery of this Agreement, the Investors' Rights Agreement, the Stockholders' Agreement and any Ancillary Agreements, the performance of all obligations of the Company hereunder and thereunder at the Closing and the authorization, issuance (or reservation for issuance), sale, and delivery of the Series C Preferred Stock being sold hereunder and the Common Stock issuable upon conversion thereof has been taken or will be taken prior to the Closing, and this Agreement, the Investors' Rights Agreement, the Stockholders' Agreement and any Ancillary Agreements constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms except (i) as limited by applicable bankruptcy, solvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies and

(iii) to the extent the indemnification provisions contained in the Investors' Rights Agreement may be limited by applicable federal or state securities law.

4.3 Valid Issuance of Preferred and Common Stock. The Series C Preferred Stock that is being purchased by the Investors hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid, and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, the Investors' Rights Agreement, the Stockholders' Agreement and under applicable state and federal securities laws. The Common Stock issuable upon conversion of the Series C Preferred Stock purchased under this Agreement has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Restated Certificate, will be duly and validly issued, fully paid, and nonassessable and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, the Investors' Rights Agreement and the Stockholders' Agreement and under applicable state and federal securities laws.

4.4 Governmental Consents. No consent, approval, qualification, order or authorization of, or filing with, any local, state, or federal governmental authority is required on the part of the Company in connection with the Company's valid execution, delivery, or performance of this Agreement, the offer, sale or issuance of the Series C Preferred Stock by the Company or the issuance of Common Stock upon conversion of the Series C Preferred Stock, except (i) the filing of the Restated Certificate with the Secretary of State of the State of Delaware, and (ii) such filings as have been made prior to the Closing, except that any notices of sale required to be filed with the Securities and Exchange Commission (the "SEC") under Regulation D of the Securities Act of 1933, as amended (the "1933 Act"), or such post-closing filings as may be required under applicable state securities laws, which will be timely filed within the applicable periods therefor.

4.5 Capitalization and Voting Rights. The authorized capital of the Company consists, or will consist prior to the Closing, of:

(i) Preferred Stock. 10,282,883 shares of Preferred Stock, par value $0.001 (the "Preferred Stock), of which 4,306,883 shares have been designated Series A Convertible Preferred Stock ("Series A Preferred Stock"), all of which are issued and outstanding, 2,101,000 shares have been designated Series B

Convertible Preferred Stock ("Series B Preferred Stock"), of which 2,099,123 shares are issued and outstanding and 3,875,000 shares have been designated Series C Convertible Preferred Stock ("Series C Preferred Stock"), up to all of which will be sold pursuant to this Agreement. The rights, privileges and preferences of the Series A, Series B and Series C Preferred Stock will be as stated in the Restated Certificate.

(ii) Common Stock 21,592,117 shares of common stock (Common Stock), par value $0.001 of which 6,351,208 shares are issued and outstanding.

(iii) The outstanding shares of Series A and Series B Preferred Stock and Common Stock are owned by the stockholders and in the numbers specified in Exhibit D hereto.

(iv) The outstanding shares of Series A and Series B Preferred Stock and Common Stock have been issued in accordance with the registration or qualification provisions of the 1933 Act and any relevant state securities laws or pursuant to valid exemptions therefrom.

(v) Except for (A) the conversion privileges of the Series A, Series B and Series C Preferred Stock, (B) the rights provided in Section 2.4 of the Investors' Rights Agreement, and (C) currently outstanding options to purchase 1,213,075 shares of Common Stock granted to employees pursuant to the Company's 1995 Stock Option Plan (the "Option Plan), there are not outstanding any options, warrants, rights (including conversion or preemptive rights and rights of first refusal) or agreements for the purchase or acquisition from the Company of any shares of its capital stock. In addition to the aforementioned options, the Company has reserved an additional 1,307,050 shares of its Common Stock for purchase upon exercise of options to be granted in the future under the Option Plan. The Company is not a party or subject to any agreement or understanding, and, to the best of the Company's knowledge, there is no agreement or understanding between any persons that affects or relates to the voting or giving of written consents with respect to any security or the voting by a director of the Company.

4.6 Subsidiaries. The Company does not own or control, directly or indirectly, any interest in any other corporation, association, or other business entity.

The Company is not a participant in any joint venture, partnership, or similar arrangement.

4.7 Agreements; Action.

(a) Except for agreements explicitly contemplated hereby, by the Investors' Rights Agreement, the Stockholders' Agreement, any Ancillary Agreements, and that certain Stockholders' Agreement dated April 18, 1995 among the Company, the Series A Preferred Stockholders and the other parties named therein and Amendment No. 1 thereto dated as of February 20, 1996, there are no agreements, understandings or proposed transactions between the Company and any of its officers, directors, affiliates, or any affiliate thereof.

(b) The Company does not have any contract, agreement, lease, commitment or proposed transaction, written or oral, absolute or contingent, other than (i) contracts for the purchase of supplies and services that were entered into in the ordinary course of business and that do not involve more than $50,000, and do not extend for more than one (1) year beyond the date hereof, (ii) sales contracts entered into in the ordinary course of business, and (iii) contracts terminable at will by the Company on no more than thirty (30) days notice without cost or liability to the Company and that do not involve any employment or consulting arrangement and are not material to the conduct of the Company's business. For the purpose of this Section, employment and consulting contracts and contracts with labor unions, and license agreements and any other agreements relating to the acquisition or disposition of the Company's technology, shall not be considered to be contracts entered into in the ordinary course of business.

(c) The Company has not (i) declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock, (ii) incurred any indebtedness for money borrowed or any other liabilities individually in excess of $50,000, in the case of indebtedness and/or liabilities individually less than $50,000, in excess of $150,000 in the aggregate, (iii) made any loans or advances to any person, other than ordinary advances for travel expenses, or (iv) sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business.

(d) For the purposes of subsections (b) and (c) above, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same person or entity (including persons or entities the Company has reason to believe are affiliated therewith) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsections.

4.8 Related-Party Transactions. No employee, officer, or director of the Company or member of his or her immediate family is indebted to the Company, nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them. To the best of the Company's knowledge, none of such persons has any direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship, or any firm or corporation that competes with the Company, except that employees, officers or directors of the Company and members of their immediate families may own stock in publicly traded companies that may compete with the Company. To the best of the Company's knowledge, no officer or director or any member of their immediate families is, directly or indirectly, interested in any material contract with the Company.

4.9 Registration Rights. Except as provided in the Investors' Rights Agreement, the Company is not obligated to register under the 1933 Act any of its presently outstanding securities or any of its securities that may subsequently be issued.

4.10 Permits. The Company has all franchises, permits, licenses, and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could materially and adversely affect the business, properties, prospects or financial condition of the Company and believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as planned to be conducted. The Company is not in default in any material respect under any of such franchises, permits, licenses or other similar authority.

4.11 Compliance with Other Instruments. The Company is not in violation or default in any material respect of any provision of its Restated Certificate or Bylaws or in any material respect of any provision of any mortgage, indenture, agreement, instrument or contract to which it is a party or by which it is bound or, to

the best of its knowledge, of any federal or state judgment, order, writ, decree, statute, rule or regulation applicable to the Company. The execution, delivery and performance by the Company of this Agreement, the Investors' Rights Agreement, the Stockholders' Agreement and any Ancillary Agreements, and the consummation of the transactions contemplated hereby and thereby will not result in any such violation or be in material conflict with or constitute, with or without the passage of time or giving of notice, either a material default under any such provision or an event that results in the creation of any material lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization, or approval applicable to the Company, its business or operations, or any of its assets or properties.

4.12 Litigation. There is no action, suit, proceeding or investigation pending or currently threatened against the Company that questions the validity of this Agreement, the Investors' Rights Agreement, the Stockholders' Agreement or any Ancillary Agreements or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby, or that might result, either individually or in the aggregate, in any material adverse change in the assets, business, properties, prospects or financial condition of the Company or in any material change in the current equity ownership of the Company. The foregoing includes, without limitation, any action, suit, proceeding, or investigation pending or currently threatened involving the prior employment of any of the Company's employees, their use in connection with the Company's business of any information or techniques allegedly proprietary to any of their former employers, their obligations under any agreements with prior employers, or negotiations by the Company with potential backers of, or investors in, the Company or its proposed business. The Company is not a party to or, to the best of its knowledge, named in any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit or proceeding by the Company currently pending or that the Company currently intends to initiate.

4.13 Returns and Complaints. The Company has received no customer complaints concerning alleged defects in the design of its products that, if true, would materially adversely affect the operations or financial condition of the Company.

4.14 Disclosure. The Company has provided each Investor with all the information reasonably available to it without undue expense that such Investor has requested for deciding whether to purchase the Series C Preferred Stock and all information which the Company believes is reasonably necessary to enable such Investor to make such decision. To the best of the Company's knowledge after reasonable investigation neither this Agreement nor any other written statements or certificates made or delivered in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading.

4.15 Offering. Subject in part to the truth and accuracy of each Investor's representations set forth in this Agreement, the offer, sale and issuance of the Series C Preferred Stock and Common Stock issuable upon the conversion thereof as contemplated by this Agreement are exempt from the registration requirements of the 1933 Act, and neither the Company nor any authorized agent acting on its behalf will take any action hereafter that would cause the loss of such exemption.

4.16 Title to Property and Assets; Leases. Except (a) as reflected in the Financial Statements (defined in Section 2.17), (b) for liens for current taxes not yet delinquent, (c) for liens imposed by law and incurred in the ordinary course of business for obligations not past due to carriers, warehousemen, laborers, materialmen and the like, (d) for liens in respect of pledges or deposits under workers' compensation laws or similar legislation, or (e) for minor defects in title, none of which, individually or in the aggregate materially interferes with the use of such property, the Company owns its property and assets free and clear of all mortgages, liens, claims and encumbrances. With respect to the property and assets it leases, the Company is in compliance with such leases and, to the best of its knowledge, holds a valid leasehold interest free of any liens, claims or encumbrances, subject to clauses (a)-(e) above.

4.17 Financial Statements. The Company has delivered to each Investor its audited financial statements (balance sheet and profit and loss statement, statement of shareholders' equity and statement of changes in financial position) for the fiscal year ended December 31, 1995 (the "Audited Financials") and unaudited financial statements for the six-month period ended June 30, 1996 and the nine-month period ended September 30, 1996 (collectively, the "Unaudited Financials").

The Audited Financials and Unaudited Financials are collectively referenced as the "Financial Statements". The Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) applied on a consistent basis throughout the periods indicated and with each other, except that the Unaudited Financials may not contain all footnotes required by GAAP. The Financial Statements fairly present the financial condition and operating results of the Company as of the dates, and for the periods, indicated therein, subject in the case of the Unaudited Financials to normal year-end audit adjustments which are neither individually nor in the aggregate material. Except as set forth in the Financial Statements, the Company has no material liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to September 30, 1996 and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under GAAP to be reflected in the Financial Statements, which, in both cases, individually or in the aggregate, are not material to the financial condition or operating results of the Company. Except as disclosed in the Financial Statements, the Company is not a guarantor or indemnitor of any indebtedness of any other person, firm or corporation. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with GAAP.

4.18 Changes. To the best of the Company's knowledge, since September 30, 1996, there has not been:

(a) Any change in the assets, liabilities, financial condition or operating results of the Company from that reflected in the Financial Statements, except changes in the ordinary course of business that have not been, in the aggregate, materially adverse;

(b) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the business, properties, prospects or financial condition of the Company (as such business is presently conducted and as it is proposed to be conducted);

(c) any waiver or compromise by the Company of a valuable right or of a material debt owed to it;

(d) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company, except in the ordinary course of business and which is not material to the business, properties, prospects or financial condition of the Company (as such business is presently conducted and as it is proposed to be conducted);

(e) any material change to a material contract or arrangement by which the Company or any of its assets is bound or subject, except any such change made in the ordinary course of business;

(f) any material change in any compensation arrangement or agreement with any employee, officer, director, or stockholder;

(g) any sale, assignment or transfer of any patents, trademarks, copyrights, trade secrets or other intangible assets;

(h) any resignation or termination of employment of any key officer of the Company, and the Company, to the best of its knowledge, does not know of the impending resignation or termination of employment of any such officer;

(i) receipt of notice that there has been a loss of, or material order cancellation by, any major customer of the Company,

(j) any mortgage, pledge, transfer of a security interest in, or lien, created by the Company, with respect to any of its material properties or assets, except liens for taxes not yet due or payable;

(k) any loans or guarantees made by the Company to or for the benefit of its employees, officers or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business;

(l) any declaration, setting aside or payment or other distribution in respect of any of the Company's capital stock, or any direct or indirect redemption, purchase or other acquisition of any of such stock by the Company;

(m) to the best of the Company's knowledge, any other event or condition of any character that might materially and adversely affect the business, properties, prospects or financial condition of the Company (as such business is presently conducted and as it is proposed to be conducted); or

(n) any agreement or commitment by the Company to do any of the things described in this Section 2.18.

4.19 Patents and Trademarks. To the best of its knowledge (but
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without having conducted any special investigation or patent search) the Company owns or possesses sufficient legal rights to all patents, trademarks, servicemarks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes necessary for its business as now conducted and as proposed to be conducted without any conflict with or infringement of the rights of others. The Schedule of Exceptions contains a complete list of patents and pending patent applications of the Company. Except for agreements with its own employees or consultants, substantially in the form referenced in Section 2.22 below, there are no outstanding options, licenses, or agreements of any kind relating to the foregoing, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other person or entity. The Company has not received any communications alleging that the Company has violated or, by conducting its business as proposed, would violate

any of the patents, trademarks, service marks, trade names, copyrights, trade secrets or other proprietary rights of any other person or entity. The Company is not aware that any of it employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of such employee's best efforts to promote the interests of the Company or that would conflict with the Company's business as proposed to be conducted. Neither the execution nor delivery of this Agreement, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as proposed, will, to the best of the Company's knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated. The Company does not believe it is or will be necessary to use any inventions of any of its employees (or persons it currently intends to hire) made prior to their employment by the Company.

4.20 Manufacturing and Marketing Rights. The Company has not granted rights to manufacture, produce, assemble, license, market, or sell its products to any other person and is not bound by any agreement that affects the Company's exclusive right to develop, manufacture, assemble, distribute, market, or sell its products.

4.21 Labor Agreements and Actions. To the best knowledge of the Company, there is no strike, or labor dispute or union organization activities pending or threatened between it and its employees. To the best knowledge of the Company, none of the Company's employees belongs to any union or collective bargaining unit. To the best of its knowledge, the Company has complied in all material respects with all applicable state and federal equal employment opportunity and other laws related to employment. To the best of the Company's knowledge, no employee of the Company is or will be in violation of any judgment, decree or order, or any term of any employment contract, patent disclosure agreement or other contract or agreement relating to the relationship of any such employee with the Company or any other party because of the nature of the business conducted or to be conducted by the Company or to the utilization by the employee of his best efforts with respect to such business. The Company is not party to or bound by any currently effective employment contract, deferred compensation agreement, bonus plan, incentive plan, profit sharing plan, retirement agreement, or other employee compensation

agreement. The Company is not aware that any officer or key employee, or that any group of key employees, intends to terminate their employment with the Company, nor does the Company have a present intention to terminate the employment of any of the foregoing. Subject to general principles related to wrongful termination of employees, the employment of each officer and employee of the Company is terminable at the will of the Company.

4.22 Proprietary Information and Inventions Agreements. Each Employee, officer and consultant of the Company has executed a Proprietary Information and Inventions Agreement substantially in the form or forms that have been made available to each Investor's counsel.

4.23 Tax Returns, Payments, and Elections. The Company has filed all tax returns and reports as required by law. These returns and reports are true and correct in all material respects. The Company has paid all taxes and other assessments due, except those contested by it in good faith. The provision for taxes of the Company as shown in the Financial Statements is adequate for taxes due or accrued as of the date thereof. The Company has not elected pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), to be treated as an S corporation or a collapsible corporation pursuant to Section 341(f) of Section 1362(a) of the Code, nor has it made any other elections pursuant to the Code (other than elections which relate solely to methods of accounting, depreciation or amortization) which would have a material effect on the business, properties, prospects or financial condition of the Company. The Company has never had any tax deficiency proposed or assessed against it and has not executed any waiver of any statute of limitations on the assessment or collection of any tax or governmental charge. None of the Company's federal income tax returns and none of its state income or franchise tax or sales or use tax returns has ever been audited by governmental authorities. Since the date of the Financial Statements, the Company has made adequate provisions on its books of account for all taxes, assessments and governmental charges with respect to its business, properties and operations for such period. The Company has withheld or collected from each payment made to each of its employees, the amount of all taxes (including, but not limited to, federal income taxes, Federal Insurance Contribution Act taxes and Federal Unemployment Tax Act taxes) required to be withheld or collected therefrom, and has paid the same to the proper tax receiving officers or authorized depositaries.

4.24 Insurance. The Company has in full force and effect fire and casualty insurance policies, with extended coverage, sufficient in amount (subject to reasonable deductibles) to allow it to replace any of its properties that might be damaged or destroyed. The Company has in full force and effect term life insurance, payable to the Company, on the life of Mr. Stratton Sclavos in the amount of $1,000,000. The Company has in full force and effect products liability insurance in amounts customary for companies similarly situated.

4.25 Environmental and Safety Laws. To the best of its knowledge, the Company is not in violation of any applicable statute, law, or regulation relating to the environment or occupational health and safety, and to the best of its knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law, or regulation.

4.26 Forfeiture. No stockholders of the Company have purchased any shares of the Company's capital stock subject to a risk of forfeiture.

4.27 Minute Books. The copy of the minute books of the Company made available to each Investor's counsel contains minutes of all meetings of directors and stockholders and all actions by written consent without a meeting by the directors and stockholders since the time of incorporation and reflect all actions by the directors (and any committee of directors) and stockholders with respect to all transactions referred to in such minutes accurately in all material respects.

5. Representations, Warranties and Covenants of the Investors.

5.1 Representations and Warranties. Each Investor hereby severally and not jointly represents and warrants to the Company, with respect to such Investor's purchase of Series C Preferred Stock that:

(a) Authorization. It has full power and authority to enter into this Agreement and that this Agreement constitutes a valid and legally binding obligation of such Investor.

(b) Purchase Entirely for Own Account. This Agreement is made with each Investor in reliance upon such Investor's representation to the Company, which by such Investor's execution of this Agreement such Investor hereby confirms, that the Series C Preferred Stock to be purchased by such Investor and the Common Stock issuable upon conversion thereof (collectively, the "Stock") will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, each Investor further represents that such Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Stock.

(c) Reliance Upon Investor's Representations. It understands that the Series C Preferred Stock is not, and any Common Stock acquired on conversion thereof at the time of issuance may not be, registered under the 1933 Act on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the 1933 Act pursuant to section 4(2) thereof, and that the Company's reliance on such exemption is predicated on the Investor's representations set forth herein. Each Investor realizes that the basis for the exemption may not be present if, notwithstanding such representations, such Investor has in mind merely acquiring shares of the Stock for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. Investor has no such intention.

(d) Receipt of Information. It believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Series C Preferred Stock. Each Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Series C Preferred Stock and the business, properties, prospects and financial condition of the Company and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to it or to which it had access. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of the Investors to rely thereon.

(e) Investment Experience. Each Investor is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Series C Preferred Stock. If other than an individual, Investor also represents it has not been organized for the purpose of acquiring the Series C Preferred Stock.

(f) Accredited Investor. Each Investor is an "accredited investor" within the meaning of SEC Rule 501 of Regulation D, as presently in effect.

(g) Restricted Securities. It understands that the shares of Series C Preferred Stock it is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the 1933 Act only in certain limited circumstances. In this connection, each Investor represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act.

5.2 Covenants. Each Investor hereby covenants as follows:

(a) Legends. To the extent applicable, each certificate or other document evidencing any of the Series C Preferred Stock or any Common Stock issued upon conversion thereof shall be endorsed with the legends set forth below, and each Investor covenants that, except to the extent such restrictions are waived by the Company, such Investor shall not transfer the shares represented by any such certificate without complying with the restrictions on transfer described in the legends endorsed on such certificate:

(i) "The shares represented hereby have not been registered under the Securities Act of 1933, as amended, and may not be sold, transferred, assigned, pledged, or hypothecated absent an effective registration thereof under such Act or compliance with Rule 144 promulgated under such Act, or unless the Company has received an opinion of counsel, satisfactory to the Company and its counsel, that such registration is not required."

(ii) Any legend required by the laws of the State of California, including any legend required by the California Department of Corporations or Sections 417 and 418 of the California Corporations Code.

(b) Further Limitations on Disposition. Without in any way limiting the representations set forth above, each Investor further agrees not to make any disposition of all or any portion of the Series C Preferred Stock or any Common Stock issuable upon the conversion thereof unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section 3.2(b), provided and to the extent such section is then applicable, the Investors' Rights Agreement, the Stockholders' Agreement and any applicable Ancillary Agreements and:

(i) There is then in effect a Registration Statement under the 1933 Act covering such proposed disposition and such disposition is made in accordance with such Registration Statement; or

(ii) Such Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company, such Investor shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144 except in unusual circumstances.

Notwithstanding the provisions of paragraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer by an Investor which is a partnership to a partner of such partnership or a retired partner of such partnership who retires after the date hereof, or to the estate of any such partner or retired partner or the transfer by gift, will or intestate succession of any partner to his spouse or to the siblings, lineal descendants or ancestors of such partner or his spouse, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if he were an original Investor hereunder.

(c) Nothing in this Agreement prohibits a party from selling, assigning, transferring or pledging shares of Series C Preferred Stock or Common Stock to an affiliate of such party whether foreign, domestic or otherwise, provided that Section 3.2(b) is satisfied.

6. California Commissioner of Corporations.

6.1 Corporate Securities Law. THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION FOR SUCH SECURITIES PRIOR TO SUCH QUALIFICATION IS UNLAWFUL UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

7. Conditions of Investor's Obligations at Closing. The obligations of each Investor under Section 1.1(b) of this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions, the waiver of which shall not be effective against any Investor who does not consent in writing thereto:

7.1 Representations and Warranties. The representations and warranties of the Company contained in Section 2 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing.

7.2 Performance. The Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

7.3 Compliance Certificate. The President of the Company shall deliver to each Investor at the Closing a certificate certifying that the conditions specified in Sections 5.1 and 5.2 have been fulfilled and stating that there shall have been no adverse change in the business, affairs, operations, properties, assets or condition of the Company since the date of its Financial Statements.

7.4 Qualifications. All authorizations, approvals, or permits, if if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Stock pursuant to this Agreement shall be duly obtained and effective as of the Closing.

7.5 Opinion of Company Counsel. Each Investor shall have received from Tomlinson Zisko Morosoli & Maser LLP, counsel for the Company, an opinion, dated the date of the Closing, substantially in the form attached hereto as Exhibit E.

7.6 Investors' Rights Agreement. The Company and each Investor shall have entered into the Amended and Restated Investors' Rights Agreement in the form attached hereto as Exhibit B.

7.7 Stockholders' Agreement. The Company, each Investor and two-thirds (2/3) in interest of the signatories to that certain Stockholders' Agreement dated April 18, 1995, as amended February 20, 1996, shall have entered into an Amendment No. 2 to Stockholders' Agreement in the form attached hereto as Exhibit C.

8. Conditions of the Company's Obligations at Closing. The obligations of the Company to each Investor under this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions by such Investor:

8.1 Representations and Warranties. The representations and warranties of the Investor contained in Section 3 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

8.2 Payment of Purchase Price. Each Investor shall have delivered the purchase price specified in Section 1.1(b).

8.3 Qualifications. All authorizations, approvals, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Series C

Preferred Stock pursuant to this Agreement shall be duly obtained and effective as of the Closing.

9. Miscellaneous.

9.1 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

9.2 Survival of Warranties. The warranties, representations and covenants of the Company and Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing.

9.3 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including permitted transferees of any shares of Series C Preferred Stock sold hereunder or any Common Stock issued upon conversion thereof). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

9.4 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California

9.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.6 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.7 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified by hand or professional courier service or five (5) days after deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties.

9.8 Finder's Fee. Except as set forth in this Section 7.8, each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. The Company has engaged Morgan Stanley & Co. Incorporated to provide advice and assistance in connection with the private placement of the Series C Preferred Stock. Each Investor severally and not jointly agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Investor or any of its officers, partners, employees, or representatives is responsible. The Company agrees to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

9.9 Expenses. Irrespective of whether the Closing is effected, the Company shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement.

9.10 Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the Investors' Rights Agreement, the Stockholders' Agreement or the Restated Certificate, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

9.11 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only

with the written consent of the Company and the holders of more than 50% of the Common Stock (that has not been sold to the public) issued or issuable upon conversion of the Series C Preferred Stock. Any amendment or waiver effected in accordance with this Section shall be binding upon each holder of any securities purchased under this Agreement at the time outstanding (including securities into which such securities have been converted), each future holder of all such securities, and the Company.

9.12 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

9.13 Aggregation of Stock. All shares of the Series C Preferred Stock held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPANY: VERISIGN, INC., a Delaware corporation

By: /s/ Stratton Sclavos

Stratton Sclavos, President

Address: 2593 Coast Avenue
Mountain View, CA 94043

INVESTORS: CISCO SYSTEMS, INC.

By: /s/ Cisco Systems, Inc.

Name: _____

Title: _____

Address: 170 West Tasman Drive
Building J-4
San Jose, CA 95134
Attention: Mike Volpi

MICROSOFT CORPORATION

By: /s/ Gregory B. Maffei

Name: _____

Title: VP, Corporate Development; Treasurer

Address: One Microsoft Way
Redmond, WA 98052-6399
Attn: Robert A. Eshelman

INVESTORS (CONTINUED) COMCAST INVESTMENT HOLDINGS, INC.

By: /s/ Arthur R. Block

Name: _____

Title: Vice President

Address: 1500 Market Street
Philadelphia, PA 19102
Attn: General Counsel

VENTURE FUND I, LP

By: /s Neal Douglas

Name: _____

Title: General Partner

Address: c/o AT&T Ventures
3000 Sand Hill Road, Bldg. 4,
Suite 235
Menlo Park, CA 94025
Attn: Neal Douglas

INVESTORS (CONTINUED) INTUIT INC.

By: /s/ James Heeger

Name: _____

Title: SVP/CEO

Address: 2535 Garcia Avenue
P. O. Box 7850
Mountain View, CA 94039-7850
Attn: General Counsel

REUTERS NEWMEDIA INC.

By: /s/ Reuters Newmedia

Name: _____

Title: _____

Address: c/o Reuters America Holdings
1700 Broadway
New York, NY 10019
Attn: Devin Wenig, Legal Dept.

FIRST DATA CORPORATION

By: /s/ Scott Loftesness

Name: Scott Loftesness

Title: Executive Vice President - EFS

Address: 700 Hanson Way

Palo Alto, CA 94304

_____

INVESTORS (CONTINUED)

SOFTBANK VENTURES, INC.

By: /s/ Softbank Ventures

Name: Yoshitaka Kitao

Title: President

Address: 24-1 Nihonbashi-Hakozakicho
Chuo-ku, Tokyo 103
Japan

MERRILL LYNCH GROUP, INC.

By: /s/ Theresa Lang

Name: _____

Title: President

Address: Merrill Lynch & Co., Inc.
World Financial Center
North Tower
280 Vesey Street
New York, NY 10281-1334
Attn: Andrea Lowenthal, EsQ.

INVESTORS (CONTINUED)

AMERINDO TECHNOLOGY GROWTH FUND II

By: /s/ Alberto Vilar

Name: _____

Title: Director

Address: c/o Amerindo Investment Advisors
399 Park Avenue, 18th Floor
New York, NY 10022

ATTRACTOR L.P.

By: /s/ Harvey Allison

Name: Harvey Allison

Title: _____

Address: 2730 Sand Hill Road, Suite 280
Menlo Park, CA 94025
Attn: Harvey Allison

CHANCELLOR LGT ASSET MANAGEMENT

By: /s/ Joan De Santis

Name: _____

Title: Nominee Partner

Address: 1166 Avenue of the Americas
New York, NY 10036
Attn: Alessandro Piol

INVESTORS (CONTINUED)

GEMPLUS

By: /s/ Mark Lassus

Name: _____

Title: President and CEO

Address: Parc D'Activities De Gemenos
13881 Gemenos
France
Attn: Marc Lassus

SCHEDULE A

Schedule of Investors

Name	Number of Shares	Purchase Price
Cisco Systems, Inc.	812,500	$6,500,000.00
Microsoft Corporation	812,500	6,500,000.00
Venture Fund I, LP	250,000	2,000,000.00
COMCAST Investment Holdings, Inc.	250,000	2,000,000.00
First Data Corporation	250,000	2,000,000.00
Intuit Inc.	250,000	2,000,000.00
Reuters NewMedia Inc.	250,000	2,000,000.00
SOFTBANK Ventures, Inc.	250,000	2,000,000.00
Merrill Lynch & Co., Inc.	250,000	2,000,000.00
Amerindo Technology Growth Fund II	62,500	500,000.00
Attractor L.P.	62,500	500,000.00
Chancellor LGT Asset Management	62,500	500,000.00
TOTAL:	3,562,500	$28,500,000.00

EXHIBIT D

Schedule of Stockholders

Series A Preferred Stockholders	No. of Shares
Ameritech Development Corporation	425,000
Bessemer Venture Partners DCI	850,000
First TZMM Investment Partnership	23,550
Fischer Security Corporation	425,000
GC&H Investments	33,333
Intel Corporation	850,000
Mitsubishi Corporation	425,000
Security Dynamics Technologies, Inc.	425,000
Visa International Service Association	850,000
TOTAL:	4,306,883

Series B Preferred Stockholders	No. of Shares
Kleiner Perkins Caufield & Byers VII	1,153,207
KPCB VII Founders Fund	125,947
KPCB Information Science Zaibatsu Fund III	32,799
Bessemer Venture Partners DCI	187,819
Mitsubishi Corporation	72,026
Security Dynamics Technologies, Inc.	72,026
Intel Corporation	144,052
Ameritech Development Corporation	72,026
GC&H Investments	5,589
Visa International Service Association	144,052
Fischer Security Corporation L.L.C.	72,026
First TZMM Investment Partnership	17,554
TOTAL:	2,099,123

Common Stockholders	No. of Shares
The Allison A. Zisko 1996 Trust	10,000
Webster Augustine	55,000
Michael Baum	125,000
Bessemer Venture Partners DCI	258,333
D. James Bidzos	125,000
Lynette Covington	2,000
Ethel Daly	140,000
Cheryl Erickson	2,000
Dana L. Evan	135,000
Joni F. Harris	1,000
Hart Enterprises, LLC	500
Interim Services, Inc.	2,500
The Joy E. Tomlinson 1996 Trust	5,000

Kairdos L.L.C.	100,000
Betty J. Kinser	12,000
Lisa Kleissner	1,000
Peter Landrock	6,000
Lynn McNulty	1,000
Ram A. Moskovitz	625
The Natalie L. Zisko 1996 Trust	10,000
Jason Paul	6,250
Ronald Rivest	125,000
RSA Data Security, Inc.	4,000,000
Arn Schaeffer	142,000
Stratton Sclavos	616,000
The Tucker Tomlinson 1996 Trust	5,000
TZM Investment Fund	50,000
Richard Yanovitch	290,000
George Ziemba	125,000
TOTAL:	6,351,208

EXHIBIT 10.04

TERMINATION AND RELEASE AGREEMENT

This TERMINATION AND RELEASE AGREEMENT ("Termination Agreement") is made as of February 20, 1996, by and among VeriSign, Inc., a Delaware corporation (the "Company") and the investor signatories to that certain Registration Rights Agreement dated April 18, 1995 (the "Registration Rights Agreement") and that certain Series A Preferred Stock Purchase Agreement dated April 18, 1995 (the "Series A Agreement", which together with the Registration Rights Agreement, herein shall be collectively referred to as the "Prior Agreements"), each of which is referred to herein as an "Investor."

RECITALS

WHEREAS, the Investors hold shares of the Company's Series A Preferred Stock (the "Series A Preferred Stock") and/or shares of the Company's Common Stock (the "Common Stock") and possess certain rights of first refusal, co-sale and other rights pursuant to the Series A Agreement;

WHEREAS, certain of the Investors possess registration rights, and other rights pursuant to the Registration Rights Agreement;

WHEREAS, the undersigned Investors desire to terminate certain provisions of the Prior Agreements in consideration of the Company entering into a certain Investors' Rights Agreement of even date herewith with such Investors;

WHEREAS, in consideration of the mutual termination of all rights and the release of all obligations by the Investors, the parties desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Investors hereby agree that the Prior Agreements shall be terminated as follows:

1. Registration Rights Agreement. The Registration Rights Agreement shall be terminated effective immediately.

2. Series A Agreement.

a. Sections 7 (with the exception of Section 7.5 which shall remain in full force and effect), 9 and 10 of the Series A Agreement shall be terminated effective immediately.

b. Section 8 of the Series A Agreement is hereby amended in its entirety to read as follows:

SECTION 8

Restrictions on Transferability of Securities; Registration Rights; Compliance with Securities Act.

The Preferred Stock being purchased hereunder and the Common Stock issuable upon conversion of such Preferred Stock shall not be sold, assigned, transferred or pledged except in accordance with the Investors' Rights Agreement and the Stockholders Agreement. Nothing in this Agreement prohibits a Purchaser from selling, assigning,

transferring or pledging such stock to an affiliate of such Purchaser, whether foreign, domestic or otherwise.

3. Representations and Warranties. Each Investor severally and not jointly hereby represents and warrants that:

a. Authorization. This Termination Agreement constitutes each Investor's valid and binding obligation, enforceable in accordance with its terms.

b. Compliance with Other Instruments. The execution, delivery and performance of this Termination Agreement will not result in any violation or default of any provision, any instrument, judgment, order, writ, decree or contract to which the Investor is a party or by which such Investor is bound or, of any provision of federal or state statute, rule or regulation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument, judgment, order, writ, decree or contract or an event which will effect the rights of the Company hereunder.

c. Further Assurances. It has not filed any complaint or claim against the Company with any state or federal court, or local, state or federal agency, based on events occurring prior to the date hereof. Each Investor further represents that it has not assigned any right, claim or cause of action against the Company, or authorized any other person or entity to assert such claim or claims on such Investor's behalf, and agrees to indemnify and hold harmless the Company against any such prior assignment of said rights, claims and/or causes of action.

4. Release by Investors.

a. In consideration of the execution of this Agreement, each Investor, for its heirs, executors, administrators, agents, affiliates, successors and assigns (collectively, the "Investor Affiliates"), hereby fully and without limitation releases and discharges the Company, and its agents, representatives, partners, officers, directors, employees, consultants, attorneys, affiliates, successors and assigns (collectively, the "Company Affiliates"), both individually and collectively, from any and all rights, claims, demands, liabilities, actions, causes of action, damages, losses, costs, expenses and compensation, of whatever nature ("Claims"), which such Investor and/or any Investor Affiliate may now have or claim to have against, or claim from, the Company and/or any Company Affiliate, arising out of any contract, agreement, act or occurrence contemplated under or in connection with the Registration Rights Agreement or Sections 7, 9 or 10 of the Series A Agreement, to the maximum extent permitted by law. It is further acknowledged and agreed that all rights of the parties under Section 1542 of the California Civil Code or any similar law of any state or territory of the United States are expressly waived. The parties acknowledge that such Section 1542 provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

As a result of the foregoing, this release extends to all rights, claims, demands, liabilities, actions, causes of action, damages, losses, costs, expenses and compensation of each Investor and/or any Investor Affiliate, whether known or unknown, foreseen or unforeseen, patent or latent, which such Investor, and/or any Investor Affiliate may currently or in the future possess. Each Investor understands and acknowledges the significance of such a specific waiver of Section 1542 of the California Civil Code. Each Investor fully understands and acknowledges

that in the event the facts underlying the foregoing release are found to be other than or different from the facts now understood by it to be true, it expressly accepts and assumes the risks of such possible differences in facts and agrees that the release set forth in this Section 4 shall remain in full force and effect, notwithstanding any such difference in facts.

b. Notwithstanding the foregoing, the release contained in Section 4(a) shall not apply to Claims arising out of any contract, agreement, act or occurrence contemplated under or in connection with the Registration Rights Agreement or Section 7, 9 or 10 of the Series A Agreement, to the extent such Claims or facts and circumstances which may give rise to a Claim are known to the Company and/or any Company Affiliate but have not been disclosed by the Company to Investor.

5. Miscellaneous Provisions.

a. Construction; Entire Agreement. This Termination Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. This Termination Agreement, together with the agreements and documents referred to herein, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements and understandings.

b. Recovery of Litigation Costs. If any legal action, arbitration or other proceeding is brought for the enforcement or interpretation of this Termination Agreement, or because of any alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Termination Agreement, the successful or prevailing party shall be entitled to recover from the other party, reasonable attorneys' fees and other costs incurred in that action, arbitration or proceeding, in addition to any other relief to which such party may be entitled.

c. Successors and Assigns. This Termination Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

d. Severability; Modification. If any term, covenant or condition of this Termination Agreement is held to be invalid, void, or otherwise unenforceable by any court of competent jurisdiction, the remainder of this Termination Agreement shall not be affected thereby and each term, covenant and condition of this Termination Agreement shall be valid and enforceable to the fullest extent permitted by law. This Termination Agreement may be modified only be a written instrument duly executed by all parties hereto.

e. Further Documents. Each party hereto will execute, acknowledge, and deliver any further assurances, documents and instruments reasonably requested by any other party hereto for the purpose of giving effect to the provisions hereof and transactions contemplated hereby.

f. Voluntary. Each Investor acknowledges that it has read and understands this Termination Agreement and that it is signing this Termination Agreement voluntarily and without coercion. Each Investor further acknowledges that the Company has encouraged it to obtain independent legal advice prior to signing this Termination Agreement.

g. Counterparts. This Termination Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPANY:

VERISIGN, INC., a Delaware corporation

By: /s/ Stratton Sclavos

Stratton Sclavos, President

INVESTORS: RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

Title: CEO

Address: 100 Marine Parkway, Suite 500
Redwood City, CA 94065

/s/ Ronald Rivest

Ronald Rivest

Address: 24 Candia Street
Arlington, MA 02174

/s/ D. James Bidzos

D. James Bidzos

Address: c/o RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

KAIRDOS L.L.C.

By: /s/ D. James Bidzos

Title: Manager

Address: c/o D. James Bidzos
RSA Data Security, Inc.
100 Marine Parkway, Suite 500
Redwood City, CA 94065

TZM INVESTMENT FUND

By: /s/ Timothy Tomlinson

Title: General Partner

Address: c/o Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, Second Floor
Palo Alto, CA 94306

BESSEMER VENTURE PARTNERS DCI

By: Bessemer Venture Partners III, L.P.,
Its Managing General Partner

By: Deer III & Co.,
Its Partner

By: /s/ David Cowan

Address: 1025 Old Country Road, Suite 205
Westbury, NY 11590

MITSUBISHI CORPORATION

By: _____

Title: _____

Address: 6-3, Marunouchi 2-Chrome
Chiyoda-ku, Tokyo 100-86
Japan

SECURITY DYNAMICS TECHNOLOGIES, INC.

By: /s/ Charles R. Stuckey

Title: President; CEO

Address: One Alewife Center
Cambridge, MA 02140-2312

INTEL CORPORATION

By: /s/ Arvind Sodhani

Title: Vice President and Treasurer

Address: 2200 Mission College Boulevard
Santa Clara, CA 95052

AMERITECH DEVELOPMENT CORPORATION

By: /s/ Thomas Touton

Title: VP

Address: 30 South Wacker Drive, 37th Floor
Chicago, IL 60606

GC&H INVESTMENTS

By: /s/ James C. Kitch

Title: Executive Partner

Address: 3000 Sand Hill Road
Building 3, Suite 230
Menlo Park, CA 94025

VISA INTERNATIONAL SERVICE ASSOCIATION

By: /s/ William L. Chevenich

Title: Group EVP

Address: c/o Andrew Konstantaras
Legal Department
VISA
900 Metro Center Boulevard
Foster City, CA 94404

FISCHER SECURITY CORPORATION L.L.C.

By: /s/ Addison M. Fischer

Title: Managing Director

Address: 4073 Mercantile Avenue
Naples, FL 33942

FIRST TZMM INVESTMENT PARTNERSHIP

By: /s/ Timothy Tomlinson

Title: Partner

Address: c/o Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, Second Floor
Palo Alto, CA 94306

EXHIBIT 10.05

INDEMNIFICATION AGREEMENT

This Agreement made and entered as of this day of , 199 ("AGREEMENT"), by and between Digital Certificates International, Inc., a Delaware corporation (the "COMPANY," which term shall include any one or more of its subsidiaries where appropriate), and ("INDEMNITEE"):

WHEREAS, it is essential to the Company that it be able to retain and attract as directors and officers the most capable persons available;

WHEREAS, the substantial increase in corporate litigation that may subject directors and officers to litigation costs and risks and the recent limitations on the availability of directors and officers liability insurance have made and will make it increasingly difficult for the Company to attract and retain such persons;

WHEREAS, the Bylaws of the Company require the Company to indemnify and advance expenses to its directors and officers to the fullest extent permitted by law and authorize the Company to enter into agreements providing for such indemnification; and

WHEREAS, in recognition of the fact that the Indemnitee continues to serve as an officer and/or a director of the Company in part in reliance on the Company's Bylaws and the fact of Indemnitee's need for written assurance that the substantial protection promised by such Bylaws will be available to Indemnitee (regardless, among other things, of any amendment to or revocation of such Bylaws or any change in the composition of the Company's Board of Directors or any acquisition transaction relating to the Company), and due to the potential inadequacy of the Company's directors and officers liability insurance coverage or the unavailability of such coverage, the Company wishes to provide in this Agreement for the indemnification of, and the advancing of expenses to, Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is obtained, for the continued coverage of Indemnitee under the Company's directors and officers liability insurance policies;

NOW, THEREFORE; in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. DEFINITIONS. For purposes of this Agreement:

(a) "CHANGE OF CONTROL" shall mean the occurrence of

any of the following events:

(1) any Person who is not now the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the Company's Common Stock, becomes the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the Company's Common Stock and thereafter individuals who were not directors of the Company prior to the date such Person became a twenty percent (20%) owner are elected as directors pursuant to an arrangement or understanding with, or upon the request of or nomination by, such Person and constitute at least one-third (1/3) of the Company's Board of Directors; or

(2) there occurs a change of control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A promulgated under the Securities Exchange Act of 1934 (the "EXCHANGE ACT"), in a Form 8-K filed under the Exchange Act or in any other filing by the Company with the Securities and Exchange Commission (the "COMMISSION"); or

(3) there occurs any solicitation of proxies by or on behalf of any Person other than the Company's Board of Directors and thereafter individuals who were not directors of the Company prior to the commencement of such solicitation are elected as directors pursuant to an arrangement or understanding with, or upon the request of or nomination by, such Person and constitute at least one-third (1/3) of the Company's Board of Directors; or

(4) the Company executes an agreement of acquisition, merger or consolidation which contemplates that (i) after the effective date provided for in the agreement, all or substantially all of the business and/or assets of the Company shall be owned, leased or otherwise controlled by another corporation or other entity and (ii) individuals who are directors of the Company when such agreement is executed shall not constitute a majority of the Board of Directors of the survivor or successor company immediately after the effective date provided for in such agreement; provided, however, for purposes of this paragraph (4) that if such agreement requires as a condition precedent approval by the Company's stockholders of the agreement or transaction, a change of control shall not be deemed to have

taken place unless and until such approval is secured.

(b) "COMMON STOCK" shall mean the then outstanding Common Stock of the Company assuming conversion of all outstanding securities convertible into Common Stock plus, for purposes of determining the stock ownership of any Person, the number of unissued shares of Common Stock which such Person has the right to acquire (whether such right is exercisable immediately or only after the passage of time) upon the exercise of conversion rights, exchange rights, warrants or options or otherwise.

(c) "CORPORATE STATUS" describes the status of a person who is or was or has agreed to become a director of the Company, or is or was or has agreed to become an officer or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise for which such person is or was serving or has agreed to serve at the request of the Company.

(d) "DISINTERESTED DIRECTOR" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "EXPENSES" shall include all reasonable attorney's fees, retainers, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend or investigating a Proceeding, but shall not include the amount of judgments, fines or penalties against Indemnitee or amounts paid in settlement of a Proceeding in respect of which indemnification is sought by Indemnitee.

(f) "INDEPENDENT COUNSEL" means a law firm of one hundred (100) or more lawyers that is experienced in matters of Delaware corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person, who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in

representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(g) "PERSON" shall have the meaning used in Section 13(d) of the Exchange Act.

(h) "PROCEEDING" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing, appeal, or any other proceeding, whether civil, criminal, administrative or investigative, arising on or after the date of this Agreement (and regardless of when the Indemnitee's act or failure to act occurred), except one initiated by an Indemnitee pursuant to Section 10 of this Agreement to enforce his rights under this Agreement.

2. SERVICES BY INDEMNITEE. Indemnitee agrees to serve or continue to serve as a director and/or officer of the Company. This Agreement shall not impose any obligation on Indemnitee or the Company to continue Indemnitee's position with the Company beyond any period otherwise applicable.

3. GENERAL. The parties agree and acknowledge that it is their intent that the Company shall indemnify Indemnitee to the fullest extent permitted by law and, therefore, that this Agreement shall be construed and enforced to effectuate such intent. To the extent that a change in Delaware law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Bylaws of the Company and this Agreement, it is the further intent of parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. Consequently, to the extent Delaware law shall permit broader contractual indemnification, this Agreement shall be deemed amended to incorporate such broader indemnification. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Bylaws of the Company, Delaware law or otherwise.

4. PROCEEDINGS OTHER THAN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY. Indemnitee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of his or her Corporate Status, he or she was, is, or is threatened to be made, a party to any Proceeding other than a Proceeding by or in the right of the Company. Pursuant to this Section 4,

Indemnitee shall be indemnified against Expenses, judgments, penalties and fines (including excise taxes assessed to Indemnitee with respect to an employee benefit plan) and amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

5. PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY. Indemnitee shall be entitled to the rights of indemnification provided in this Section 5 if, by reason of his Corporate Status, he or she was, is, or is threatened to be made, a party to any Proceeding brought by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 5, Indemnitee shall be indemnified against Expenses and, to the extent permitted by applicable law, amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf in connection with such Proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. Notwithstanding the foregoing, no indemnification against such Expenses shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Company; provided however, that indemnification against Expenses shall nevertheless be made by the Company in such event to the extent that the Court of Chancery of the State of Delaware, or the court in which such Proceeding shall have been brought or is pending, shall determine.

6. INDEMNIFICATION FOR EXPENSES OF A PARTY WHO IS WHOLLY OR PARTIALLY SUCCESSFUL. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he or she shall be indemnified against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with each successfully resolved claim, issue or

matter. For purposes of this Section and without limitation, the termination of any Proceeding or any claim, issue or matter in any Proceeding by dismissal or withdrawal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

7. ADVANCE OF EXPENSES. The Company shall advance all reasonable Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding within twenty (20) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred or to be incurred by Indemnitee and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnitee to repay any Expenses advanced to the extent it shall ultimately be determined that Indemnitee is not entitled to be indemnified against any such Expenses.

8. PROCEDURE FOR DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 8(a) hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto under Delaware law shall be made in the specific case: (i) if a Change of Control shall have occurred, by Independent Counsel (unless Indemnitee shall request that such determination be made by the Board of Directors or the stockholders, in which case the determination shall be made in the manner provided below in clauses (ii) or (iii)) in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; (ii) if a Change of Control shall not have occurred, (A) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors, or (B) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in

a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee or (C) by the stockholders of the Company; or (iii) as provided in Section 9(b) of this Agreement; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys fees and disbursements) incurred by Indemnitee in so cooperating shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b) of this Agreement, the Independent Counsel shall be selected as provided in this Section 8(c). If a Change of Control shall not have occurred, the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change of Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within seven (7) days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. If such written objection is made, the Independent Counsel so selected may not serve as Independent Counsel unless and until a court, pursuant to the provisions of the following sentence, has determined that such objection is without merit. If, within

twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 8(a) hereof, no Independent Counsel shall have been selected or if selected, shall have been objected to, in accordance with this Section 8(c), either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom an objection is favorably resolved or the person so appointed shall act as Independent Counsel under Section 8(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 8(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 8(c), regardless of the manner in which such Independent Counsel was selected or appointed.

9. PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 8(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption.

(b) If the person, persons or entity empowered or selected under Section 8 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made such determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60)-day period may be extended for a reasonable time,

not to exceed an additional thirty (30) days, if the person or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluation of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 9(b) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 8(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board of Directors has resolved to submit such determination to the stockholders for their consideration at a meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(c) The termination of any Proceeding or of any claim, issue or matter therein by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere or its
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equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful or that a court has determined that indemnification is not permitted by applicable law.

10. REMEDIES OF INDEMNITEE.

(a) In the event that (i) a determination is made pursuant to Section 8 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 7 of this Agreement, (iii) payment of indemnification is not made pursuant to Section 6 of this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (iv) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been

made pursuant to Section 9(b) of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 8 of this Agreement that Indemnitee is not entitled to indemnification, any judicial Proceeding or arbitration commenced pursuant to this Section 10 shall be conducted in all respects as a de novo trial, or
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arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial Proceeding or arbitration commenced pursuant to this Section 10, the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made or deemed to have been made pursuant to Section 8 or 9 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 10, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial Proceeding or arbitration commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

11. LIABILITY INSURANCE. To the extent the Company maintains an insurance
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policy or policies providing directors and officers liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the

maximum extent of the coverage available for any director or officer of the Company.

12. NON-EXCLUSIVITY; DURATION OF AGREEMENT; SUBROGATION.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's Certificate of Incorporation or Bylaws, any other agreement, a vote of stockholders or a resolution of directors, or otherwise. This Agreement shall continue as to Indemnitee even though he or she may have ceased to have his Corporate Status and shall inure to the benefit of Indemnitee and his heirs, personal representatives, executors and administrators. This Agreement shall be binding upon the Company and its successors (including any direct or indirect successor by merger or consolidation or the acquisition, however effected, of all or a substantial portion of the business and/or assets of the Company) and assigns. The Company shall require and cause any such successor or assign, by written agreement in form and substance satisfactory to Indemnitee, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had occurred.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(c) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

13. SECURITY. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without

the prior written consent of Indemnitee. Nothing in this Section 13 shall relieve the Company of any of its obligations under this Agreement.

14. FEES AND EXPENSES OF ENFORCEMENT. In the event that the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any action, suit or Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, and Indemnitee prevails in any Proceeding to enforce Indemnitee's rights hereunder, the Company shall pay and be solely responsible for any and all costs, charges, and expenses, including, without limitation, fees and expenses of attorneys and others, reasonably incurred by Indemnitee in connection therewith.

15. SEVERABILITY. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision. Without limiting the generality of the foregoing, the provisions of this Section 15 shall apply in the event a court shall find that Section 2115 of the California Corporations Code applies to this Agreement, and in such event, this Agreement shall be interpreted to provide the maximum indemnification possible to Indemnitee consistent with this Agreement as it shall be required to be modified to comport with such Section 2115.

16. EXCEPTION TO RIGHT OF INDEMNIFICATION OR ADVANCEMENT OF

EXPENSES. Notwithstanding any other provision of this Agreement, prior to a
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Change of Control, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement with respect to any Proceeding, or any claim therein, brought or made by him or her against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation thereof.

17. HEADINGS. The headings of the paragraphs of this Agreement are
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inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

18. MODIFICATION AND WAIVER. This Agreement shall be amended to reflect
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any changes in Delaware law (whether statutory or judicial) which broaden the right of Indemnitee to receive indemnification from the Company and may be amended from time to time for other reasons. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

19. NOTICE BY INDEMNITEE. Indemnitee agrees promptly to notify the
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Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder; provided, however, that the failure to give any such notice shall not disqualify Indemnitee from indemnification hereunder.

20. SPECIFIC PERFORMANCE. The parties recognize that if any provision of
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this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

21. NOTICES. All notices, requests, demands and other communications
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hereunder shall be in writing and shall be deemed

to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third (3rd) business day after the date on which it is so mailed:

If to Indemnitee, to: Address set forth on the signature page hereto.

If to the Company to: Digital Certificate International, Inc.
c/o RSA Data Security, Inc.
100 Marine Parkway
Redwood City, CA 94605
_____
Attn: Secretary

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

22. GOVERNING LAW. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware applicable to contracts made and to be performed entirely in such state without giving effect to the provisions thereof relating to conflicts of law.

23. AGREEMENT GOVERNS. In the event of any conflict between any provision of this Agreement and any provision of the Company's Bylaws, this Agreement shall govern to the extent that the provision of this Agreement is legally enforceable.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

DIGITAL CERTIFICATES INTERNATIONAL, INC., a Delaware corporation

By:_____
Title:_____

INDEMNITEE:

_____

INDEMNITEE'S ADDRESS:

VERISIGN, INC.
1995 STOCK OPTION PLAN
(AS AMENDED AUGUST 6, 1996)

1. PURPOSE AND TYPES OF OPTIONS. This 1995 Stock Option Plan (the "PLAN") is intended to increase the incentives of, and encourage stock ownership by, employees and consultants (including members of the Company's Board of Directors who are not employees of the Company) providing services to VeriSign, Inc., a Delaware corporation (the "COMPANY"), or to corporations which are or become subsidiary corporations of the Company. The term "subsidiary corporation" as used in this Plan shall have the meaning specified in Section 4.2 hereof. The Plan is intended to provide such employees and consultants with a proprietary interest (or to increase their proprietary interest) in the Company, and to encourage them to continue their employment or engagement by the Company or its subsidiaries. Options granted pursuant to the Plan, at the discretion of the Company's Board of Directors ("BOARD"), may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended ("INTERNAL REVENUE CODE"), or options that do not so qualify as incentive stock options and which are referred to herein as non-qualified stock options.

2. STOCK. The capital stock subject to the Plan shall be shares of the Company's authorized but unissued Common Stock ("COMMON STOCK") or treasury shares of Common Stock. The maximum aggregate number of shares of Common Stock which may be issued under the Plan is Four Million One Hundred Forty-Five Thousand (4,145,000), subject to adjustments pursuant to Section 8 hereof. In the event that any outstanding option under the Plan shall expire by its terms or is otherwise terminated for any reason (or if shares of Common Stock of the Company which are issued upon exercise of an option granted hereunder are subsequently reacquired by the Company pursuant to contractual rights of the Company under the particular stock option agreement), the shares of the Common Stock allocated to the unexercised portion of such option (or the shares so reacquired by the Company pursuant to the terms of the stock option agreement) shall again become available to be made subject to options granted under the Plan. Notwithstanding any other provision of this Plan, the aggregate number of shares of Common Stock subject to outstanding options granted under this Plan at any given time, plus the aggregate number of shares which have been issued upon exercise of all options granted under this Plan and which remain outstanding, shall never be permitted to exceed the maximum number of shares specified above in this Section 2 (subject to adjustments under Section 8).

3. ADMINISTRATION. The Plan shall be administered by the Board. Any action by the Board with respect to the administration of the Plan shall be taken by the vote of a majority of a quorum of its members present at a duly held meeting or without a meeting by unanimous written consent of all directors. The interpretation and construction by the Board of any provision of this Plan, or of any option granted pursuant hereto, shall be final, binding and conclusive. No member of the Board shall be liable to the Company or to any subsidiary or parent corporation, or to the holder of any option granted hereunder for any action, inaction, determination or interpretation made in good faith with respect to the Plan or any transaction hereunder. Notwithstanding the foregoing, the Board shall have the authority to delegate some or all of its duties to administer this Plan and to exercise its powers hereunder to a committee ("COMMITTEE") appointed by the Board. For purposes of this Plan, all references herein to "Board" shall be deemed to also refer to any such Committee. Any Committee charged with administration of the Plan shall have all the powers and protections provided to the Board under this Plan until the Board shall revoke or restrict such powers or protections. More specifically, the Board, subject to compliance with the remaining provisions of this Plan, shall have the

following powers and authority (which listing is provided by way of example and is not intended to be comprehensive or limiting to the extent of powers not included):

3.1 SELECTION OF OPTIONEES. To determine the persons providing services to the Company to whom, and the time or times at which, options to purchase Common Stock of the Company shall be granted;

3.2 NUMBER OF OPTION SHARES. To determine the number of shares of Common Stock to be subject to options granted to each such person;

3.3 EXERCISE PRICE. To determine the price to be paid for the shares of Common Stock upon the exercise of each option;

3.4 TERM, VESTING AND EXERCISE SCHEDULE. To determine the term, vesting and exercise schedule of each option;

3.5 OTHER TERMS OF OPTIONS. To determine the terms and conditions of each tock option agreement (which need not be identical) entered into between the Company and any person to whom the Board determines to grant an option;

3.6 INTERPRETATION OF PLAN. To interpret the Plan and to prescribe, amend and rescind rules and regulations relating to the Plan;

3.7 AMENDMENT OF OPTIONS. With the consent of the holder thereof, to modify or amend any option granted under the Plan; and

3.8 GENERAL AUTHORITY. To take such actions and make such determinations deemed necessary or advisable by the Board for the administration of the Plan, subject to complying with the Plan and with applicable legal requirements.

4. ELIGIBILITY AND AWARD OF OPTIONS.

4.1 AUTHORITY TO GRANT AND ELIGIBILITY. The Board shall have full and final authority, in its discretion and at any time and from time to time during the term of this Plan, to grant or authorize the granting of options to such officers, directors and employees of, and consultants retained by, the Company or its subsidiary corporations as it may select, and to determine the number of shares of Common Stock to be subject to each option. Any individual who is eligible to receive a stock option under this Plan shall be eligible to hold more than one option at any given time, in the discretion of the Board. The Board shall have full and final authority in its discretion to determine, in the case of employees (including employees that are officers or directors), whether such options shall be incentive stock options or non-qualified stock options; however, no incentive stock option may be granted to any person who is not a bona fide employee of the Company or of a subsidiary corporation of the Company. Persons selected by the Board who are prospective employees of, or consultants to be retained by, the Company or its subsidiaries, including members of the Board, shall be eligible to receive non-qualified stock options; provided, however, that in the case of

such prospective employment or other engagement, the exercisability of such options shall be subject in each case to such person in fact becoming an employee or consultant, as applicable, of the Company or its subsidiaries.

4.2 CERTAIN RESTRICTIONS APPLICABLE TO STOCK OPTIONS. No incentive stock option shall be granted to any employee who, at the time such incentive stock option is granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of outstanding capital stock of the Company, or of any parent corporation or subsidiary corporation of the Company, unless the exercise price (as provided in Section 5.1 hereof) is not less than one hundred ten percent (110%) of the fair market value of the Common Stock on the date the incentive stock option is granted and the period within which the incentive stock option may be exercised (as provided in Section 5.2 hereof) does not exceed five (5) years from the date the incentive stock option is granted. As used in this Plan, the terms "parent corporation" and "subsidiary corporation" shall have the meanings set forth in Sections 424(e) and (f), respectively, of the Internal Revenue Code. For purposes of this Section 4.2, in determining stock ownership, an employee shall be considered as owning the voting capital stock owned, directly or indirectly, by or for his or her brothers and sisters, spouse, ancestors and lineal descendants. Voting capital stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be considered as being owned proportionately by or for its stockholders, partners or beneficiaries, as applicable. Additionally, for purposes of this Section 4.2, outstanding capital stock shall include all capital stock actually issued and outstanding immediately after the grant of the option to the employee. Outstanding capital stock shall not include capital stock authorized for issue under outstanding options held by the employee or by any other person. Additionally, the aggregate fair market value (determined as of the date an option is granted) of the Common Stock with respect to which incentive stock options granted are exercisable for the first time by an employee during any one calendar year (under this Plan and under all other incentive stock option plans of the Company and of any parent or subsidiary corporation) shall not exceed One Hundred Thousand Dollars ($100,000). If the aggregate fair market value (determined as of the date an option is granted) of the Common Stock with respect to which incentive stock options granted are exercisable for the first time by an employee during any calendar year exceeds One Hundred Thousand Dollars ($100,000), the options for the first One Hundred Thousand Dollars ($100,000) worth of shares of Common Stock to become exercisable in such calendar year shall be incentive stock options and the options for the amount in excess of One Hundred Thousand Dollars ($100,000) that become exercisable in that calendar year shall be non-qualified stock options. In the event that the Internal Revenue Code or the regulations promulgated thereunder are amended after the effective date of the Plan to provide for a different limit on the fair market value of shares of Common Stock permitted to be subject to incentive stock options, such different limit shall be automatically incorporated herein and shall apply to options granted after the effective date of such amendment.

4.3 DATE OF GRANT. The date on which an option is granted shall be stated in each option agreement and shall be the date of the Board's authorization of such grant or such later date as may be set by the Board at the time such grant is authorized.

5. TERMS AND PROVISIONS OF OPTION AGREEMENTS. Each option granted under the Plan shall be evidenced by a stock option agreement between the person to whom the option is granted and the Company. Each such agreement shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent herewith as the Board may deem appropriate in each case:

5.1 EXERCISE PRICE. The price to be paid for each share of Common Stock upon the exercise of an option shall be determined by the Board at the time the option is granted; provided however, that (1) no non-qualified stock option shall have an exercise price less than eighty-five percent (85%) of the fair market value of the Common Stock on the date the option is granted; (2) no incentive stock option shall have an exercise price less than one hundred percent (100%) of the fair market value of the Common Stock on the date the option is granted and (3) all incentive stock options granted to the ten percent (10%) stockholders shall have the exercise price set at not less than one hundred ten percent (110%) of fair market value at the date of the grant, as provided in Section 4.2 hereof. For all purposes of this Plan, the fair market value of the Common Stock on any particular date shall be the closing price on the trading day next preceding that date on the principal securities exchange on which the Company's Common Stock is listed, or, if such Common Stock is not then listed on any securities exchange, the fair market value of the Common Stock on such date shall be the mean of the closing bid and asked prices as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") on the trading day next preceding such date. In the event that the Company's Common Stock is neither listed on a securities exchange nor quoted by NASDAQ, then the Board shall in good faith determine the fair market value of the Company's Common Stock on such date, with such determination being based upon past arms-length sales by the Company of its equity securities and other factors considered relevant in determining the Company's fair value; provided, however, that any individual form of option agreement may provide for alternative means of valuation for the purpose of repurchase at fair market value of shares acquired.

5.2 TERM OF OPTIONS. The period or periods within which an option may be exercised shall be determined by the Board at the time the option is granted, but no exercise period shall exceed ten (10) years from the date the option is granted (or five (5) years in the case of any stock option granted to a ten percent (10%) stockholder as described in Section 4.2 hereof).

5.3 EXERCISABILITY. Stock options granted under this Plan shall be exercisable at such future time or times (or may be fully exercisable upon grant), whether or not in installments, as shall be determined by the Board and provided in the form of stock option agreement. Notwithstanding any other provisions of this Plan, no option may be exercised after the expiration of ten (10) years from the date of grant.

5.4 METHOD OF PAYMENT FOR COMMON STOCK UPON EXERCISE. Except as otherwise provided in the applicable stock option agreement (subject to the limitations of this Plan), the exercise price for each share of Common Stock purchased under an option shall be paid in full in cash at the time of purchase (or by check acceptable to the Board). At the discretion of the Board, the stock option agreement may provide for (or the Board may permit) the exercise price to be paid by one or more of the following additional alternative methods: (i) the surrender of shares of the Company's Common Stock, in proper form for transfer, owned by the person exercising the option and having a fair market value on the date of exercise equal to the exercise price, provided that such shares (a) have been owned by the optionee for more than six (6) months and have been paid for within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "SECURITIES ACT") (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or (b) were obtained by the optionee in the public market, (ii) to the extent permitted under the applicable provisions of the Delaware General Corporation Law, the delivery by the person exercising the option of a full recourse promissory note executed by such person, bearing interest at a per annum rate which is not less than the "test rate" as set by the regulations promulgated under Sections 483

or 1274, as applicable, of the Internal Revenue Code and as in effect on the date of exercise, or (iii) any combination of cash, shares of Common Stock or promissory notes, so long as the sum of the cash so paid, plus the fair market value of the shares of Common Stock so surrendered and the principal amounts of the promissory notes so delivered, is equal to the aggregate exercise price. Without limiting the generality of the foregoing, the form of option agreement may provide (or the Board may otherwise permit, in its discretion) that the option be exercised through a "net issue" exercise procedure (cash-less exercise), whereby the optionee may elect to receive shares of the Company's Common Stock having an aggregate fair market value at the date of exercise equal to the net value of the portion of the option so exercised as of the exercise date. For purposes of the foregoing, the net value of any option (or portion thereof) as of such exercise date shall be equal to the aggregate fair market value of the shares subject to the option (or portion thereof being exercised) less the aggregate exercise price of the option (or portion thereof). In such event the Company shall issue to the optionee a number of shares of the Company's Common Stock having a fair market value as of the date of exercise equal to the net value of the option (or portion thereof being exercised). No share of Common Stock shall be issued under any option until full payment therefor has been made in accordance with the terms of the stock option agreement (and in compliance with the Plan). Notwithstanding the foregoing, an Option may not be exercised by surrender to the Company of shares of the Company's Common Stock to the extent such surrender of stock would constitute a violation of the provisions of any law, regulation and/or agreement restricting the redemption of the Company's Common Stock. Any promissory note accepted upon the exercise of an option from a person who is a consultant retained by the Company or any subsidiary shall be adequately secured by collateral other than the shares of the Common Stock acquired upon such exercise. Additionally, if permitted by the form of stock option agreement, or at the Board's discretion, any such promissory note may permit the payment of principal and interest accruing thereunder by surrender of shares of the Company's Common Stock, in proper form for transfer, and having a fair market value on the date of payment and surrender equal to the dollar amount to be applied to principal and accrued interest thereunder.

5.5 NON-ASSIGNABILITY. No stock option granted under the Plan shall be assignable or transferable by an optionee except by will or the laws of descent and distribution and each stock option granted under the Plan shall be exercisable only by the optionee during his or her lifetime.

5.6 TERMINATION OF EMPLOYMENT PROVISIONS APPLICABLE TO STOCK OPTIONS. Each stock option agreement shall comply with the following provisions relating to early termination of the option based upon termination of the employee's employment with the Company:

5.6.1 DEATH. Upon the death of an employee of the Company, any stock option which such employee holds may be exercised, to the extent it was exercisable at the date of death, within such period after the date of death as the Board shall prescribe in the stock option agreement (but not less than six (6) months nor more than twelve (12) months after death), by the employee's representative or by the person entitled thereto under the employee's will or the laws of intestate succession. If the option is not so exercised in accordance with the foregoing, it shall terminate upon the expiration of such prescribed period.

5.6.2 DISABILITY. If the employee's employment with the Company is terminated because of the disability of the employee, any stock option which the employee holds may be exercised by the employee or the employee's estate within such period after the date of termination of employment resulting from such disability (but not less than six (6) months nor more than twelve (12) months after termination by reason of disability) as the Board shall prescribe in the stock option agreement, to the

extent such option would otherwise be exercisable on the date of such termination. If the option is not so exercised in accordance with the foregoing, it shall terminate upon the expiration of such prescribed period unless the employee dies prior thereto, in which event the employee shall be treated as though his or her death occurred on the date of termination resulting from such disability and the provisions of Section 5.6.1 hereof shall apply.

5.6.3 TRANSFER TO RELATED CORPORATION. In the event that an employee of the Company leaves the employ of the Company to become an employee of any parent or subsidiary corporation of the Company, or if the employee leaves the employ of any such parent or subsidiary corporation to become an employee of the Company or of another parent or subsidiary corporation, such employee shall be deemed to continue as an employee of the Company for all purposes of this Plan, and any reference to employment by the Company shall also be deemed to refer to employment by any parent or subsidiary of the Company.

5.6.4 OTHER SEVERANCE. In the event an employee of the Company leaves the employ of the Company for any reason other than as set forth above in this Section 5.6, any incentive stock option which such employee holds must be exercised, to the extent it was exercisable at the date such employee left the employ of the Company, not later than three (3) months after the date on which the employee's employment terminates (or such shorter period as may be prescribed in the option agreement, the minimum specified period being thirty (30) days). The stock option shall terminate upon the expiration of such prescribed period. In the event that an employee of the Company leaves the employ of the Company for any reason other than as set forth above in this Section 5.6, any non-qualified stock option which such employee holds shall terminate in accordance with such provisions as the Board deems appropriate with respect to termination prior to normal expiration upon termination of employment.

5.7 EFFECT OF TERMINATION OF ENGAGEMENT OF NON-EMPLOYEES ON NON-QUALIFIED STOCK OPTIONS. The Board, in its discretion, may provide in each non-qualified stock option agreement issued to a consultant or non-employee Director retained by the Company such provisions as the Board deems appropriate with respect to whether, and if so when, the option (or any portion thereof) shall be terminated prior to normal expiration (or otherwise affected) upon any termination of the optionee's engagement as a consultant providing services to the Company. Any reference in this Plan to services of a consultant to the Company shall be deemed (for all purposes of this Plan) to mean and include the existence of a consulting relationship with any parent corporation or subsidiary corporation of the Company.

5.8 ALL OPTIONS SUBJECT TO TERMS OF THIS PLAN. In addition to the provisions contained in any option agreement granted under this Plan, each such stock option agreement shall provide that the same is subject to the terms and conditions of this Plan and each optionee shall be given a copy of this Plan. Further, any terms or conditions contained in any such stock option agreement granted hereunder which are inconsistent in any respect with the provisions of this Plan shall be disregarded and void, or shall be deemed amended to the extent necessary to comply with the provisions of this Plan and the intent of the Board.

5.9 OTHER PROVISIONS. Option agreements under the Plan shall contain such other provisions, including, without limitation: (i) restrictions and conditions upon the exercise of the option, (ii) rights of first refusal in favor of the Company (or its assignees) applicable to shares of Common Stock acquired upon exercise of an option which are subsequently proposed to be transferred by the optionee, (iii)

lock-up agreements (applicable in the event of the public offering of the Common Stock of the Company) restricting an optionee from any sales or other transfers of option stock for a designated period of time following the effective date of a registration statement under the Securities Act, (iv) other restrictions on the transferability or right to retain shares of the Common Stock received upon the exercise of the option, including repurchase rights at original cost based on a vesting schedule, (v) commitments to pay cash bonuses, make loans or transfer other property to an optionee upon exercise of any option, and (vi) restrictions required by federal and applicable state securities laws, as the Board shall deem necessary or advisable; provided that no such additional provision shall be inconsistent with any other term or condition of this Plan and no such additional provision shall cause any incentive stock option granted hereunder to fail to qualify as an incentive stock option under Section 422 of the Internal Revenue Code. Without limiting the generality of the foregoing, the Board may provide in the form of stock option agreement that, in lieu of an exercise schedule, the option may immediately be exercisable in full and provide a "vesting schedule" with respect to the stock so purchased, giving the Company (or its assignees) the right to repurchase the shares of Common Stock at cost (or some other specified amount) to the extent such shares have not become vested upon any termination of the optionee's employment or other engagement with the Company, which vesting may depend upon or be related to the attainment of performance goals or other conditions (such as the passage of stated time periods) pursuant to which the obligation to resell such shares to the Company shall lapse.

6. SECURITIES LAW REQUIREMENTS. The Board shall require any potential optionee, as a condition of the exercise of an option, to represent and establish to the satisfaction of the Board that all shares of Common Stock to be acquired upon the exercise of such option will be acquired for investment and not for resale. No shares of Common Stock shall be issued upon the exercise of any option unless and until: (i) the Company and the optionee have satisfied all applicable requirements under the Securities Act and the Securities Exchange Act of 1934, as amended, (ii) any applicable listing requirement of any stock exchange on which the Company's Common Stock is listed has been satisfied, and (iii) all other applicable provisions of state and federal law have been satisfied. The Board shall cause such legends to be placed on certificates evidencing shares of Common Stock issued upon exercise of an option as, in the opinion of the Company's counsel, may be required by federal and applicable state securities laws.

7. WITHHOLDING TAXES. The exercise of any option granted under this Plan shall be conditioned upon the optionee's payment to the Company of all amounts (in addition to the exercise price) required to meet federal, state, local or foreign taxes of any kind required by law to be withheld with respect to shares to be issued on exercise of such option. The Board, in its discretion, may declare cash bonuses to an optionee to satisfy any such withholding requirements or may incorporate provisions in the form of stock option agreement allowing (or after grant of the option may permit, in its discretion) an optionee to satisfy any such withholding obligations, in whole or in part, by delivery of shares of the Company's Common Stock already owned by the optionee and which are not subject to repurchase, forfeiture, vesting or other similar requirements or restrictions. The fair market value of any such shares used to satisfy such withholding obligations shall be determined as of the date the amount of tax to be withheld is to be determined. The Company shall have the right to deduct from payments of any kind otherwise due to the optionee (whether regular salary, commissions, or otherwise) any federal, state or local taxes of any kind required by law to be withheld with respect to any shares issued upon exercise of options granted under the Plan.

8. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION OR MERGER.

8.1 STOCK SPLITS AND SIMILAR EVENTS. Subject to any required action by the Company's Board and stockholders, the number of shares of Common Stock covered by outstanding options granted under this Plan and the exercise price thereof shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock resulting from a subdivision or combination of such shares or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of such outstanding shares of Common Stock effected without the receipt of consideration by the Company; provided, however, that the conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration."

8.2 MERGERS AND ACQUISITIONS. Subject to any required action by the Company's Board and stockholders, if the Company shall be the surviving corporation in any merger or consolidation which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, at least a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its parent corporation (determined immediately after such merger or consolidation), the options granted under this Plan shall pertain and apply to the securities or other property to which a holder of the number of shares subject to the unexercised portion of such options would have been entitled. A dissolution or liquidation of the Company or a sale of all or substantially all its business and assets or a merger or consolidation in which the Company is not the surviving corporation or which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, less than a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its parent corporation (determined immediately after such merger or consolidation) will cause the options granted hereunder to terminate, unless the agreement of such sale, merger, consolidation or other acquisition otherwise provides.

8.3 BOARD'S DETERMINATION FINAL AND BINDING UPON OPTIONEES. The foregoing determinations and adjustments in this Section 8 relating to stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. The Company shall give notice of any such adjustment or action to each optionee; provided, however, that any such adjustment or action shall be effective and binding for all purposes, whether or not such notice is given or received.

8.4 NO FRACTIONS OF SHARES. Fractions of shares shall not be issued by the Company. Instead, such fractions of shares shall either be paid in cash at fair market value or shall be rounded up or down to the nearest share, as determined by the Board.

8.5 NO RIGHTS EXCEPT AS EXPRESSLY STATED. Except as hereinabove expressly provided in this Section 8, no additional rights shall accrue to any optionee by reason of any subdivision or combination of shares of the capital stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or of stock of another corporation, and any issue by the Company of shares of stock of any class or of securities convertible into shares of stock of any class shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or exercise price of shares subject to options granted hereunder.

8.6 NO LIMITATIONS ON COMPANY'S DISCRETION. The grant of options under this Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

9. NO ADDITIONAL EMPLOYMENT RELATED RIGHTS OR BENEFITS.

9.1 NO SPECIAL EMPLOYMENT RIGHTS. Nothing contained in this Plan or in any option granted hereunder shall confer upon any optionee any right with respect to the continuation of his or her employment or other engagement by the Company or interfere in any way with the right of the Company, subject to the terms of any separate employment or consulting agreement to the contrary, at any time to terminate such employment or consulting relationship or to increase or decrease the compensation of any optionee. Whether an authorized leave of absence, or absence in military or government service, shall constitute termination of an optionee's employment or other engagement shall be determined by the Board.

9.2 OTHER EMPLOYEE BENEFITS. The amount of any compensation deemed to be received by any employee or consultant as a result of the exercise of an option or the sale of shares received upon such exercise will not constitute compensation with respect to which any other employment (or other engagement) related benefits of such optionee are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board or as expressly provided for in the option agreement. The granting of an option shall impose no obligation upon the optionee to exercise such option.

10. RIGHTS AS A STOCKHOLDER AND ACCESS TO INFORMATION. No optionee and no person claiming under or through any such optionee shall be, or have any of the rights or privileges of, a stockholder of the Company in respect of any of the shares issuable upon the exercise of any option granted under this Plan, unless and until the option is properly and lawfully exercised and a certificate representing the shares so purchased is duly issued to the optionee or to his or her estate. No adjustment shall be made for dividends or any other rights if the record date relating to such dividend or other right is before the date the optionee became a stockholder. Holders of options granted under this Plan shall be provided annual financial statements. Upon written request to the Secretary of the Company, any optionee shall be entitled to inspect, at the executive offices of the Company, the information made available to stockholders of the Company pursuant to Section 220 or any other applicable provision of the Delaware General Corporation Law. The Company shall deliver to each optionee during the period for which he or she has one or more options outstanding, copies of all annual reports and other information which are provided to all stockholders of the Company, except the Company shall not be required to deliver such information to key employees whose duties in connection with the Company assure their access to equivalent information.

11. MODIFICATION, EXTENSION AND RENEWAL OF OPTIONS. Subject to the limitations of this Plan, the Board may modify, extend or renew outstanding options granted under the Plan. Furthermore, the Board may, subject to the other provisions of this Plan, upon the cancellation of previously granted options having

higher per share exercise prices, regrant options at a lower price; provided, however, that no such modification or cancellation and regrant of an option shall, without the written consent of the optionee, alter or impair any rights of the optionee under any option previously granted under the Plan.

12. USE OF PROCEEDS. The proceeds received from the sale of shares of the Common Stock upon exercise of options granted under the Plan shall be used for general corporate purposes.

13. RESERVATION OF SHARES. The Company, during the term of this Plan, will at all times reserve and keep available such number of shares of its Common Stock as shall be sufficient to satisfy the requirements of the Plan and all options issued hereunder.

14. TERM OF PLAN.

14.1 EFFECTIVE DATE. The Plan became effective when adopted by the Board on April 12, 1995, but no stock option granted under the Plan shall become exercisable unless and until the Plan shall have been approved by the Company's stockholders by the vote of the holders of a majority of the outstanding shares of the Company present and entitled to vote at a duly held meeting of the Company's stockholders (or by consent of the holders of the outstanding shares of the Company entitled to vote) in accordance with the requirements of the Company's Bylaws and the Delaware General Corporation Law. If such stockholder approval is not obtained within twelve (12) months after the date of the Board's adoption of the Plan, any incentive stock options previously granted under the Plan shall terminate and no further incentive stock options shall be granted. Subject to the foregoing limitation, options may be granted under the Plan at any time after the effective date and before the date fixed for termination of the Plan.

14.2 TERMINATION. Unless sooner terminated in accordance with Section 15, the Plan shall terminate upon the earlier of: (i) the close of business on the last business day preceding the tenth (10th) anniversary of the date of the Plan's adoption by the Board occurs, or (ii) the date on which all shares available for issuance under the Plan shall have been issued pursuant to options granted under the Plan and none of such shares shall remain subject to contractual repurchase rights of the Company pursuant to "vesting" or other similar provisions. If the date of termination is determined under clause (i) above, then any options outstanding on such date shall continue to have force and effect in accordance with the provisions of the option agreements evidencing such options.

15. EARLY TERMINATION AND AMENDMENT OF THE PLAN. The Board may from time to time suspend or terminate the Plan or revise or amend it; provided, however, that, without the approval of the Company's stockholders (except as to 15.1 below, which also requires the consent of the affected optionees) at a duly held meeting of the Company's stockholders by the vote of a majority of the shares present and entitled to vote (or by written consent of the holders entitled to vote) in compliance with the requirements of the Company's Bylaws and the Delaware General Corporation Law, no such action of the Board shall:

15.1 MODIFICATIONS OF OUTSTANDING OPTIONS. Without the consent of each affected optionee, alter or impair any rights of an optionee under any option previously granted under the Plan;

15.2 INCREASES IN NUMBER OF SHARES SUBJECT TO THE PLAN. Increase the aggregate number of shares of the Common Stock which may be issued upon exercise of options granted under the Plan (except for adjustments made pursuant to Section 8 hereof);

15.3 CHANGES IN ELIGIBILITY. Change the designation of employees eligible to receive incentive stock options under the Plan;

15.4 PLAN DURATION. Extend the termination date beyond that provided in Section 14.2;

15.5 CHANGES NOT APPROVED BY LEGAL COUNSEL. Otherwise amend or modify the Plan (or outstanding options) under circumstances where stockholder approval is considered necessary in the opinion of legal counsel to the Company; or

15.6 CHANGES TO THIS SECTION. Amend this Section 15 to defeat its purposes.

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

THE SECURITY REPRESENTED BY THIS AGREEMENT HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

VERISIGN, INC.
EMPLOYEE INCENTIVE STOCK OPTION AGREEMENT

THIS EMPLOYEE INCENTIVE STOCK OPTION AGREEMENT ("AGREEMENT"), by and between VeriSign, Inc., a Delaware corporation (the "COMPANY"), and _____ (the "EMPLOYEE"), is made as of the _____ day of _____, 19_____ (such date being sometimes referred to herein as the date of "grant").

R E C I T A L S

A. The Company has adopted and implemented its 1995 Stock Option Plan (the "PLAN") permitting the grant of stock options to employees and consultants of the Company and its subsidiary corporations (as defined in the Plan), some of which are intended to be incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "INTERNAL REVENUE CODE"), to purchase shares of the authorized but unissued Common Stock or treasury shares of the Company ("COMMON STOCK").

B. The Board of Directors (or a duly authorized Committee thereof) of the Company (in either case, referred to herein as the "BOARD") has authorized the granting of a stock option to the Employee, thereby allowing the Employee to acquire an ownership interest (or increase his or her ownership interest) in the Company.

A G R E E M E N T

NOW, THEREFORE, in reliance on the foregoing Recitals and in consideration of the mutual covenants hereinafter set forth, the parties hereby agree as follows:

1. GRANT OF STOCK OPTION. The Company hereby grants to the Employee a non-transferable and non-assignable option to purchase an aggregate of up to _____ shares of the Company's Common Stock,

par value $0.001, at the exercise price of $_____ per share, upon the terms and conditions set forth herein (such purchase right being sometimes referred to herein as "THE OPTION" or "THIS OPTION").

2. TERM AND TYPE OF OPTION. Unless earlier terminated in accordance with Sections 6 or 7.2 hereof, this Option and all rights of the Employee to purchase Common Stock hereunder shall expire with respect to all of the shares then subject to this Agreement at 5:00 p.m. Pacific time on _____, 19___. This Option is intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code but the Company does not represent or warrant that this Option qualifies as such. Accordingly, the Employee understands that in order to obtain the benefits of incentive stock option treatment under Section 421 of the Internal Revenue Code, no sale or other disposition may be made of any shares acquired upon exercise of this Option for at least one (1) year after the date of the issuance of such shares upon exercise hereunder and for at least two (2) years after the date of grant of this Option. (NOTE: If the aggregate exercise price of the Option (that is, the exercise price set forth in Section 1 multiplied by the number of shares subject to the Option set forth in Section 1) plus the aggregate exercise price of any other incentive stock options held by the Employee (whether granted pursuant to the Plan or any other stock option plan of the Company) is greater than One Hundred Thousand Dollars ($100,000), the Employee should contact the Chief Financial Officer of the Company to ascertain whether the entire Option qualifies as an incentive stock option).

3. EXERCISE SCHEDULE. Subject to the remaining provisions of this Agreement, this Option shall be exercisable as follows:

3.1 FIRST INSTALLMENT. Subject to Section 3.4, commencing upon _____, 199____ (the "INITIAL EXERCISE DATE"), the Employee may exercise this option for up to twenty-five percent (25%) of the shares covered hereby.

3.2 SUBSEQUENT INSTALLMENTS. Subject to Section 3.4, upon the _____ (_____) of each _____, _____, _____ and _____ following the Initial Exercise Date, the Employee may exercise this Option for up to an additional _____ (_____) of the shares covered hereby, so that this Option shall become fully exercisable as of _____, _____. In no event shall the Option be exercisable for more shares than the number of shares set forth in Section 1. The right to purchase a fractional share shall be rounded up to the nearest whole share.

3.3 CUMULATIVE NATURE OF EXERCISE SCHEDULE. The exercise dates specified above refer to the earliest dates on which this Option may be exercised with respect to the stated percentages of the Common Stock covered by this Option and this Option may be exercised with respect to all or any part of any such percentage of the total shares at any time on or after such dates (until the expiration date specified in Section 2 above or any earlier termination of this Option pursuant to Section 6 or 7.2 of this Agreement). Except as permitted in Section 6, the Employee must be and remain in the employ of the Company, or of any parent or subsidiary corporation of the Company (as defined in Internal Revenue Code Sections 424(e) and (f)), during the entire period commencing with the date of grant of this Option and ending with each of the periods appearing in the above schedule in order to exercise this Option with respect to the shares applicable to any such period. Any references in this Agreement to the Employee's employment with the Company shall be deemed to also refer to the Employee's employment with any parent or subsidiary of the Company, as applicable.

3.4 EXERCISABILITY; OVERRIDING LIMITATION ON TIME FOR EXERCISE. Subject to the remaining provisions of this Agreement, the Option shall be exercisable at a rate of at least twenty percent

(20%) of the number of shares subject to the Option for each year after the date of grant (i.e., at a rate so as to become fully exercisable at the end of five (5) years). Notwithstanding any other provisions of this Agreement providing for a longer time to exercise, the Option may not be exercised after the expiration of ten (10) years from the date of grant.

4. RIGHT OF FIRST REFUSAL. The Employee shall not sell, assign, pledge or in any manner transfer any of the shares of the Common Stock purchased hereunder, or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except for a transfer which meets the requirements hereinafter set forth.

4.1 NOTICE OF PROPOSED SALE. If the Employee desires to sell or otherwise transfer any of his or her shares of Common Stock, the Employee shall first give written notice thereof to the Company. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration and all other material terms and conditions of the proposed transfer.

4.2 OPTION OF COMPANY TO PURCHASE. For thirty (30) days following receipt of such notice, the Company (and its assignees as provided in Section 4.3 below) shall have the option to elect to purchase all of the shares specified in the notice at the price and upon the terms set forth in such notice; provided that if the terms of payment set forth in the Employee's notice were other than cash against delivery, the Company (and its assignees) shall pay cash for said shares equal to the fair market value thereof as determined in good faith by the Board, except that to the extent such consideration is composed, in whole or in part, of promissory notes, the Company (and its assignees) shall have the option of similarly issuing promissory notes of like form, tenor and effect. (Notwithstanding the foregoing, in the event that the Employee disagrees with the determination of fair market value made by the Board, the Employee shall have the right to have such fair market value determined by arbitration in accordance with the rules of the American Arbitration Association. The arbitration shall be held in San Francisco, California or Mountain View, California. The cost of the arbitration shall be borne in equal shares by the Company and the Employee.) In the event the Company (and its assignees) elects to purchase all of such shares, it shall give written notice to the Employee of its election and settlement for such purchase of shares shall be made as provided below in Section 4.4.

4.3 ASSIGNABILITY OF COMPANY'S RIGHTS HEREUNDER. The Company may at any time transfer and assign its rights and delegate its obligations under this Section 4 to any other person, corporation, firm or entity, including its officers, directors or stockholders, with or without consideration.

4.4 CLOSING OF COMPANY PURCHASE. In the event the Company (and its assignees) elects to acquire all of those shares of the Employee as specified in the Employee's notice, the Secretary of the Company shall so notify the Employee within thirty (30) days after receipt of the Employee's notice, and settlement thereof shall be made in cash or as otherwise set forth above within thirty (30) days after the date the Secretary of the Company gives the Employee notice of the Company's election.

4.5 TRANSFERRED SHARES REMAIN SUBJECT TO RESTRICTIONS. In the event the Company (and its assignees) do not elect to acquire all of the shares specified in the Employee's notice, the Employee may, within the sixty (60) day period following the expiration of the thirty (30) day period for electing to exercise the purchase rights granted to the Company (and its assignees) in Section 4.2, transfer the shares in the manner specified in his or her notice. In that event, the transferee, assignee or other recipient shall, as a condition of the transfer of ownership, receive and hold such shares subject to the provisions of this Section 4 (and also subject to any other applicable provisions hereof) and shall execute such documentation as may be requested by

the Company, including, but not limited to, an investment representation letter containing provisions similar to those set forth in the Notice of Exercise and Investment Representation Statement attached as Exhibit A hereto.

4.6 EXCEPTIONS TO FIRST REFUSAL RIGHTS. Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this Section 4 (provided that the transferee shall first agree in writing, satisfactory to the Company, to be bound by the terms and provisions of Sections 4, 5, 10 and 12-22 hereof).

4.6.1 TRANSFER TO FAMILY MEMBER. The Employee's transfer of any or all shares held subject to this Agreement (either during the Employee's lifetime or on death by will or intestacy) to such Employee's immediate family or to any custodian or trustee for the account of the Employee or his or her immediate family. "Immediate family" as used herein shall mean spouse, lineal descendants, father, mother, or brother or sister of the Employee.

4.6.2 AS SECURITY FOR CERTAIN LOANS. The Employee's bona fide pledge or mortgage of any shares with a commercial lending institution.

4.7 WAIVERS BY THE COMPANY. The provisions of this Section 4 may be waived by the Company with respect to any transfer proposed by the Employee only by duly authorized action of its Board.

4.8 UNAUTHORIZED TRANSFERS VOID. Any sale or transfer, or purported sale or transfer, of the Common Stock subject to this Agreement shall be null and void unless the terms, conditions and provisions of this Section 4 are strictly complied with.

4.9 TERMINATION OF FIRST REFUSAL RIGHT. The foregoing right of first refusal shall terminate upon the earlier of:

4.9.1 PUBLIC OFFERING. The date securities of the Company are first offered and sold to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "SECURITIES ACT"); or

4.9.2 ACQUISITION OF THE COMPANY. Immediately prior to the acquisition of substantially all of the business and assets of the Company by an unaffiliated third party (as determined by the Board), whether by merger, sale of outstanding stock or of the Company's assets, or otherwise, where no express provision is made for the assignment and continuation of the Company's rights hereunder by a new or successor corporation.

5. AGREEMENT TO LOCK-UP IN THE EVENT OF PUBLIC OFFERING. In the event of a public offering of the Company's Common Stock pursuant to a registration statement declared effective with the SEC, if requested by the Company or by its underwriters, the Employee agrees not to sell, sell short, grant any option to buy or otherwise dispose of the shares of Common Stock purchased pursuant to this Agreement (except for any such shares which may be included in the registration) for a period of up to one hundred eighty (180) days following the effective date of such registration statement. The Company may impose stop-transfer instructions with respect to the shares of the Common Stock subject to the foregoing restriction until the end of said period. The Employee shall be subject to this Section 5 provided and only if the officers and directors of the Company are also subject to similar arrangements.

6. RIGHTS ON TERMINATION OF EMPLOYMENT. Upon the termination of the Employee's employment with the Company (and with any parent or subsidiary corporation of the Company), the Employee's right to exercise this Option shall be limited in the manner set forth in this Section 6 (and this Option shall terminate in the event not so exercised), and subject to the limitation provided in Section 3.4.

6.1 DEATH. If the Employee's employment is terminated by death, the Employee's estate may, for a period of twelve (12) months following the date of such termination, exercise the Option to the extent it was exercisable by the Employee on the date of such termination. The Employee's estate shall mean the Employee's legal representative upon death or any person who acquires the right to exercise the Option by reason of such death in accordance with Section 8.2.

6.2 RETIREMENT. If the Employee's employment is terminated by voluntary retirement at or after reaching sixty-five (65) years of age, the Employee may, within three (3) months following such termination, exercise the Option to the extent it was exercisable by the Employee on the date of such termination unless the Employee dies prior thereto, in which event the Employee shall be treated as though the Employee had died on the date of retirement and the provisions of Section 6.1 above shall apply.

6.3 DISABILITY. If the Employee's employment is terminated because of a permanent and total disability, the Employee or the Employee's estate may, within twelve (12) months following the date of such termination, exercise the Option to the extent it was exercisable by the Employee on the date of such termination unless the Employee dies prior to the expiration of such period, in which event the Employee shall be treated as though his or her death occurred on the date of termination due to such disability and the provisions of Section 6.1 above shall apply. The Employee hereby acknowledges that the favorable tax treatment provided under Section 422 of the Internal Revenue Code may be inapplicable in the event the Option is not exercised within three (3) months after the date of the Employee's termination due to a partial, temporary or other disability not meeting the requirements of Internal Revenue Code Section 22(e)(3).

6.4 OTHER TERMINATION. If the Employee's employment is terminated for any reason other than provided in Sections 6.1, 6.2 and 6.3 above, the Employee or the Employee's estate may, within three (3) months after the date of the Employee's termination exercise the Option to the extent it was exercisable by the Employee on the date of such termination.

6.5 TRANSFER OF EMPLOYMENT TO RELATED CORPORATION. In the event the Employee leaves the employ of the Company to become an employee of any parent or subsidiary corporation of the Company or if the Employee leaves the employ of any such parent or subsidiary corporation to become an employee of the Company or of another parent or subsidiary corporation, the Employee shall be deemed to continue as an employee of the Company for all purposes of this Agreement.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION OR MERGER.

7.1 STOCK SPLITS AND SIMILAR EVENTS. Subject to any required action by the Company's Board and stockholders, the number of shares of Common Stock covered by the Option and the exercise price thereof shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock resulting from a subdivision or combination of such shares or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of such outstanding shares of Common Stock effected without the receipt of consideration by the Company; provided, however, that the conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration."

7.2 MERGERS AND ACQUISITIONS. Subject to any required action by the Company's Board and stockholders, if the Company shall be the surviving corporation in any merger or consolidation which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, at least a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its parent corporation (determined immediately after such merger or consolidation), the Option shall pertain and apply to the securities or other property to which a holder of the number of shares subject to the unexercised portion of this Option would have been entitled. A dissolution or liquidation of the Company or a sale of all or substantially all its business and assets or a merger or consolidation in which the Company is not the surviving corporation or which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, less than a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its parent corporation (determined immediately after such merger or consolidation) will cause the Option to terminate, unless the agreement of such sale, merger, consolidation or other acquisition otherwise provides.

7.3 BOARD'S DETERMINATION FINAL AND BINDING UPON EMPLOYEE. To the extent that the foregoing adjustments in this Section 7 relate to stock or securities of the Company, such adjustments shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. The Company agrees to give notice of any such adjustment to the Employee; provided, however, that any such adjustment shall be effective and binding for all purposes hereof whether or not such notice is given or received.

7.4 NO RIGHTS EXCEPT AS EXPRESSLY STATED. Except as hereinabove expressly provided in this Section 7, no additional rights shall accrue to the Employee by reason of any subdivision or combination of shares of the capital stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or of stock of another corporation, and any issue by the Company of shares of stock of any class or of securities convertible into shares of stock of any class shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or exercise price of shares subject to the Option. Neither the Employee nor any person claiming under or through the Employee shall be, or have any of the rights or privileges of, a stockholder of the Company in respect of any of the shares issuable upon the exercise of this Option, unless and until this Option is properly and lawfully exercised and a certificate representing the shares so purchased is duly issued and delivered to the Employee or to his or her estate.

7.5 NO LIMITATIONS ON COMPANY'S DISCRETION. The grant of the Option hereby shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

8. MANNER OF EXERCISE.

8.1 GENERAL INSTRUCTIONS FOR EXERCISE. The Option shall be exercised by the Employee by completing, executing and delivering to the Company the Notice of Exercise and Investment Representation Statement ("NOTICE OF EXERCISE"), in substantially the form attached hereto as Exhibit A, which Notice of Exercise shall specify the number of shares of Common Stock which the Employee elects to purchase. The Company's obligation to deliver shares upon the exercise of this Option shall be subject to the Employee's satisfaction of all applicable federal, state, local and foreign income and employment tax withholding requirements, if any. Upon receipt of such Notice of Exercise and of payment of the purchase price (and payment of applicable taxes as provided above), the Company shall, as soon as reasonably possible and subject to all other provisions hereof, deliver certificates for the shares of Common Stock so purchased, registered in the Employee's name or in the name of his or her legal representative (if applicable). Payment of the purchase price upon any exercise of the Option shall be made by check acceptable to the Company or in cash; provided, however, that the Board may, in its sole and absolute discretion, accept any other legal consideration to the extent permitted under applicable laws and the Plan.

8.2 EXERCISE PROCEDURE AFTER DEATH. To the extent exercisable after the Employee's death, this Option shall be exercised only by the Employee's executor(s) or administrator(s) or the person or persons to whom this Option is transferred under the Employee's will or, if the Employee shall fail to make testamentary disposition of this Option, under the applicable laws of descent and distribution. Any such transferee exercising this Option must furnish the Company with (1) written Notice of Exercise and relevant information as to his or her status, (2) evidence satisfactory to the Company to establish the validity of the transfer of this Option and compliance with any laws or regulations pertaining to said transfer, and (3) written acceptance of the terms and conditions of this Option as contained in this Agreement.

9. NON-TRANSFERABLE. The Option shall, during the lifetime of the Employee, be exercisable only by the Employee and shall not be transferable or assignable by the Employee in whole or in part other than by will or the laws of descent and distribution. If the Employee shall make any such purported transfer or assignment of the Option, such assignment shall be null and void and of no force or effect whatsoever.

10. COMPLIANCE WITH SECURITIES AND OTHER LAWS. The Option may not be exercised and the Company shall not be obligated to deliver any certificates evidencing shares of Common Stock hereunder if the issuance of shares upon such exercise would constitute a violation of any applicable requirements of: (i) the Securities Act, (ii) the Securities Exchange Act of 1934, as amended, (iii) applicable state securities laws, (iv) any applicable listing requirement of any stock exchange on which the Company's Common Stock is then listed, and (v) any other law or regulation applicable to the issuance of such shares. Nothing herein shall be construed to require the Company to register or qualify any securities under applicable federal or state securities laws, or take any action to secure an exemption from such registration and qualification for the issuance of any securities upon the exercise of the Option. Shares of Common Stock issued upon exercise of this Option shall include the following legends and such other legends as in the opinion of the Company's counsel may be required by applicable federal, state and foreign securities laws:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

A copy of Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California is set forth in Exhibit C attached hereto.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER AGREEMENTS CONTAINED IN A STOCK OPTION AGREEMENT, DATED _____, A COPY OF WHICH IS ON FILE WITH THE COMPANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

11. NO RIGHT TO CONTINUED EMPLOYMENT. Nothing contained in this Agreement shall: (i) confer upon the Employee any right with respect to the continuance of employment by the Company, or by any parent or subsidiary corporation of the Company, or (ii) limit in any way the right of the Company, or of any parent or subsidiary corporation, to terminate the Employee's employment at any time. Except to the extent the Company and the Employee shall have otherwise agreed in writing, the Employee's employment shall be terminable by the Company (or by a parent or subsidiary, if applicable) at will. Subject to Section 12, the Board in its sole discretion shall determine whether any leave of absence or interruption in service (including an interruption during military service) shall be deemed a termination of employment for the purposes of this Agreement.

12. LEAVE OF ABSENCE. For purposes hereof, the Employee's employment shall not be deemed to terminate if the Employee takes any military leave, sick leave, or other bona fide leave of absence approved by the Company of ninety (90) days or less. In the event of a leave in excess of ninety (90) days, the Employee's employment shall be deemed to terminate on the ninety-first (91st) day of the leave unless the Employee's right to reemployment remains guaranteed by statute or contract. Notwithstanding the foregoing, however, a leave of absence shall be treated as employment for purposes of Section 3 if and only if the leave of absence is designated by the Company as (or required by law to be) a leave for which vesting credit is given.

13. COMMITTEE OF THE BOARD. In the event that the Plan is administered by a committee of the Board (the "COMMITTEE"), all references herein to the Board shall be construed to mean the Committee for the period(s) during which the Committee administers the Plan.

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14. OPTION SUBJECT TO TERMS OF PLAN. In addition to the provisions hereof, this Agreement and the Option are governed by, and subject to the terms and conditions of, the Plan. The Employee acknowledges receipt of a copy of the Plan (a copy of which is attached hereto as Exhibit B) and Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California regarding restrictions on transfer (a copy of which is attached hereto as Exhibit C). The Employee represents that he or she is familiar with the terms and conditions of the Plan, and hereby accepts the Option subject to all of the terms and conditions thereof, which terms and conditions shall control to the extent inconsistent in any respect with the provisions of this

Agreement. The Employee hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Board as to any questions arising under the Plan or under this Agreement.

15. NOTICES. All notices and other communications of any kind which either party to this Agreement may be required or may desire to serve on the other party hereto in connection with this Agreement shall be in writing and may be delivered by personal service or by registered or certified mail, return receipt requested, deposited in the United States mail with postage thereon fully prepaid, addressed to the other party at the addresses indicated on the signature page hereof or as otherwise provided below. Service of any such notice or other communication so made by mail shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever is earlier in time. Either party may from time to time, by notice in writing served upon the other as aforesaid, designate a different mailing address or a different person to which such notices or other communications are thereafter to be addressed or delivered.

16. FURTHER ASSURANCES. The Employee shall, upon request of the Company, take all actions and execute all documents requested by the Company which the Company deems to be reasonably necessary to effectuate the terms and intent of this Agreement and, when required by any provision of this Agreement to transfer all or any portion of the Common Stock purchased hereunder to the Company (and its assignees), the Employee shall deliver such Common Stock endorsed in blank or accompanied by Stock Assignments Separate from Certificate endorsed in blank, so that title thereto will pass by delivery alone. Any sale or transfer by the Employee of the Common Stock to the Company (and its assignees) shall be made free of any and all claims, encumbrances, liens and restrictions of every kind, other than those imposed by this Agreement.

17. NOTICE OF SALES UPON DISQUALIFYING DISPOSITION. The Employee shall dispose of the shares acquired pursuant to the Option only in accordance with the provisions of this Agreement. In addition, the Employee shall promptly notify the Chief Financial Officer of the Company if the Employee disposes of any of the shares acquired pursuant to the Option within one (1) year from the date the Employee exercises all or part of the Option or within two (2) years of the date of grant of this Option. Until such time as the Employee disposes of such shares in a manner consistent with the provisions of this Agreement, the Employee shall hold all shares acquired pursuant to the Option in the Employee's name (and not in the name of any nominee) for the one (1)-year period immediately after exercise of the Option and the two (2)-year period immediately after the date of grant of this Option. At any time during the one (1)-year or two (2)-year periods set forth above, the Company may place a legend or legends on any certificate or certificates representing shares acquired pursuant to the Option requesting the transfer agent for the Company's stock to notify the Company of any such transfers. The obligation of the Employee to notify the Company of any such transfer shall continue notwithstanding that a legend has been placed on the certificate or certificates pursuant to the preceding sentence.

18. SUCCESSORS. Except to the extent the same is specifically limited by the terms and provisions of this Agreement, this Agreement is binding upon the Employee and the Employee's successors, heirs and personal representatives, and upon the Company, its successors and assigns.

19. TERMINATION OR AMENDMENT. Subject to the terms and conditions of the Plan, the Board may terminate or amend the Plan and/or the Option at any time; provided, however, that no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Employee unless such amendment is required to enable the Option to qualify as an Incentive Stock Option.

20. INTEGRATED AGREEMENT. This Agreement and the Plan constitute the entire understanding and agreement of the Employee and the Company with respect to the subject matter contained herein, and there are no agreements, understandings, restrictions, representations, or warranties between the Employee and the Company other than those set forth or provided for herein. To the extent contemplated herein, the provisions of this Agreement shall survive any exercise of the Option and shall remain in full force and effect.

21. OTHER MISCELLANEOUS TERMS. Titles and captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. This Agreement shall be governed by and construed in accordance with the laws of the State of California, irrespective of its choice of law principles.

22. INDEPENDENT TAX ADVICE. The Employee agrees that he or she has obtained or will obtain the advice of independent tax counsel (or has determined not to obtain such advice, having had adequate opportunity to do so) regarding the federal and state income tax consequences of the receipt and exercise of the Option and of the disposition of Common Stock acquired upon exercise hereof. The Employee acknowledges that he or she has not relied and will not rely upon any advice or representation by the Company or by its employees or representatives with respect to the tax treatment of the Option.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

COMPANY:	EMPLOYEE:
VERISIGN, INC., a Delaware corporation	_____ (Signature)
By: _____ Stratton Sclavos, Chief Executive Officer	Name Printed:_____ Address: _____
Address: VeriSign, Inc. 1390 Shorebird Mountain View, CA 94043	_____ _____

SCHEDULE OF EXHIBITS

EXHIBIT A: Form of Notice of Exercise and Investment Representation Statement for VeriSign, Inc. Employee Incentive Stock Option Agreement

EXHIBIT B: 1995 Stock Option Plan

EXHIBIT C: Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California.

EXHIBIT A

FORM OF NOTICE OF EXERCISE
AND INVESTMENT REPRESENTATION STATEMENT
FOR VERISIGN, INC.
EMPLOYEE INCENTIVE STOCK OPTION AGREEMENT

VeriSign, Inc.
1390 Shorebird
Mountain View, CA 94043
Attention: Corporate Secretary

Re: Notice of Exercise of Stock Option

Ladies and Gentlemen:

I hereby exercise, as of _____, ____, my stock option (granted _____, _____) to purchase _____ shares (the "OPTION SHARES") of the Common Stock of VeriSign, Inc., a Delaware corporation (the "COMPANY"). Payment of the option price of $_____ is attached to this notice.

As a condition to this notice of exercise, I hereby make the following representations and agreements:

INVESTMENT REPRESENTATION STATEMENT.

23. I am purchasing the Option Shares for investment for my own account only and not with a view to, or for resale in connection with, any "distribution" thereof. I am aware of the Company's business affairs and financial condition and have had access to such information about the Company as I have deemed necessary or desirable to reach an informed and knowledgeable decision to acquire the Option Shares. Without limiting the generality of the foregoing, I have been provided the financial statements described in Section 10 of the Plan and provided with any additional information to be provided thereunder. Section 10 of the Plan, in relevant part, reads as follows:

> Upon written request to the Secretary of the Company, any optionee shall be entitled to inspect, at the executive offices of the Company, the information made available to stockholders of the Company pursuant to Section 220 or any other applicable provision of the Delaware General Corporation Law. The Company shall deliver to each optionee during the period for which he or she has one or more options outstanding, copies of all annual reports and other information which are provided to all stockholders of the Company, except the Company shall not be required to deliver such information to key employees whose duties in connection with the Company assure their access to equivalent information.

24. I understand that the Option Shares have not been registered under the Securities Act of 1933, as amended (the "ACT"), or qualified under the California Corporate Securities Law of 1968, as amended (the "LAW"), by reason of specific exemptions therefrom, which exemptions depend upon, among other things, the bona fide nature of my investment intent as expressed herein. In this connection, I understand that, in the view of the Securities and Exchange Commission (the "COMMISSION"), the statutory basis for one such exemption may not exist if my representation means that my present intention is to hold the Option Shares for a minimum

capital gains period under the tax laws, for a deferred sale, for a market rise, for a sale if the market does not rise, or for a year or any other fixed period in the future.

25. I acknowledge and agree that the Option Shares are restricted securities which must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. I further acknowledge and understand that the Company is under no obligation to register the Option Shares.

26. I am aware of the adoption of Rule 144 by the Commission, which permits limited public resale of securities acquired in a non-public offering, subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information about the issuer, the passage of not less than two (2) years after the holder has purchased and paid for the securities to be sold, effectuation of the sale on the public market through a broker in an unsolicited "brokers' transaction" or to a "market maker," and compliance with specified limitations on the amount of securities to be sold (generally, one percent (1%) of the total amount of common stock outstanding) during any three (3)-month period, except that such conditions need not be met by a person who is not an affiliate of the Company at the time of sale and has not been an affiliate for the preceding three (3) months if the securities to be sold have been beneficially owned by such person for at least three (3) years prior to their sale.

27. I understand that the Company currently does not, and at the time I wish to sell the Option Shares may not, satisfy the current public information requirement of Rule 144 and, consequently, I may be precluded from selling the Option Shares under Rule 144 even if the two (2)-year minimum holding period has been satisfied.

28. I further understand that if all of the requirements of Rule 144 are not met, compliance with Regulation A or some other exemption from registration will be required; and that, although Rule 144 is not exclusive, the Staff of the Commission has expressed its opinion that persons proposing to sell restricted securities other than in a registered offering and other than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales and that such persons and the brokers who participate in such transactions do so at their own risk.

29. I further understand that the certificate(s) representing the Option Shares, whether upon initial issuance or any transfer thereof, shall bear on their face legends, prominently stamped or printed thereon in capital letters, reading as follows:

> IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.
>
> THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER AGREEMENTS CONTAINED IN A STOCK OPTION AGREEMENT, DATED _____, A COPY OF WHICH IS ON FILE WITH THE COMPANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

30. I further understand that in order to obtain the benefits of incentive stock option treatment under Section 421 of the Internal Revenue Code, no sale or other disposition may be made of any Option Shares for at least one (1) year after the date of the issuance of such Option Shares upon exercise hereunder and for at least two (2) years after the date of grant of the Option. I shall promptly notify the Company in writing in the event that I sell or otherwise dispose of any Option Shares before the expiration of such periods. I further understand that I may suffer adverse tax consequences as a result of my purchase or disposition of the Option Shares. I represent that I have consulted with any tax consultant(s) I deem advisable in connection with the purchase or disposition of the Option Shares and that I am not relying on the Company for any tax advice.

IN WITNESS WHEREOF, the undersigned has executed this Notice of Exercise as of the date set forth below.

Signed:_____

Dated:_____

EXHIBIT B

1995 STOCK OPTION PLAN

EXHIBIT C

260.141.11 - RESTRICTION ON TRANSFER

31 The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

32 It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of these rules), except:

32.1 to the issuer;

32.2 pursuant to the order or process of any court;

32.3 to any person described in subdivision (i) of Section 25102 of the Code or Section 260.105.14 of these rules;

32.4 to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants, or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

32.5 to holders of securities of the same class of the same issuer;

32.6 by way of gift or donation inter vivos or on death;

32.7 by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities law of the foreign state, territory or country concerned;

32.8 to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;

32.9 if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

32.10 by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

32.11 by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;

32.12 by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

32.13 between residents of foreign states, territories or countries who are neither domiciled nor actually present in this state;

32.14 to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state; or

32.15 by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

32.16 by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

32.17 by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

33 The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

THE SECURITY REPRESENTED BY THIS AGREEMENT HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

VERISIGN, INC.
EMPLOYEE NON-QUALIFIED STOCK OPTION AGREEMENT

THIS EMPLOYEE NON-QUALIFIED STOCK OPTION AGREEMENT ("AGREEMENT") by and between VeriSign, Inc., a Delaware corporation (the "COMPANY"), and 1~ (the "EMPLOYEE"), is made as of the 2~ day of 3~ (such date being sometimes referred to herein as the date of "grant").

R E C I T A L S

A. The Company has adopted and implemented its 1995 Stock Option Plan (the "PLAN") permitting the grant of stock options to employees and consultants of the Company and its subsidiary corporations (as defined in the Plan), some of which are intended to be non-qualified stock options in that they do not qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "INTERNAL REVENUE CODE"), to purchase shares of the authorized but unissued Common Stock or treasury shares of the Company ("COMMON STOCK").

B. The Board of Directors (or a duly authorized Committee thereof) of the Company (in either case, referred to herein as the "BOARD") has authorized the granting of a non-qualified stock option to the Employee, thereby allowing the Employee to acquire an ownership interest (or increase his or her ownership interest) in the Company.

A G R E E M E N T

NOW, THEREFORE, in reliance on the foregoing Recitals and in consideration of the mutual covenants hereinafter set forth, the parties hereby agree as follows:

1. GRANT OF STOCK OPTION. The Company hereby grants to the Employee a non-transferable and non-assignable option to purchase an aggregate of up to 4~ shares of the Company's Common Stock, par value $0.001, at the exercise price of $5~ per share, upon the terms and conditions set forth herein (such purchase right being sometimes referred to herein as "the Option" or "this Option").

2. TERM AND TYPE OF OPTION. Unless earlier terminated in accordance with Sections 6 or 7.2 hereof, the Options and all rights of the Employee to purchase Common Stock hereunder shall expire with respect to all of the shares then subject to this Agreement at 5:00 p.m. Pacific time on (6). This Option is a non-qualified stock option. The options are not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code. Accordingly, the Employee understands that under current law he or she will recognize ordinary income for federal income tax purposes upon exercise of this Option in an amount equal to the excess (if any) of the fair market value of the shares of Common Stock so purchased over the exercise price paid for such shares.

3. EXERCISE SCHEDULE. Subject to the remaining provisions of this Agreement, this Option shall be exercisable as follows:

3.1 FIRST INSTALLMENT. Subject to Section 3.4, during the first twelve (12) months after the date of this Agreement, the Employee may exercise this Option for up to twenty-five percent (25%) of the shares covered hereby (rounded up to the nearest whole number of shares).

3.2 SUBSEQUENT INSTALLMENTS. Subject to Section 3.4, upon the (7) following the Initial Exercise Date, the Employee may exercise this Option for up to an additional (8) of the shares covered hereby, so that this Option shall become fully exercisable as of (9). In no event shall the Option be exercisable for more shares than the number of shares set forth in Section 1. The right to purchase a fractional share shall be rounded up to the nearest whole share.

3.3 SUBSEQUENT INSTALLMENTS. Subject to Section 3.4, upon the first day of the second year after the date of this Agreement, and continuing thereafter on the first day of each subsequent calendar month, the Employee may exercise this Option for up to an additional (7) percent ((8)%) of the shares covered hereby (rounded up to the nearest whole number of shares), so that this Option shall become fully exercisable as of (9). In no event shall the Option be exercisable for more shares than the number of shares set forth in Section 1.

3.4 CUMULATIVE NATURE OF EXERCISE SCHEDULE. The exercise dates specified above refer to the earliest dates on which the Option may be exercised with respect to the stated percentages of the Common Stock covered by this Option and this Option may be exercised with respect to all or any part of any such percentage of the total shares at any time on or after such dates (until the expiration date specified in Section 2 above or any earlier termination of this Option pursuant to Section 6 or 7.2 of this Agreement). Except as permitted in Section 6, the Employee must be and remain in the employ of the Company, or of any parent or subsidiary corporation of the Company (as defined in Internal Revenue Code Sections 424(e) and (f)), during the entire period commencing with the date of grant of this Option and ending with each of the periods appearing in the above schedule in order to exercise this Option with respect to the shares applicable to any such period. Any references in this Agreement to the Employee's employment with the Company shall be deemed to also refer to the Employee's employment with any parent or subsidiary of the Company, as applicable.

Any references in this Agreement to the Employee's employment with the Company shall be deemed to also refer to the Employee's employment with any parent or subsidiary of the Company, as applicable.

3.5 EXERCISABILITY; OVERRIDING LIMITATION ON TIME FOR EXERCISE. Subject to the remaining provisions of this Agreement, the Option shall be exercisable at a rate of at least twenty percent (20%) of the number of shares subject to the Option for each year after the date of grant (i.e., at a rate so as to become fully exercisable at

the end of five (5) years). Notwithstanding any other provisions of this Agreement, the Option may not be exercised after the expiration of ten (10) years from the date of grant.

4. RIGHT OF FIRST REFUSAL. The Employee shall not sell, assign, pledge or in any manner transfer any of the shares of the Common Stock purchased hereunder, or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except for a transfer which meets the requirements hereinafter set forth.

4.1 NOTICE OF PROPOSED SALE. If the Employee desires to sell or otherwise transfer any of his or her shares of Common Stock, the Employee shall first give written notice thereof to the Company. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration and all other material terms and conditions of the proposed transfer.

4.2 OPTION OF COMPANY TO PURCHASE. For thirty (30) days following receipt of such notice, the Company (and its assignees as provided in Section 4.3 below) shall have the option to elect to purchase all of the shares specified in the notice at the price and upon the terms set forth in such notice; provided that if the terms of payment set forth in the Employee's notice were other than cash against delivery, the Company (and its assignees) shall pay cash for said shares equal to the fair market value thereof as determined in good faith by the Board, except that to the extent such consideration is composed, in whole or in part, of promissory notes, the Company (and its assignees) shall have the option of similarly issuing promissory notes of like form, tenor and effect.

(Notwithstanding the foregoing, in the event that the Employee disagrees with the determination of fair market value made by the Board, the Employee shall have the right to have such fair market value determined by arbitration in accordance with the rules of the American Arbitration Association. The arbitration shall be held in San Francisco, California or Mountain View, California. The cost of the arbitration shall be borne in equal shares by the Company and the Employee.) In the event the Company (and its assignees) elects to purchase all of such shares, it shall give written notice to the Employee of its election and settlement for such purchase of shares shall be made as provided below in Section 4.4.

4.3 ASSIGNABILITY OF COMPANY'S RIGHTS HEREUNDER. The Company may at any time transfer and assign its rights and delegate its obligations under this Section 4 to any other person, corporation, firm or entity, including its officers, directors or stockholders, with or without consideration.

4.4 CLOSING OF COMPANY PURCHASE. In the event the Company (and its assignees) elects to acquire all of those shares of the Employee as specified in the Employee's notice, the Secretary of the Company shall so notify the Employee within thirty (30) days after receipt of the Employee's notice, and settlement thereof shall be made in cash or as otherwise set forth above within thirty (30) days after the date the Secretary of the Company gives the Employee notice of the Company's election.

4.5 TRANSFERRED SHARES REMAIN SUBJECT TO RESTRICTIONS. In the event the Company (or its assignees) do not elect to acquire all of the shares specified in the Employee's notice, the Employee may, within the sixty (60) day period following the expiration of the thirty (30) day period for electing to exercise the purchase rights granted to the Company (and its assignees) in Section 4.2, transfer the shares in the manner specified in his or her notice. In that event, the transferee, assignee or other recipient shall, as a condition of the transfer of ownership, receive and hold such shares subject to the provisions of this Section 4 (and also subject to any other applicable provisions hereof) and shall execute such documentation as may be requested by the Company, including, but not limited to, an investment representation letter containing provisions similar to those set forth in the Notice of Exercise and Investment Representation Statement attached as Exhibit A hereto.

4.6 EXCEPTIONS TO FIRST REFUSAL RIGHTS. Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this Section 4 (provided that the transferee shall first agree in writing, satisfactory to the Company, to be bound by the terms and provisions of Sections 4, 5, 10 and 12-20 hereof):

4.6.1 TRANSFER TO FAMILY MEMBER. The Employee's transfer of any or all shares held subject to this Agreement (either during the Employee's lifetime or on death by will or intestacy) to such Employee's immediate family or to any custodian or trustee for the account of the Employee or his or her immediate family. "Immediate family" as used herein shall mean spouse, lineal descendants, father, mother, or brother or sister of the Employee.

4.6.2 AS SECURITY FOR CERTAIN LOANS. The Employee's bona fide pledge or mortgage of any shares with a commercial lending institution.

4.7 WAIVERS BY THE COMPANY. The provisions of this Section 4 may be waived by the Company with respect to any transfer proposed by the Employee only by duly authorized action of its Board.

4.8 UNAUTHORIZED TRANSFERS VOID. Any sale or transfer, or purported sale or transfer, of the Common Stock subject to this Agreement shall be null and void unless the terms, conditions and provisions of this Section 4 are strictly complied with.

4.9 TERMINATION OF FIRST REFUSAL RIGHT. The foregoing right of first refusal shall terminate upon the earlier of:

4.9.1 PUBLIC OFFERING. The date securities of the Company are first offered and sold to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "SECURITIES ACT"); or

4.92 ACQUISITION OF THE COMPANY. Immediately prior to the acquisition of substantially all of the business and assets of the Company by an unaffiliated third party (as determined by the Board), whether by merger, sale of outstanding stock or of the Company's assets, or otherwise, where no express provision is made for the assignment and continuation of the Company's rights hereunder by a new or successor corporation.

5. AGREEMENT TO LOCK-UP IN THE EVENT OF PUBLIC OFFERING. In the event of a public offering of the Company's Common Stock pursuant to a registration statement declared effective with the SEC, if requested by the Company or by its underwriters, the Employee agrees not to sell, sell short, grant any option to buy or otherwise dispose of the shares of Common Stock purchased pursuant to this Agreement (except for any such shares which may be included in the registration) for a period of up to one hundred eighty (180) days following the effective date of such registration statement. The Company may impose stop-transfer instructions with respect to the shares of the Common Stock subject to the foregoing restriction until the end of said period. The Employee shall be subject to this Section 5 provided and only if the officers and directors of the Company are also subject to similar arrangements.

6. RIGHTS ON TERMINATION OF EMPLOYMENT. Upon the termination of the Employee's employment with the Company (and with any parent or subsidiary corporation of the Company), the Employee's right to exercise this Option shall be limited in the manner set forth in this Section 6 (and this Option shall terminate in the event not so exercised), and subject to the limitation provided in Section 3.4.

6.1 DEATH. If the Employee's employment is terminated by death, the Employee's estate may, for a period of twelve (12) months following the date of such termination, exercise the Option to the extent it was exercisable

by the Employee on the date of such termination. The Employee's estate shall mean the Employee's legal representative upon death or any person who acquires the right to exercise the Option by reason of such death in accordance with Section 8.2.

6.2 RETIREMENT. If the Employee's employment is terminated by voluntary retirement at or after reaching sixty-five (65) years of age, the Employee may, within three (3) months following such termination, exercise the Option to the extent it was exercisable by the Employee on the date of such termination unless the Employee dies prior thereto, in which event the Employee shall be treated as though the Employee had died on the date of retirement and the provisions of Section 6.1 above shall apply.

6.3 DISABILITY. If the Employee's employment is terminated because of a disability, the Employee or the Employee's estate may, within twelve (12) months following the date of such termination, exercise the Option to the extent it was exercisable by the Employee on the date of such termination unless the Employee dies prior to the expiration of such period, in which event the Employee shall be treated as though his or her death occurred on the date of termination due to such disability and the provisions of Section 6.1 shall apply.

6.4 OTHER TERMINATION. If the Employee's employment is terminated for any reason other than provided in Sections 6.1, 6.2 and 6.3 above, the Employee or the Employee's estate may, within three (3) months after the date of the Employee's termination exercise the Option to the extent it was exercisable by the Employee on the date of such termination.

6.5 TRANSFER OF EMPLOYMENT TO RELATED CORPORATION. In the event the Employee leaves the employ of the Company to become an employee of any parent or subsidiary corporation of the Company or if the Employee leaves the employ of any such parent or subsidiary corporation to become an employee of the Company or of another parent or subsidiary corporation, the Employee shall be deemed to continue as an employee of the Company for all purposes of this Agreement.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION OR MERGER.

7.1 STOCK SPLITS AND SIMILAR EVENTS. Subject to any required action by the Company's Board and stockholders, the number of shares of Common Stock covered by the Option and the exercise price thereof shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock resulting from a subdivision or combination of such shares or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of such outstanding shares of Common Stock effected without the receipt of consideration by the Company; provided, however, that the conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration."

7.2 MERGERS AND ACQUISITIONS. Subject to any required action by the Company's Board and stockholders, if the Company shall be the surviving corporation in any merger or consolidation which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, at least a majority the beneficial interest in of the outstanding voting securities of the surviving corporation or its parent corporation (determined immediately after such merger or consolidation), the Option shall pertain and apply to the securities or other property to which a holder of the number of shares subject to the unexercised portion of this Option would have been entitled. A dissolution or liquidation of the Company or a sale of all or substantially all its business and assets or a merger or consolidation in which the Company is not the surviving corporation or which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, less than a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its parent corporation

(determined immediately after such merger or consolidation) will cause the Option to terminate, unless the agreement of such sale, merger, consolidation or other acquisition otherwise provides.

7.3 BOARD'S DETERMINATION FINAL AND BINDING UPON EMPLOYEE. To the extent that the foregoing adjustments in this Section 7 relate to stock or securities of the Company, such adjustments shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. The Company agrees to give notice of any such adjustment to the Employee; provided, however, that any such adjustment shall be effective and binding for all purposes hereof whether or not such notice is given or received.

7.4 NO RIGHTS EXCEPT AS EXPRESSLY STATED. Except as hereinabove expressly provided in this Section 7, no additional rights shall accrue to the Employee by reason of any subdivision or combination of shares of the capital stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or of stock of another corporation, and any issue by the Company of shares of stock of any class or of securities convertible into shares of stock of any class shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or exercise price of shares subject to the Option. Neither the Employee nor any person claiming under or through the Employee shall be, or have any of the rights or privileges of, a stockholder of the Company in respect of any of the shares issuable upon the exercise of this Option, unless and until this Option is properly and lawfully exercised and a certificate representing the shares so purchased is duly issued and delivered to the Employee or to his or her estate.

7.5 NO LIMITATIONS ON COMPANY'S DISCRETION. The grant of the Option hereby shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

8. MANNER OF EXERCISE.

8.1 GENERAL INSTRUCTIONS FOR EXERCISE. The Option shall be exercised by the Employee by completing, executing and delivering to the Company the Notice of Exercise and Investment Representation Statement ("NOTICE OF EXERCISE"), in substantially the form attached hereto as Exhibit A, which Notice of Exercise shall specify the number of shares of Common Stock which the Employee elects to purchase. The Company's obligation to deliver shares upon the exercise of this Option shall be subject to the Employee's satisfaction of all applicable federal, state, local and foreign income and employment tax withholding requirements, if any. Upon receipt of such Notice of Exercise and of payment of the purchase price (and payment of applicable taxes as provided above), the Company shall, as soon as reasonably possible and subject to all other provisions hereof, deliver certificates for the shares of Common Stock so purchased, registered in the Employee's name or in the name of his or her legal representative (if applicable). Payment of the purchase price upon any exercise of the Option shall be made by check acceptable to the Company or in cash; provided, however, that the Board may, in its sole and absolute discretion, accept any other legal consideration to the extent permitted under applicable laws and the Plan.

8.2 EXERCISE PROCEDURE AFTER DEATH. To the extent exercisable after the Employee's death, this Option shall be exercised only by the Employee's executor(s) or administrator(s) or the person or persons to whom this Option is transferred under the Employee's will or, if the Employee shall fail to make testamentary disposition of this Option, under the applicable laws of descent and distribution. Any such transferee exercising this Option must furnish the Company with (1) written Notice of Exercise and relevant information as to his or her status, (2) evidence satisfactory to the Company to establish the validity of the transfer of this Option and compliance with any laws or

regulations pertaining to said transfer, and (3) written acceptance of the terms and conditions of this Option as contained in this Agreement.

9. NON-TRANSFERABLE. The Option shall, during the lifetime of the Employee, be exercisable only by the Employee and shall not be transferable or assignable by the Employee in whole or in part other than by will or the laws of descent and distribution. If the Employee shall make any such purported transfer or assignment of the Option, such assignment shall be null and void and of no force or effect whatsoever.

10. COMPLIANCE WITH SECURITIES AND OTHER LAWS. The Option may not be exercised and the Company shall not be obligated to deliver any certificates evidencing shares of Common Stock hereunder if the issuance of shares upon such exercise would constitute a violation of any applicable requirements of: (i) the Securities Act, (ii) the Securities Exchange Act of 1934, as amended, (iii) applicable state securities laws, (iv) any applicable listing requirement of any stock exchange on which the Company's Common Stock is then listed, and (v) any other law or regulation applicable to the issuance of such shares. Nothing herein shall be construed to require the Company to register or qualify any securities under applicable federal and state securities laws, or take any action to secure an exemption from such registration and qualification for the issuance of any securities upon the exercise of this Option. Shares of Common Stock issued upon exercise of this Option shall include the following legends and such other legends as in the opinion of the Company's counsel may be required by applicable federal, state and foreign securities laws:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

A copy of Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California is set forth in Exhibit C attached hereto.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER AGREEMENTS CONTAINED IN A STOCK OPTION AGREEMENT, DATED (10), A COPY OF WHICH IS ON FILE WITH THE COMPANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

11. NO RIGHT TO CONTINUED EMPLOYMENT. Nothing contained in this Agreement shall: (i) confer upon the Employee any right with respect to the continuance of employment by the Company, or by any parent or subsidiary corporation of the Company, or (ii) limit in any way the right of the Company, or of any parent or subsidiary corporation, to terminate the Employee's employment at any time. Except to the extent the Company and the Employee shall have otherwise agreed in writing, the Employee's employment shall be terminable by the Company (or by a parent or subsidiary, if applicable) at will. The Board in its sole discretion shall determine whether any leave of

absence or interruption in service (including an interruption during military service) shall be deemed a termination of employment for the purposes of this Agreement.

12. COMMITTEE OF THE BOARD. In the event that the Plan is administered by a committee of the Board (the "COMMITTEE"), all references herein to the Board shall be construed to mean the Committee for the period(s) during which the Committee administers the Plan.

13. OPTION SUBJECT TO TERMS OF PLAN. In addition to the provisions hereof, this Agreement and the Option are governed by, and subject to the terms and conditions of, the Plan. The Employee acknowledges receipt of a copy of the Plan (a copy of which is attached hereto as Exhibit B) and Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California regarding restrictions on transfer (a copy of which is attached hereto as Exhibit C). The Employee represents that he or she is familiar with the terms and conditions of the Plan, and hereby accepts the Option subject to all of the terms and conditions thereof, which terms and conditions shall control to the extent inconsistent in any respect with the provisions of this Agreement. The Employee hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Board as to any questions arising under the Plan or under this Agreement.

14. NOTICES. All notices and other communications of any kind which either party to this Agreement may be required or may desire to serve on the other party hereto in connection with this Agreement shall be in writing and may be delivered by personal service or by registered or certified mail, return receipt requested, deposited in the United States mail with postage thereon fully prepaid, addressed to the other party at the addresses indicated on the signature page hereof or as otherwise provided below. Service of any such notice or other communication so made by mail shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever is earlier in time. Either party may from time to time, by notice in writing served upon the other as aforesaid, designate a different mailing address or a different person to which such notices or other communications are thereafter to be addressed or delivered.

15. FURTHER ASSURANCES. The Employee shall, upon request of the Company, take all actions and execute all documents requested by the Company which the Company deems to be reasonably necessary to effectuate the terms and intent of this Agreement and, when required by any provision of this Agreement to transfer all or any portion of the Common Stock purchased hereunder to the Company (and/or its assignees), the Employee shall deliver such Common Stock endorsed in blank or accompanied by Stock Assignments Separate from Certificate endorsed in blank, so that title thereto will pass by delivery alone. Any sale or transfer by the Employee of the Common Stock to the Company (and/or its assignees) shall be made free of any and all claims, encumbrances, liens and restrictions of every kind, other than those imposed by this Agreement.

16. SUCCESSORS. Except to the extent the same is specifically limited by the terms and provisions of this Agreement, this Agreement is binding upon the Employee and the Employee's successors, heirs and personal representatives, and upon the Company, its successors and assigns.

17. TERMINATION OR AMENDMENT. Subject to the terms and conditions of the Plan, the Board may terminate or amend the Plan and/or the Option at any time; provided, however, that no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Employee.

18. INTEGRATED AGREEMENT. This Agreement and the Plan constitute the entire understanding and agreement of the Employee and the Company with respect to the subject matter contained herein, and there are no agreements, understandings, restrictions, representations, or warranties between the Employee and the Company other than those

set forth or provided for herein. To the extent contemplated herein, the provisions of this Agreement shall survive any exercise of the Option and shall remain in full force and effect.

19. OTHER MISCELLANEOUS TERMS. Titles and captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. This Agreement shall be governed by and construed in accordance with the laws of the State of California, irrespective of its choice of law principles.

20. INDEPENDENT TAX ADVICE. The Employee agrees that he or she has obtained or will obtain the advice of independent tax counsel (or has determined not to obtain such advice, having had adequate opportunity to do so) regarding the federal and state income tax consequences of the receipt and exercise of the Option and of the disposition of Common Stock acquired upon exercise hereof. The Employee acknowledges that he or she has not relied and will not rely upon any advice or representation by the Company or by its employees or representatives with respect to the tax treatment of the Option.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

COMPANY:	EMPLOYEE:
VERISIGN, INC., a Delaware corporation	_____ (Signature)
By: _____ Stratton Sclavos Chief Executive Officer	Name Printed: (1) Address: _____ _____ _____

Address: VeriSign, Inc.
1390 Shorebird
Mountain View, CA 94043

SCHEDULE OF EXHIBITS

EXHIBIT A: Form of Notice of Exercise and Investment Representation Statement for VeriSign, Inc. Employee Non-Qualified Stock Option Agreement

EXHIBIT B: 1995 Stock Option Plan

EXHIBIT C: Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California.

EXHIBIT A

FORM OF NOTICE OF EXERCISE
AND INVESTMENT REPRESENTATION STATEMENT
FOR VERISIGN, INC.
EMPLOYEE NON-QUALIFIED STOCK OPTION AGREEMENT

VeriSign, Inc.
1390 Shorebird
Mountain View, CA 94043
Attention: Corporate Secretary

Re: Notice of Exercise of Stock Option

Ladies and Gentlemen:

I hereby exercise, as of _____, ____, my stock option (granted (11)) to purchase _____ shares (the "OPTION SHARES") of the Common Stock of VeriSign, Inc., a Delaware corporation (the "COMPANY"). Payment of the option price of $_____ is attached to this notice.

As a condition to this notice of exercise, I hereby make the following representations and agreements:

INVESTMENT REPRESENTATION STATEMENT.

21. I am purchasing the Option Shares for investment for my own account only and not with a view to, or for resale in connection with, any "distribution" thereof. I am aware of the Company's business affairs and financial condition and have had access to such information about the Company as I have deemed necessary or desirable to reach an informed and knowledgeable decision to acquire the Option Shares. Without limiting the generality of the foregoing, I have been provided the financial statements described in Section 10 of the Plan and provided with any additional information to be provided thereunder. Section 10 of the Plan, in relevant part, reads as follows:

> Upon written request to the Secretary of the Company, any optionee shall be entitled to inspect, at the executive offices of the Company, the information made available to stockholders of the Company pursuant to Section 220 or any other applicable provision of the Delaware General Corporation Law. The Company shall deliver to each optionee during the period for which he or she has one or more options outstanding, copies of all annual reports and other information which are provided to all stockholders of the Company, except the Company shall not be required to deliver such information to key employees whose duties in connection with the Company assure their access to equivalent information.

22. I understand that the Option Shares have not been registered under the Securities Act of 1933, as amended (the "ACT"), or qualified under the California Corporate Securities Law of 1968, as amended (the "LAW"), by reason of specific exemptions therefrom, which exemptions depend upon, among other things, the bona fide nature of my investment intent as expressed herein. In this connection, I understand that, in the view of the Securities and Exchange Commission (the "COMMISSION"), the statutory basis for one such exemption may not exist if my representation means that my present intention is to hold the Option Shares for a minimum capital gains period under the tax laws, for a deferred sale, for a market rise, for a sale if the market does not rise, or for a year or any other fixed period in the future.

23. I acknowledge and agree that the Option Shares are restricted securities which must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. I further acknowledge and understand that the Company is under no obligation to register the Option Shares.

24. I am aware of the adoption of Rule 144 by the Commission, which permits limited public resale of securities acquired in a non-public offering, subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information about the issuer, the passage of not less than two (2) years after the holder has purchased and paid for the securities to be sold, effectuation of the sale on the public market through a broker in an unsolicited "brokers' transaction" or to a "market maker," and compliance with specified limitations on the amount of securities to be sold (generally, one percent (1%) of the total amount of common stock outstanding) during any three (3)-month period, except that such conditions need not be met by a person who is not an affiliate of the Company at the time of sale and has not been an affiliate for the preceding three (3) months if the securities to be sold have been beneficially owned by such person for at least three (3) years prior to their sale.

25. I understand that the Company currently does not, and at the time I wish to sell the Option Shares may not, satisfy the current public information requirement of Rule 144 and, consequently, I may be precluded from selling the Option Shares under Rule 144 even if the two (2)-year minimum holding period has been satisfied.

26. I further understand that if all of the requirements of Rule 144 are not met, compliance with Regulation A or some other exemption from registration will be required; and that, although Rule 144 is not exclusive, the Staff of the Commission has expressed its opinion that persons proposing to sell restricted securities other than in a registered offering and other than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales and that such persons and the brokers who participate in such transactions do so at their own risk.

27. I further understand that the certificate(s) representing the Option Shares, whether upon initial issuance or any transfer thereof, shall bear on their face legends, prominently stamped or printed thereon in capital letters, reading as follows:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER AGREEMENTS CONTAINED IN A STOCK OPTION AGREEMENT, DATED (10), A COPY OF WHICH IS ON FILE WITH THE COMPANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH

SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

28. I further understand that I may suffer adverse tax consequences as a result of my purchase or disposition of the Option Shares. I represent that I have consulted with any tax consultant(s) I deem advisable in connection with the purchase or disposition of the Option Shares and that I am not relying on the Company for any tax advice.

IN WITNESS WHEREOF, the undersigned has executed this Notice of Exercise as of the date set forth below.

Signed: _____

Dated: _____

EXHIBIT B

1995 STOCK OPTION PLAN

EXHIBIT C

260.141.11 - RESTRICTION ON TRANSFER

29 The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

30 It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of these rules), except:

30.1 to the issuer;

30.2 pursuant to the order or process of any court;

30.3 to any person described in subdivision (i) of Section 25102 of the Code or Section 260.105.14 of these rules;

30.4 to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants, or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

30.5 to holders of securities of the same class of the same issuer;

30.6 by way of gift or donation inter vivos or on death;

30.7 by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities law of the foreign state, territory or country concerned;

30.8 to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;

30.9 if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

30.10 by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

30.11 by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;

30.12 by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

30.13 between residents of foreign states, territories or countries who are neither domiciled nor actually present in this state;

30.14 to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state; or

30.15 by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

30.16 by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

30.17 by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

31 The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

THE SECURITY REPRESENTED BY THIS AGREEMENT HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

VERISIGN, INC.
CONSULTANT NON-QUALIFIED STOCK OPTION AGREEMENT

THIS CONSULTANT NON-QUALIFIED STOCK OPTION AGREEMENT ("AGREEMENT") by and between VeriSign, Inc., a Delaware corporation (the "COMPANY"), and _____ (the "CONSULTANT"), is made as of the _____ day of _____, 19__ (such date being sometimes referred to herein as the date of "grant").

R E C I T A L S

A. The Company has adopted and implemented its 1995 Stock Option Plan (the "PLAN") permitting the grant of stock options to employees and consultants of the Company and its subsidiary corporations (as defined in the Plan), some of which are intended to be non-qualified stock options in that they do not qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "INTERNAL REVENUE CODE"), to purchase shares of the authorized but unissued Common Stock or treasury shares of the Company ("COMMON STOCK").

B. The Board of Directors (or a duly authorized Committee thereof) of the Company (in either case, referred to herein as the "BOARD") has authorized the granting of a non-qualified stock option to the Consultant, thereby allowing the Consultant to acquire an ownership interest (or increase his or her ownership interest) in the Company.

A G R E E M E N T

NOW, THEREFORE, in reliance on the foregoing Recitals and in consideration of the mutual covenants hereinafter set forth, the parties hereby agree as follows:

1. GRANT OF STOCK OPTION. The Company hereby grants to the Consultant a non-transferable and non-assignable option to purchase an aggregate of up to _____ (_____) shares of the Company's Common Stock, par value $0.001, at the exercise price of _____ ($_____) per share, upon the terms and conditions set forth herein (such purchase right being sometimes referred to herein as "the Option" or "this Option").

2. TERM AND TYPE OF OPTION. Unless earlier terminated in accordance with Sections 6 or 7.2 hereof, the Option and all rights of the Consultant to purchase Common Stock hereunder shall expire with respect to all of the shares then subject to this Agreement at 5:00 p.m. Pacific time on _____, 19___. This Option is a non-qualified stock option in that it is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code. Accordingly, the Consultant understands that under current law he or she will recognize ordinary income for federal income tax purposes in connection with exercise of this Option in an amount equal to the excess (if any) of the fair market value of the shares of Common Stock so purchased (determined as of the date of such exercise) over the exercise price paid for such shares.

3. EXERCISE SCHEDULE. Subject to the remaining provisions of this Agreement, this Option shall be exercisable as follows:

3.1 FIRST INSTALLMENT. Subject to Section 3.4, during the first twelve (12) months after the date of this Agreement, the Consultant may exercise this Option for up to _____ percent (__%) of the shares covered hereby (rounded up to the nearest whole number of shares).

3.2 SUBSEQUENT INSTALLMENTS. Subject to Section 3.4, upon the first day of the second year after the date of this Agreement, and continuing thereafter on the first day of each subsequent calendar month, the Consultant may exercise this Option for up to an additional _____ percent (____%) of the shares covered hereby (rounded up to the nearest whole number of shares), so that this Option shall become fully exercisable as of _____, 19__. In no event shall the Option be exercisable for more shares than the number of shares set forth in Section 1. The right to purchase a fractional share shall be rounded up to the nearest whole share.

3.3 CUMULATIVE NATURE OF EXERCISE SCHEDULE. The exercise dates specified above refer to the earliest dates on which the Option may be exercised with respect to the stated percentages of the Common Stock covered by this Option and this Option may be exercised with respect to all or any part of any such percentage of the total shares at any time on or after such dates (until the expiration date specified in Section 2 above or any earlier termination of this Option pursuant to Section 6 or 7.2 of this Agreement). Except as permitted in Section 6, the Consultant must be and remain in a consulting relationship with the Company, or with any parent or subsidiary corporation of the Company (as defined in Internal Revenue Code Sections 424(e) and (f)), during the entire period commencing with the date of grant of this Option and ending with each of the periods appearing in the above schedule in order to exercise this Option with respect to the shares applicable to any such period. Any references in this Agreement to the Consultant's consulting relationship with the Company shall be deemed to also refer to the Consultant's consulting relationship with any parent or subsidiary of the Company, as applicable.

3.4 EXERCISABILITY; OVERRIDING LIMITATION ON TIME FOR EXERCISE. Subject to the remaining provisions of this Agreement, the Option shall be exercisable at a rate of at least twenty percent (20%) of the number of shares subject to the Option for each year after the date of grant (i.e., at a rate so as to become fully exercisable at the end of five (5) years). Notwithstanding any other provisions of this Agreement, the Option may not be exercised after the expiration of ten (10) years from the date of grant.

4. RIGHT OF FIRST REFUSAL. The Consultant shall not sell, assign, pledge or in any manner transfer any of the shares of the Common Stock purchased hereunder, or any right or interest therein, whether

voluntarily or by operation of law, or by gift or otherwise, except for a transfer which meets the requirements hereinafter set forth.

4.1 NOTICE OF PROPOSED SALE. If the Consultant desires to sell or otherwise transfer any of his or her shares of Common Stock, the Consultant shall first give written notice thereof to the Company. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration and all other material terms and conditions of the proposed transfer.

4.2 OPTION OF COMPANY TO PURCHASE. For thirty (30) days following receipt of such notice, the Company (and its assignees as provided in Section 4.3 below) shall have the option to elect to purchase all of the shares specified in the notice at the price and upon the terms set forth in such notice; provided that if the terms of payment set forth in the Consultant's notice were other than cash against delivery, the Company (and its assignees) shall pay cash for said shares equal to the fair market value thereof as determined in good faith by the Board, except that to the extent such consideration is composed, in whole or in part, of promissory notes, the Company (and its assignees) shall have the option of similarly issuing promissory notes of like form, tenor and effect. (Notwithstanding the foregoing, in the event that the Consultant disagrees with the determination of fair market value made by the Board, the Consultant shall have the right to have such fair market value determined by arbitration in accordance with the rules of the American Arbitration Association. The arbitration shall be held in San Francisco, California or Mountain View, California. The cost of the arbitration shall be borne in equal shares by the Company and the Consultant.) In the event the Company (and its assignees) elects to purchase all of such shares, it shall give written notice to the Consultant of its election and settlement for such purchase of shares shall be made as provided below in Section 4.4.

4.3 ASSIGNABILITY OF COMPANY'S RIGHTS HEREUNDER. The Company may at any time transfer and assign its rights and delegate its obligations under this Section 4 to any other person, corporation, firm or entity, including its officers, directors or stockholders, with or without consideration.

4.4 CLOSING OF COMPANY PURCHASE. In the event the Company (and its assignees) elects to acquire all of those shares of the Consultant as specified in the Consultant's notice, the Secretary of the Company shall so notify the Consultant within thirty (30) days after receipt of the Consultant's notice, and settlement thereof shall be made in cash or as otherwise set forth above within thirty (30) days after the date the Secretary of the Company gives the Consultant notice of the Company's election.

4.5 TRANSFERRED SHARES REMAIN SUBJECT TO RESTRICTIONS. In the event the Company (and its assignees) do not elect to acquire all of the shares specified in the Consultant's notice, the Consultant may, within the sixty (60) day period following the expiration of the thirty (30) day period for electing to exercise the purchase rights granted to the Company (and its assignees) in Section 4.2, transfer the shares in the manner specified in his or her notice. In that event, the transferee, assignee or other recipient shall, as a condition of the transfer of ownership, receive and hold such shares subject to the provisions of this Section 4 (and also subject to any other applicable provisions hereof) and shall execute such documentation as may be requested by the Company, including, but not limited to, an investment representation letter containing provisions similar to those set forth in the Notice of Exercise and Investment Representation Statement attached as Exhibit A hereto.

4.6 EXCEPTIONS TO FIRST REFUSAL RIGHTS. Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this Section 4 (provided that

the transferee shall first agree in writing, satisfactory to the Company, to be bound by the terms and provisions of Sections 4, 5, 10 and 12-20 hereof).

4.6.1 TRANSFER TO FAMILY MEMBER. The Consultant's transfer of any or all shares held subject to this Agreement (either during the Consultant's lifetime or on death by will or intestacy) to such Consultant's immediate family or to any custodian or trustee for the account of the Consultant or his or her immediate family. "Immediate family" as used herein shall mean spouse, lineal descendants, father, mother, or brother or sister of the Consultant.

4.6.2 AS SECURITY FOR CERTAIN LOANS. The Consultant's bona fide pledge or mortgage of any shares with a commercial lending institution.

4.7 WAIVERS BY THE COMPANY. The provisions of this Section 4 may be waived by the Company with respect to any transfer proposed by the Consultant only by duly authorized action of its Board.

4.8 UNAUTHORIZED TRANSFERS VOID. Any sale or transfer, or purported sale or transfer, of the Common Stock subject to this Agreement shall be null and void unless the terms, conditions and provisions of this Section 4 are strictly complied with.

4.9 TERMINATION OF FIRST REFUSAL RIGHT. The foregoing right of first refusal shall terminate upon the earlier of:

4.9.1 PUBLIC OFFERING. The date securities of the Company are first offered and sold to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "SECURITIES ACT"); or

4.9.2 ACQUISITION OF THE COMPANY. Immediately prior to the acquisition of substantially all of the business and assets of the Company by an unaffiliated third party (as determined by the Board), whether by merger, sale of outstanding stock or of the Company's assets, or otherwise, where no express provision is made for the assignment and continuation of the Company's rights hereunder by a new or successor corporation.

5. AGREEMENT TO LOCK-UP IN THE EVENT OF PUBLIC OFFERING. In the event of a public offering of the Company's Common Stock pursuant to a registration statement declared effective with the SEC, if requested by the Company or by its underwriters, the Consultant agrees not to sell, sell short, grant any option to buy or otherwise dispose of the shares of Common Stock purchased pursuant to this Agreement (except for any such shares which may be included in the registration) for a period of up to one hundred eighty (180) days following the effective date of such registration statement. The Company may impose stop-transfer instructions with respect to the shares of the Common Stock subject to the foregoing restriction until the end of said period. The Consultant shall be subject to this Section 5 provided and only if the officers and directors of the Company are also subject to similar arrangements.

6. RIGHTS ON TERMINATION OF CONSULTING SERVICES. Upon the termination of the Consultant's consulting relationship with the Company (and with any parent or subsidiary corporation of the Company), the

Consultant's right to exercise this Option shall be limited in the manner set forth in this Section 6 (and this Option shall terminate in the event not so exercised), and subject to the limitation provided in Section 3.4.

6.1 DEATH. If the Consultant's consulting relationship with the Company is terminated by death, the Consultant's estate may, for a period of twelve (12) months following the date of such termination, exercise the Option to the extent it was exercisable by the Consultant on the date of such termination. The Consultant's estate shall mean the Consultant's legal representative upon death or any person who acquires the right to exercise the Option by reason of such death in accordance with Section 8.2.

6.2 DISABILITY. If the Consultant's consulting relationship with the Company is terminated because of a disability, the Consultant or the Consultant's estate may, within twelve (12) months following the date of such termination, exercise the Option to the extent it was exercisable by the Consultant on the date of such termination unless the Consultant dies prior to the expiration of such period, in which event the Consultant shall be treated as though the Consultant's death occurred on the date of termination because of disability and the provisions of Section 6.1 shall apply.

6.3 OTHER TERMINATION. If the Consultant's consulting relationship is terminated for any reason other than provided in Sections 6.1 and 6.2 above, the Consultant or the Consultant's estate may, within three (3) months after the date of the Consultant's termination exercise the Option to the extent it was exercisable by the Consultant on the date of such termination.

6.4 TRANSFER OF ENGAGEMENT TO RELATED CORPORATION. In the event the Consultant severs his or her consulting relationship with the Company to become a consultant of any parent or subsidiary corporation of the Company or if the Consultant terminates his or her consulting relationship with any such parent or subsidiary corporation to become a consultant to the Company or of another parent or subsidiary corporation, the Consultant shall be deemed to continue his or her consulting relationship with the Company for all purposes of this Agreement.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION OR MERGER.

7.1 STOCK SPLITS AND SIMILAR EVENTS. Subject to any required action by the Company's Board and stockholders, the number of shares of Common Stock covered by the Option and the exercise price thereof shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock resulting from a subdivision or combination of such shares or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of such outstanding shares of Common Stock effected without the receipt of consideration by the Company; provided, however, that the conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration."

7.2 MERGERS AND ACQUISITIONS. Subject to any required action by the Company's Board and stockholders, if the Company shall be the surviving corporation in any merger or consolidation which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, at least a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its parent corporation (determined immediately after such merger or consolidation), the Option shall pertain and apply to the securities or other property to which a holder of the number of shares subject to the unexercised portion of this Option would have been entitled. A dissolution or liquidation of the Company or a sale of all or substantially all its business and assets

or a merger or consolidation in which the Company is not the surviving corporation or which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, less than a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its parent corporation (determined immediately after such merger or consolidation) will cause the Option to terminate, unless the agreement of such sale, merger, consolidation or other acquisition otherwise provides.

7.3 BOARD'S DETERMINATION FINAL AND BINDING UPON CONSULTANT.

To the extent that the foregoing adjustments in this Section 7 relate to stock or securities of the Company, such adjustments shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. The Company agrees to give notice of any such adjustment to the Consultant; provided, however, that any such adjustment shall be effective and binding for all purposes hereof whether or not such notice is given or received.

7.4 NO RIGHTS EXCEPT AS EXPRESSLY STATED. Except as

hereinabove expressly provided in this Section 7, no additional rights shall accrue to the Consultant by reason of any subdivision or combination of shares of the capital stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or of stock of another corporation, and any issue by the Company of shares of stock of any class or of securities convertible into shares of stock of any class shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or exercise price of shares subject to the Option. Neither the Consultant nor any person claiming under or through the Consultant shall be, or have any of the rights or privileges of, a stockholder of the Company in respect of any of the shares issuable upon the exercise of this Option, unless and until this Option is properly and lawfully exercised and a certificate representing the shares so purchased is duly issued and delivered to the Consultant or to his or her estate.

7.5 NO LIMITATIONS ON COMPANY'S DISCRETION. The grant of the

Option hereby shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

8. MANNER OF EXERCISE.

8.1 GENERAL INSTRUCTIONS FOR EXERCISE. The Option shall be

exercised by the Consultant by completing, executing and delivering to the Company the Notice of Exercise and Investment Representation Statement ("NOTICE OF EXERCISE"), in substantially the form attached hereto as Exhibit A, which Notice of Exercise shall specify the number of shares of Common Stock which the Consultant elects to purchase. The Company's obligation to deliver shares upon the exercise of this Option shall be subject to the Consultant's satisfaction of all applicable federal, state, local and foreign income and employment tax withholding requirements, if any. Upon receipt of such Notice of Exercise and of payment of the purchase price (and payment of applicable taxes as provided above), the Company shall, as soon as reasonably possible and subject to all other provisions hereof, deliver certificates for the shares of Common Stock so purchased, registered in the Consultant's name or in the name of his or her legal representative (if applicable). Payment of the purchase price upon any exercise of the Option shall be made by check acceptable to the Company or in cash; provided, however, that the Board may, in its sole and absolute discretion, accept any other legal consideration to the extent permitted under applicable laws and the Plan.

8.2 EXERCISE PROCEDURE AFTER DEATH. To the extent exercisable after the Consultant's death, this Option shall be exercised only by the Consultant's executor(s) or administrator(s) or the person or persons to whom this Option is transferred under the Consultant's will or, if the Consultant shall fail to make testamentary disposition of this Option, under the applicable laws of descent and distribution. Any such transferee exercising this Option must furnish the Company with (1) written Notice of Exercise and relevant information as to his or her status, (2) evidence satisfactory to the Company to establish the validity of the transfer of this Option and compliance with any laws or regulations pertaining to said transfer, and (3) written acceptance of the terms and conditions of this Option as contained in this Agreement.

9. NON-TRANSFERABLE. The Option shall, during the lifetime of the Consultant, be exercisable only by the Consultant and shall not be transferable or assignable by the Consultant in whole or in part other than by will or the laws of descent and distribution. If the Consultant shall make any such purported transfer or assignment of the Option, such assignment shall be null and void and of no force or effect whatsoever.

10. COMPLIANCE WITH SECURITIES AND OTHER LAWS. The Option may be exercised and the Company shall not be obligated to deliver any certificates evidencing shares of Common Stock hereunder if the issuance of shares upon such exercise would constitute a violation of any applicable requirements of: (i) the Securities Act, (ii) the Securities Exchange Act of 1934, as amended, (iii) applicable state securities laws, (iv) any applicable listing requirement of any stock exchange on which the Company's Common Stock is then listed, and (v) any other law or regulation applicable to the issuance of such shares. Nothing herein shall be construed to require the Company to register or qualify any securities under applicable federal or state securities laws, or take any action to secure an exemption from such registration and qualification for the issuance of any securities upon the exercise of this Option. Shares of Common Stock issued upon exercise of this option shall include the following legends and such other legends as in the opinion of the Company's counsel may be required by applicable federal, state and foreign securities laws:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

A copy of Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California is set forth in Exhibit C attached hereto.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER AGREEMENTS CONTAINED IN A STOCK OPTION AGREEMENT, DATED _____, A COPY OF WHICH IS ON FILE WITH THE COMPANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE

COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

11. NO RIGHT TO CONTINUED ENGAGEMENT. Nothing contained in this Agreement shall: (i) confer upon the Consultant any right with respect to the continuance of his or her consulting relationship with the Company, or by any parent or subsidiary corporation of the Company, or (ii) limit in any way the right of the Company, or of any parent or subsidiary corporation, to terminate the Consultant's consulting relationship with the Company at any time. Except to the extent the Company and the Consultant shall have otherwise agreed in writing, the Consultant's consulting relationship with the Company shall be terminable by the Company (or by a parent or subsidiary, if applicable) at will. The Board in its sole discretion shall determine whether any leave of absence or interruption in service (including an interruption during military service) shall be deemed a termination of the Consultant's consulting relationship with the Company for the purposes of this Agreement.

12. COMMITTEE OF THE BOARD. In the event that the Plan is administered by a committee of the Board (the "COMMITTEE"), all references herein to the Board shall be construed to mean the Committee for the period(s) during which the Committee administers the Plan.

13. OPTION SUBJECT TO TERMS OF PLAN. In addition to the provisions hereof, this Agreement and the Option are governed by, and subject to the terms and conditions of, the Plan. The Consultant acknowledges receipt of a copy of the Plan (a copy of which is attached hereto as Exhibit B) and Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California regarding restrictions on transfer (a copy of which is attached hereto as Exhibit C). The Consultant represents that he or she is familiar with the terms and conditions of the Plan, and hereby accepts the Option subject to all of the terms and conditions thereof, which terms and conditions shall control to the extent inconsistent in any respect with the provisions of this Agreement. The Consultant hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Board as to any questions arising under the Plan or under this Agreement.

14. NOTICES. All notices and other communications of any kind which either party to this Agreement may be required or may desire to serve on the other party hereto in connection with this Agreement shall be in writing and may be delivered by personal service or by registered or certified mail, return receipt requested, deposited in the United States mail with postage thereon fully prepaid, addressed to the other party at the addresses indicated on the signature page hereof or as otherwise provided below. Service of any such notice or other communication so made by mail shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever is earlier in time. Either party may from time to time, by notice in writing served upon the other as aforesaid, designate a different mailing address or a different person to which such notices or other communications are thereafter to be addressed or delivered.

15. FURTHER ASSURANCES. The Consultant shall, upon request of the Company, take all actions and execute all documents requested by the Company which the Company deems to be reasonably necessary to effectuate the terms and intent of this Agreement and, when required by any provision of this Agreement to transfer all or any portion of the Common Stock purchased hereunder to the Company (and its assignees), the Consultant shall deliver such Common Stock endorsed in blank or accompanied by Stock Assignments Separate from Certificate endorsed in blank, so that title thereto will pass by delivery alone. Any sale or transfer by the

Consultant of the Common Stock to the Company (and its assignees) shall be made free of any and all claims, encumbrances, liens and restrictions of every kind, other than those imposed by this Agreement.

16. SUCCESSORS. Except to the extent the same is specifically limited by the terms and provisions of this Agreement, this Agreement is binding upon the Consultant and the Consultant's successors, heirs and personal representatives, and upon the Company, its successors and assigns.

17. TERMINATION OR AMENDMENT. Subject to the terms and conditions of the Plan, the Board may terminate or amend the Plan and/or the Option at any time; provided, however, that no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Consultant.

18. INTEGRATED AGREEMENT. This Agreement and the Plan constitute the entire understanding and agreement of the Consultant and the Company with respect to the subject matter contained herein, and there are no agreements, understandings, restrictions, representations, or warranties between the Consultant and the Company other than those set forth or provided for herein. To the extent contemplated herein, the provisions of this Agreement shall survive any exercise of the Option and shall remain in full force and effect.

19. OTHER MISCELLANEOUS TERMS. Titles and captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. This Agreement shall be governed by and construed in accordance with the laws of the State of California, irrespective of its choice of law principles.

20. INDEPENDENT TAX ADVICE. The Consultant agrees that he or she has obtained or will obtain the advice of independent tax counsel (or has determined not to obtain such advice, having had adequate opportunity to do so) regarding the federal and state income tax consequences of the receipt and exercise of the Option and of the disposition of Common Stock acquired upon exercise hereof. The Consultant acknowledges that he or she has not relied and will not rely upon any advice or representation by the Company or by its employees or representatives with respect to the tax treatment of the Option.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

COMPANY:	CONSULTANT:
VERISIGN, INC., a Delaware corporation	
	_____ (Signature)
By: _____ Stratton Sclavos, Chief Executive Officer	Name Printed: _____
	Address: _____ _____
Address: VeriSign, Inc. 2953 Coast Avenue Mountain View, CA 94043	_____

SCHEDULE OF EXHIBITS

EXHIBIT A: Form of Notice of Exercise and Investment

Representation Statement for VeriSign, Inc. Consultant Non-Qualified Stock Option Agreement

EXHIBIT B: 1995 Stock Option Plan

EXHIBIT C: Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California.

EXHIBIT A

FORM OF NOTICE OF EXERCISE
AND INVESTMENT REPRESENTATION STATEMENT
FOR VERISIGN, INC.
CONSULTANT NON-QUALIFIED STOCK OPTION AGREEMENT

VeriSign, Inc.
2593 Coast Avenue
Mountain View, CA 94043
Attention: Corporate Secretary

Re: Notice of Exercise of Stock Option

Ladies and Gentlemen:

I hereby exercise, as of _____, ____, my stock option (granted _____, _____) to purchase _____ shares (the "OPTION SHARES") of the Common Stock of VeriSign, Inc., a Delaware corporation (the "COMPANY"). Payment of the option price of $_____ is attached to this notice.

As a condition to this notice of exercise, I hereby make the following representations and agreements:

INVESTMENT REPRESENTATION STATEMENT.

21. I am purchasing the Option Shares for investment for my own account only and not with a view to, or for resale in connection with, any "distribution" thereof. I am aware of the Company's business affairs and financial condition and have had access to such information about the Company as I have deemed necessary or desirable to reach an informed and knowledgeable decision to acquire the Option Shares. Without limiting the generality of the foregoing, I have been provided the financial statements described in Section 10 of the Plan and provided with any additional information to be provided thereunder. Section 10 of the Plan, in relevant part, reads as follows:

> Upon written request to the Secretary of the Company, any optionee shall be entitled to inspect, at the executive offices of the Company, the information made available to stockholders of the Company pursuant to Section 220 or any other applicable provision of the Delaware General Corporation Law. The Company shall deliver to each optionee during the period for which he or she has one or more options outstanding, copies of all annual reports and other information which are provided to all stockholders of the Company, except the Company shall not be required to deliver such information to key employees whose duties in connection with the Company assure their access to equivalent information.

22. I understand that the Option Shares have not been registered under the Securities Act of 1933, as amended (the "ACT"), or qualified under the California Corporate Securities Law of 1968, as amended (the "LAW"), by reason of specific exemptions therefrom, which exemptions depend upon, among other things, the bona fide nature of my investment intent as expressed herein. In this connection, I understand that, in the view of the Securities and Exchange Commission (the "COMMISSION"), the statutory basis for one such exemption may not exist if my representation means

that my present intention is to hold the Option Shares for a minimum capital gains period under the tax laws, for a deferred sale, for a market rise, for a sale if the market does not rise, or for a year or any other fixed period in the future.

23. I acknowledge and agree that the Option Shares are restricted securities which must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. I further acknowledge and understand that the Company is under no obligation to register the Option Shares.

24. I am aware of the adoption of Rule 144 by the Commission, which permits limited public resale of securities acquired in a non-public offering, subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information about the issuer, the passage of not less than two (2) years after the holder has purchased and paid for the securities to be sold, effectuation of the sale on the public market through a broker in an unsolicited "brokers' transaction" or to a "market maker," and compliance with specified limitations on the amount of securities to be sold (generally, one percent (1%) of the total amount of common stock outstanding) during any three (3)-month period, except that such conditions need not be met by a person who is not an affiliate of the Company at the time of sale and has not been an affiliate for the preceding three (3) months if the securities to be sold have been beneficially owned by such person for at least three (3) years prior to their sale.

25. I understand that the Company currently does not, and at the time I wish to sell the Option Shares may not, satisfy the current public information requirement of Rule 144 and, consequently, I may be precluded from selling the Option Shares under Rule 144 even if the two (2)-year minimum holding period has been satisfied.

26. I further understand that if all of the requirements of Rule 144 are not met, compliance with Regulation A or some other exemption from registration will be required; and that, although Rule 144 is not exclusive, the Staff of the Commission has expressed its opinion that persons proposing to sell restricted securities other than in a registered offering and other than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales and that such persons and the brokers who participate in such transactions do so at their own risk.

27. I further understand that the certificate(s) representing the Option Shares, whether upon initial issuance or any transfer thereof, shall bear on their face legends, prominently stamped or printed thereon in capital letters, reading as follows:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER AGREEMENTS CONTAINED IN A STOCK OPTION AGREEMENT, DATED _____, A COPY OF WHICH IS ON FILE WITH THE COMPANY.

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

28. I further understand that I may suffer adverse tax consequences as a result of my purchase or disposition of the Option Shares. I represent that I have consulted with any tax consultant(s) I deem advisable in connection with the purchase or disposition of the Option Shares and that I am not relying on the Company for any tax advice.

IN WITNESS WHEREOF, the undersigned has executed this Notice of Exercise as of the date set forth below.

Signed:_____

Dated: _____

EXHIBIT B
1995 STOCK OPTION PLAN

EXHIBIT C

260.141.11 - RESTRICTION ON TRANSFER

29 The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

30 It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of these rules), except:

30.1 to the issuer;

30.2 pursuant to the order or process of any court;

30.3 to any person described in subdivision (i) of Section 25102 of the Code or Section 260.105.14 of these rules;

30.4 to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants, or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

30.5 to holders of securities of the same class of the same issuer;

30.6 by way of gift or donation inter vivos or on death;

30.7 by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities law of the foreign state, territory or country concerned;

30.8 to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;

30.9 if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

30.10 by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

30.11 by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;

30.12 by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

30.13 between residents of foreign states, territories or countries who are neither domiciled nor actually present in this state;

30.14 to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state; or

30.15 by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

30.16 by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

30.17 by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

31 The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

THE SECURITY REPRESENTED BY THIS AGREEMENT HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

VERISIGN, INC.
DIRECTOR NON-QUALIFIED STOCK OPTION AGREEMENT

THIS DIRECTOR NON-QUALIFIED STOCK OPTION AGREEMENT ("AGREEMENT") by and between VeriSign, Inc., a Delaware corporation (the "COMPANY"), and _____ (the "DIRECTOR"), is made as of the _____ day of _____, 19__ (such date being sometimes referred to herein as the date of "grant").

R E C I T A L S

A. The Company has adopted and implemented its 1995 Stock Option Plan (the "PLAN") permitting the grant of stock options to employees and consultants (including members of the Company's Board of Directors who are not employees of the Company) of the Company and its subsidiary corporations (as defined in the Plan), some of which are intended to be non-qualified stock options in that they do not qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "INTERNAL REVENUE CODE"), to purchase shares of the authorized but unissued Common Stock or treasury shares of the Company ("COMMON STOCK").

B. The Board of Directors (or a duly authorized Committee thereof) of the Company (in either case, referred to herein as the "BOARD") has authorized the granting of a non-qualified stock option to the Director, thereby allowing the Director to acquire an ownership interest (or increase his or her ownership interest) in the Company.

A G R E E M E N T

NOW, THEREFORE, in reliance on the foregoing Recitals and in consideration of the mutual covenants hereinafter set forth, the parties hereby agree as follows:

1. GRANT OF STOCK OPTION. The Company hereby grants to the Director a non-transferable and non-assignable option to purchase an aggregate of up to _____ (_____) shares of the Company's Common Stock, par value $0.001, at the exercise price of _____ ($_____) per share, upon the terms and conditions set forth herein (such purchase right being sometimes referred to herein as "THE OPTION" or "THIS OPTION").

2. TERM AND TYPE OF OPTION. Unless earlier terminated in accordance with Sections 6 or 7.2 hereof, the Option and all rights of the Director to purchase Common Stock hereunder shall expire with respect to all of the shares then subject to this Agreement at 5:00 p.m. Pacific time on _____, 19___. This Option is a non-qualified stock option in that it is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code. Accordingly, the Director understands that under current law he or she will recognize ordinary income for federal income tax purposes in connection with exercise of this Option in an amount equal to the excess (if any) of the fair market value of the shares of Common Stock so purchased (determined as of the date of such exercise) over the exercise price paid for such shares.

3. EXERCISE SCHEDULE. Subject to the remaining provisions of this Agreement, this Option shall be exercisable as follows:

3.1 FIRST INSTALLMENT. Subject to Section 3.4, during the first twelve (12) months after the date of this Agreement, the Director may exercise this Option for up to _____ percent (__%) of the shares covered hereby (rounded up to the nearest whole number of shares).

3.2 SUBSEQUENT INSTALLMENTS. Subject to Section 3.4, upon the first day of the second year after the date of this Agreement, and continuing thereafter on the first day of each subsequent calendar month, the Director may exercise this Option for up to an additional _____ percent (____%) of the shares covered hereby (rounded up to the nearest whole number of shares), so that this Option shall become fully exercisable as of _____, 19__. In no event shall the Option be exercisable for more shares than the number of shares set forth in Section 1. The right to purchase a fractional share shall be rounded up to the nearest whole share.

3.3 CUMULATIVE NATURE OF EXERCISE SCHEDULE. The exercise dates specified above refer to the earliest dates on which the Option may be exercised with respect to the stated percentages of the Common Stock covered by this Option and this Option may be exercised with respect to all or any part of any such percentage of the total shares at any time on or after such dates (until the expiration date specified in Section 2 above or any earlier termination of this Option pursuant to Section 6 or 7.2 of this Agreement). Except as permitted in Section 6, the Director must be and remain a director or employee of the Company, or of any parent or subsidiary corporation of the Company (as defined in Internal Revenue Code Sections 424(e) and (f)), during the entire period commencing with the date of grant of this Option and ending with each of the periods appearing in the above schedule in order to exercise this Option with respect to the shares applicable to any such period. Any references in this Agreement to the Director serving as a member of the Board or employee of the Company shall be deemed to also refer to the Director serving as a member of the Board or employee of any parent or subsidiary of the Company, as applicable.

3.4 EXERCISABILITY; OVERRIDING LIMITATION ON TIME FOR EXERCISE. Subject to the remaining provisions of this Agreement, the Option shall be exercisable at a rate of at least twenty percent (20%) of the number of shares subject to the Option for each year after the date of grant (i.e., at a rate so as to become fully exercisable at the end of five (5) years). Notwithstanding any other provisions of this Agreement, the Option may not be exercised after the expiration of ten (10) years from the date of grant.

4. RIGHT OF FIRST REFUSAL. The Director shall not sell, assign, pledge or in any manner transfer any of the shares of the Common Stock purchased hereunder, or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except for a transfer which meets the requirements hereinafter set forth.

4.1 NOTICE OF PROPOSED SALE. If the Director desires to sell or otherwise transfer any of his or her shares of Common Stock, the Director shall first give written notice thereof to the Company. The notice shall name

the proposed transferee and state the number of shares to be transferred, the proposed consideration and all other material terms and conditions of the proposed transfer.

4.2 OPTION OF COMPANY TO PURCHASE. For thirty (30) days following receipt of such notice, the Company (and its assignees as provided in Section 4.3 below) shall have the option to elect to purchase all of the shares specified in the notice at the price and upon the terms set forth in such notice; provided that if the terms of payment set forth in the Director's notice were other than cash against delivery, the Company (and its assignees) shall pay cash for said shares equal to the fair market value thereof as determined in good faith by the Board (with the Director abstaining from such determination), except that to the extent such consideration is composed, in whole or in part, of promissory notes, the Company (and its assignees) shall have the option of similarly issuing promissory notes of like form, tenor and effect. (Notwithstanding the foregoing, in the event that the Director disagrees with the determination of fair market value made by the Board, the Director shall have the right to have such fair market value determined by arbitration in accordance with the rules of the American Arbitration Association. The arbitration shall be held in San Francisco, California or Mountain View, California. The cost of the arbitration shall be borne in equal shares by the Company and the Director.) In the event the Company (and its assignees) elects to purchase all of such shares, it shall give written notice to the Director of its election and settlement for such purchase of shares shall be made as provided below in Section 4.4.

4.3 ASSIGNABILITY OF COMPANY'S RIGHTS HEREUNDER. The Company may at any time transfer and assign its rights and delegate its obligations under this Section 4 to any other person, corporation, firm or entity, including its officers, other directors or stockholders, with or without consideration.

4.4 CLOSING OF COMPANY PURCHASE. In the event the Company (and its assignees) elects to acquire all of those shares of the Director as specified in the Director's notice, the Secretary of the Company shall so notify the Director within thirty (30) days after receipt of the Director's notice, and settlement thereof shall be made in cash or as otherwise set forth above within thirty (30) days after the date the Secretary of the Company gives the Director notice of the Company's election.

4.5 TRANSFERRED SHARES REMAIN SUBJECT TO RESTRICTIONS. In the event the Company (and its assignees) do not elect to acquire all of the shares specified in the Director's notice, the Director may, within the sixty (60) day period following the expiration of the thirty (30) day period for electing to exercise the purchase rights granted to the Company (and its assignees) in Section 4.2, transfer the shares in the manner specified in his or her notice. In that event, the transferee, assignee or other recipient shall, as a condition of the transfer of ownership, receive and hold such shares subject to the provisions of this Section 4 (and also subject to any other applicable provisions hereof) and shall execute such documentation as may be requested by the Company, including, but not limited to, an investment representation letter containing provisions similar to those set forth in the Notice of Exercise and Investment Representation Statement attached as Exhibit A hereto.

4.6 EXCEPTIONS TO FIRST REFUSAL RIGHTS. Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this Section 4 (provided that the transferee shall first agree in writing, satisfactory to the Company, to be bound by the terms and provisions of Sections 4, 5, 10 and 12-20 hereof):

4.6.1 TRANSFER TO FAMILY MEMBER. The Director's transfer of any or all shares held subject to this Agreement (either during the Director's lifetime or on death by will or intestacy) to such Director's immediate family or to any custodian or trustee for the account of the Director or his or her immediate family. "Immediate family" as used herein shall mean spouse, lineal descendants, father, mother, or brother or sister of the Director.

4.6.2 AS SECURITY FOR CERTAIN LOANS. The Director's bona fide pledge or mortgage of any shares with a commercial lending institution.

4.7 WAIVERS BY THE COMPANY. The provisions of this Section 4 may be waived by the Company with respect to any transfer proposed by the Director only by duly authorized action of its Board (with the Director abstaining from such action).

4.8 UNAUTHORIZED TRANSFERS VOID. Any sale or transfer, or purported sale or transfer, of the Common Stock subject to this Agreement shall be null and void unless the terms, conditions and provisions of this Section 4 are strictly complied with.

4.9 TERMINATION OF FIRST REFUSAL RIGHT. The foregoing right of first refusal shall terminate upon the earlier of:

4.9.1 PUBLIC OFFERING. The date securities of the Company are first offered and sold to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "SECURITIES ACT"); or

4.9.2 ACQUISITION OF THE COMPANY. Immediately prior to the acquisition of substantially all of the business and assets of the Company by an unaffiliated third party (as determined by the Board), whether by merger, sale of outstanding stock or of the Company's assets, or otherwise, where no express provision is made for the assignment and continuation of the Company's rights hereunder by a new or successor corporation.

5. AGREEMENT TO LOCK-UP IN THE EVENT OF PUBLIC OFFERING. In the event of a public offering of the Company's Common Stock pursuant to a registration statement declared effective with the SEC, if requested by the Company or by its underwriters, the Director agrees not to sell, sell short, grant any option to buy or otherwise dispose of the shares of Common Stock purchased pursuant to this Agreement (except for any such shares which may be included in the registration) for a period of up to one hundred eighty (180) days following the effective date of such registration statement. The Company may impose stop-transfer instructions with respect to the shares of the Common Stock subject to the foregoing restriction until the end of said period. The Director shall be subject to this Section 5 provided and only if the officers and other directors of the Company are also subject to similar arrangements.

6. RIGHTS ON CESSATION OF SERVICE AS A DIRECTOR. An Option may be exercised after the date (the "TERMINATION DATE") on which a Director ceases to be a member of the Board or employee of the Company or its parent or subsidiary corporations (referred to as ceasing to be an "ELIGIBLE DIRECTOR") only as set forth below and subject to the limitation provided in Section 3.4:

6.1 DEATH. Upon the death of the Director, the Director's estate may, for a period of twelve (12) months following the Termination Date, exercise the Option to the extent it was exercisable by the Director on the Termination Date in accordance with Section 8.2. The Director's estate shall mean the Director's legal representative upon death or any person who acquires the right to exercise the Option by reason of such death in accordance with Section 8.2.

6.2 DISABILITY. If the Director ceases to be an Eligible Director because of a disability, the Director may, within twelve (12) months following the Termination Date, exercise the Option to the extent it was exercisable by the Director on the Termination Date unless the Director dies prior thereto, in which event the Director shall be treated

as though the Director's death occurred on the date the Director ceased to be an Eligible Director due to a disability and the provisions of Section 6.1 above shall apply.

6.3 OTHER TERMINATION. If the Director ceases to be an Eligible Director for any reason other than provided in Sections 6.1 or 6.2 above, the Director or the Director's estate may, within three (3) months after the Termination Date exercise the Option to the extent it was exercisable by the Director on the Termination Date.

7. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION OR MERGER.

7.1 STOCK SPLITS AND SIMILAR EVENTS. Subject to any required action by the Company's Board and stockholders, the number of shares of Common Stock covered by the Option and the exercise price thereof shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock resulting from a subdivision or combination of such shares or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of such outstanding shares of Common Stock effected without the receipt of consideration by the Company; provided, however, that the conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration."

7.2 MERGERS AND ACQUISITIONS. Subject to any required action by the Company's Board and stockholders, if the Company shall be the surviving corporation in any merger or consolidation which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, at least a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its parent corporation (determined immediately after such merger or consolidation), the Option shall pertain and apply to the securities or other property to which a holder of the number of shares subject to the unexercised portion of this Option would have been entitled. A dissolution or liquidation of the Company or a sale of all or substantially all its business and assets or a merger or consolidation in which the Company is not the surviving corporation or which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, less than a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its parent corporation (determined immediately after such merger or consolidation) will cause the Option to terminate, unless the agreement of such sale, merger, consolidation or other acquisition otherwise provides.

7.3 BOARD'S DETERMINATION FINAL AND BINDING UPON DIRECTOR. To the extent that the foregoing adjustments in this Section 7 relate to stock or securities of the Company, such adjustments shall be made by the Board (with the Director abstaining), whose determination in that respect shall be final, binding and conclusive. The Company agrees to give notice of any such adjustment to the Director; provided, however, that any such adjustment shall be effective and binding for all purposes hereof whether or not such notice is given or received.

7.4 NO RIGHTS EXCEPT AS EXPRESSLY STATED. Except as hereinabove expressly provided in this Section 7, no additional rights shall accrue to the Director by reason of any subdivision or combination of shares of the capital stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or of stock of another corporation, and any issue by the Company of shares of stock of any class or of securities convertible into shares of stock of any class shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or exercise price of shares subject to the Option. Neither the Director nor any person claiming under or through the Director shall be, or have any of the rights or privileges of, a stockholder of the Company in respect of any of the shares issuable upon the exercise of this Option, unless and until this Option is properly and lawfully exercised and a certificate representing the shares so purchased is duly issued and delivered to the Director or to his or her estate.

7.5 NO LIMITATIONS ON COMPANY'S DISCRETION. The grant of the Option hereby shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

8. MANNER OF EXERCISE.

8.1 GENERAL INSTRUCTIONS FOR EXERCISE. The Option shall be exercised by the Director by completing, executing and delivering to the Company the Notice of Exercise and Investment Representation Statement ("NOTICE OF EXERCISE"), in substantially the form attached hereto as Exhibit A, which Notice of Exercise shall specify the number of shares of Common Stock which the Director elects to purchase. The Company's obligation to deliver shares upon the exercise of this Option shall be subject to the Director's satisfaction of all applicable federal, state, local and foreign income and employment tax withholding requirements, if any. Upon receipt of such Notice of Exercise and of payment of the purchase price (and payment of applicable taxes as provided above), the Company shall, as soon as reasonably possible and subject to all other provisions hereof, deliver certificates for the shares of Common Stock so purchased, registered in the Director's name or in the name of his or her legal representative (if applicable). Payment of the purchase price upon any exercise of the Option shall be made by check acceptable to the Company or in cash; provided, however, that the Board may, in its sole and absolute discretion, accept any other legal consideration to the extent permitted under applicable laws and the Plan.

8.2 EXERCISE PROCEDURE AFTER DEATH. To the extent exercisable after the Director's death, this Option shall be exercised only by the Director's executor(s) or administrator(s) or the person or persons to whom this Option is transferred under the Director's will or, if the Director shall fail to make testamentary disposition of this Option, under the applicable laws of descent and distribution. Any such transferee exercising this Option must furnish the Company with (1) written Notice of Exercise and relevant information as to his or her status, (2) evidence satisfactory to the Company to establish the validity of the transfer of this Option and compliance with any laws or regulations pertaining to said transfer, and (3) written acceptance of the terms and conditions of this Option as contained in this Agreement.

9. NON-TRANSFERABLE. The Option shall, during the lifetime of the Director, be exercisable only by the Director and shall not be transferable or assignable by the Director in whole or in part other than by will or the laws of descent and distribution. If the Director shall make any such purported transfer or assignment of the Option, such assignment shall be null and void and of no force or effect whatsoever.

10. COMPLIANCE WITH SECURITIES AND OTHER LAWS. This Option may not be exercised and the Company shall not be obligated to deliver any certificates evidencing shares of Common Stock hereunder if the issuance of shares upon such exercise would constitute a violation of any applicable requirements of: (i) the Securities Act, (ii) the Securities Exchange Act of 1934, as amended, (iii) applicable state securities laws, (iv) any applicable listing requirement of any stock exchange on which the Company's Common Stock is then listed, and (v) any other law or regulation applicable to the issuance of such shares. Nothing herein shall be construed to require the Company to register or qualify any securities under applicable federal or state securities laws, or take any action to secure an exemption from such registration and qualification for the issuance of any securities upon the exercise of this Option. Shares of Common Stock issued upon exercise of this option shall include the following legends and such other legends as in the opinion of the Company's counsel may be required by applicable federal, state and foreign securities laws:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE

PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

A copy of Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California is set forth in Exhibit C attached hereto.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER AGREEMENTS CONTAINED IN A STOCK OPTION AGREEMENT, DATED _____, A COPY OF WHICH IS ON FILE WITH THE COMPANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

11. NO RIGHT TO CONTINUE AS A DIRECTOR. Nothing contained in this Agreement shall confer upon the Director any right to continue to serve as a director or employee of the Company or any parent or subsidiary corporation of the Company. The Board in its sole discretion shall determine whether any leave of absence or interruption in service (including an interruption during military service) shall be deemed to result in the Director ceasing to be an Eligible Director for purposes of this Agreement.

12. COMMITTEE OF THE BOARD. In the event that the Plan is administered by a committee of the Board (the "COMMITTEE"), all references herein to the Board shall be construed to mean the Committee for the period(s) during which the Committee administers the Plan.

13. OPTION SUBJECT TO TERMS OF PLAN. In addition to the provisions hereof, this Agreement and the Option are governed by, and subject to the terms and conditions of, the Plan. The Director acknowledges receipt of a copy of the Plan (a copy of which is attached hereto as Exhibit B) and Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California regarding restrictions on transfer (a copy of which is attached hereto as Exhibit C). The Director represents that he or she is familiar with the terms and conditions of the Plan, and hereby accepts the Option subject to all of the terms and conditions thereof, which terms and conditions shall control to the extent inconsistent in any respect with the provisions of this Agreement. The Director hereby agrees to accept as binding, conclusive and final all decisions and interpretations of the Board as to any questions arising under the Plan or under this Agreement.

14. NOTICES. All notices and other communications of any kind which either party to this Agreement may be required or may desire to serve on the other party hereto in connection with this Agreement shall be in writing and may be delivered by personal service or by registered or certified mail, return receipt requested, deposited in the United States mail with postage thereon fully prepaid, addressed to the other party at the addresses indicated on the signature page hereof or as otherwise provided below. Service of any such notice or other communication so made by mail shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever is earlier in time. Either party may from

time to time, by notice in writing served upon the other as aforesaid, designate a different mailing address or a different person to which such notices or other communications are thereafter to be addressed or delivered.

15. FURTHER ASSURANCES. The Director shall, upon request of the Company, take all actions and execute all documents requested by the Company which the Company deems to be reasonably necessary to effectuate the terms and intent of this Agreement and, when required by any provision of this Agreement to transfer all or any portion of the Common Stock purchased hereunder to the Company (and its assignees), the Director shall deliver such Common Stock endorsed in blank or accompanied by Stock Assignments Separate from Certificate endorsed in blank, so that title thereto will pass by delivery alone. Any sale or transfer by the Director of the Common Stock to the Company (and its assignees) shall be made free of any and all claims, encumbrances, liens and restrictions of every kind, other than those imposed by this Agreement.

16. SUCCESSORS. Except to the extent the same is specifically limited by the terms and provisions of this Agreement, this Agreement is binding upon the Director and the Director's successors, heirs and personal representatives, and upon the Company, its successors and assigns.

17. TERMINATION OR AMENDMENT. Subject to the terms and conditions of the Plan, the Board may terminate or amend the Plan and/or the Option at any time; provided, however, that no such termination or amendment may adversely affect the Option or any unexercised portion hereof without the consent of the Director.

18. INTEGRATED AGREEMENT. This Agreement and the Plan constitute the entire understanding and agreement of the Director and the Company with respect to the subject matter contained herein, and there are no agreements, understandings, restrictions, representations, or warranties between the Director and the Company other than those set forth or provided for herein. To the extent contemplated herein, the provisions of this Agreement shall survive any exercise of the Option and shall remain in full force and effect.

19. OTHER MISCELLANEOUS TERMS. Titles and captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. This Agreement shall be governed by and construed in accordance with the laws of the State of California, irrespective of its choice of law principles.

20. INDEPENDENT TAX ADVICE. The Director agrees that he or she has obtained or will obtain the advice of independent tax counsel (or has determined not to obtain such advice, having had adequate opportunity to do so) regarding the federal and state income tax consequences of the receipt and exercise of the Option and of the disposition of Common Stock acquired upon exercise hereof. The Director acknowledges that he or she has not relied and will not rely upon any advice or representation by the Company or by its employees or representatives with respect to the tax treatment of the Option.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

COMPANY:

VERISIGN, INC.,
a Delaware corporation

By: _____
Stratton Sclavos,
Chief Executive Officer

Address: VeriSign, Inc.
2953 Coast Avenue
Mountain View, CA 94043

DIRECTOR:

_____
(Signature)

Name Printed:_____

Address:_____
_____
_____

SCHEDULE OF EXHIBITS

EXHIBIT A: Form of Notice of Exercise and Investment

Representation Statement for VeriSign, Inc. Director Non-Qualified Stock Option Agreement

EXHIBIT B: 1995 Stock Option Plan

EXHIBIT C: Section 260.141.11 of the Rules of the Commissioner of Corporations of the State of California.

EXHIBIT A

FORM OF NOTICE OF EXERCISE
AND INVESTMENT REPRESENTATION STATEMENT
FOR VERISIGN, INC.
DIRECTOR NON-QUALIFIED STOCK OPTION AGREEMENT

VeriSign, Inc.
2593 Coast Avenue
Mountain View, CA 94043
Attention: Corporate Secretary

Re: Notice of Exercise of Stock Option

Ladies and Gentlemen:

I hereby exercise, as of _____, ____, my stock option (granted _____, _____) to purchase _____ shares (the "OPTION SHARES") of the Common Stock of VeriSign, Inc., a Delaware corporation (the "COMPANY"). Payment of the option price of $_____ is attached to this notice.

As a condition to this notice of exercise, I hereby make the following representations and agreements:

INVESTMENT REPRESENTATION STATEMENT.

21. I am purchasing the Option Shares for investment for my own account only and not with a view to, or for resale in connection with, any "distribution" thereof. I am aware of the Company's business affairs and financial condition and have had access to such information about the Company as I have deemed necessary or desirable to reach an informed and knowledgeable decision to acquire the Option Shares. Without limiting the generality of the foregoing, I have been provided the financial statements described in Section 10 of the Plan and provided with any additional information to be provided thereunder. Section 10 of the Plan, in relevant part, reads as follows:

> Upon written request to the Secretary of the Company, any optionee shall be entitled to inspect, at the executive offices of the Company, the information made available to stockholders of the Company pursuant to Section 220 or any other applicable provision of the Delaware General Corporation Law. The Company shall deliver to each optionee during the period for which he or she has one or more options outstanding, copies of all annual reports and other information which are provided to all stockholders of the Company, except the Company shall not be required to deliver such information to key employees whose duties in connection with the Company assure their access to equivalent information.

22. I understand that the Option Shares have not been registered under the Securities Act of 1933, as amended (the "ACT"), or qualified under the California Corporate Securities Law of 1968, as

amended (the "LAW"), by reason of specific exemptions therefrom, which
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exemptions depend upon, among other things, the bona fide nature of my investment intent as expressed herein. In this connection, I understand that, in the view of the Securities and Exchange Commission (the "COMMISSION"), the
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statutory basis for one such exemption may not exist if my representation means that my present intention is to hold the Option Shares for a minimum capital gains period under the tax laws, for a deferred sale, for a market rise, for a sale if the market does not rise, or for a year or any other fixed period in the future.

23. I acknowledge and agree that the Option Shares are restricted securities which must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. I further acknowledge and understand that the Company is under no obligation to register the Option Shares.

24. I am aware of the adoption of Rule 144 by the Commission, which permits limited public resale of securities acquired in a non-public offering, subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information about the issuer, the passage of not less than two (2) years after the holder has purchased and paid for the securities to be sold, effectuation of the sale on the public market through a broker in an unsolicited "brokers' transaction" or to a "market maker," and compliance with specified limitations on the amount of securities to be sold (generally, one percent (1%) of the total amount of common stock outstanding) during any three (3)-month period, except that such conditions need not be met by a person who is not an affiliate of the Company at the time of sale and has not been an affiliate for the preceding three (3) months if the securities to be sold have been beneficially owned by such person for at least three (3) years prior to their sale.

25. I understand that the Company currently does not, and at the time I wish to sell the Option Shares may not, satisfy the current public information requirement of Rule 144 and, consequently, I may be precluded from selling the Option Shares under Rule 144 even if the two (2)-year minimum holding period has been satisfied.

26. I further understand that if all of the requirements of Rule 144 are not met, compliance with Regulation A or some other exemption from registration will be required; and that, although Rule 144 is not exclusive, the Staff of the Commission has expressed its opinion that persons proposing to sell restricted securities other than in a registered offering and other than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales and that such persons and the brokers who participate in such transactions do so at their own risk.

27. I further understand that the certificate(s) representing the Option Shares, whether upon initial issuance or any transfer thereof, shall bear on their face legends, prominently stamped or printed thereon in capital letters, reading as follows:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER AGREEMENTS CONTAINED IN A STOCK OPTION AGREEMENT, DATED _____, A COPY OF WHICH IS ON FILE WITH THE COMPANY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 OR RULE 701 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF THESE SECURITIES REASONABLY SATISFACTORY TO THE COMPANY, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SUCH ACT.

28. I further understand that I may suffer adverse tax consequences as a result of my purchase or disposition of the Option Shares. I represent that I have consulted with any tax consultant(s) I deem advisable in connection with the purchase or disposition of the Option Shares and that I am not relying on the Company for any tax advice.

IN WITNESS WHEREOF, the undersigned has executed this Notice of Exercise as of the date set forth below.

Signed:_____

Dated:_____

EXHIBIT B

1995 STOCK OPTION PLAN

EXHIBIT C

260.141.11 - RESTRICTION ON TRANSFER

29 The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

30 It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of these rules), except:

30.1 to the issuer;

30.2 pursuant to the order or process of any court;

30.3 to any person described in subdivision (i) of Section 25102 of the Code or Section 260.105.14 of these rules;

30.4 to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants, or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

30.5 to holders of securities of the same class of the same issuer;

30.6 by way of gift or donation inter vivos or on death;

30.7 by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities law of the foreign state, territory or country concerned;

30.8 to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;

30.9 if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

30.10 by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

30.11 by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;

30.12 by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code, provided that no order under Section 25140 or subdivision (a) of Section 25143 is in effect with respect to such qualification;

30.13 between residents of foreign states, territories or countries who are neither domiciled nor actually present in this state;

30.14 to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state; or

30.15 by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

30.16 by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

30.17 by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

31 The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

EXHIBIT 10.07

VERISIGN, INC.

1997 STOCK OPTION PLAN
AS ADOPTED OCTOBER 13, 1997

1. PURPOSE AND TYPES OF OPTIONS. This 1997 Stock Option Plan (the "PLAN") is intended to increase the incentives of, and encourage stock ownership by, officers, directors, employees, consultants and other independent contractors (including members of the Company's Board of Directors who are not employees of the Company) providing services to VeriSign, Inc., a Delaware corporation (the "COMPANY"), or to corporations which are or become subsidiary corporations of the Company. As used in this Plan, the terms "PARENT CORPORATION" and "SUBSIDIARY CORPORATION" shall have the meanings set forth in Sections 424(e) and (f), respectively, of the Internal Revenue Code of 1986, as amended ("INTERNAL REVENUE CODE"). The Plan is intended to provide such employees and consultants and other independent contractors with a proprietary interest (or to increase their proprietary interest) in the Company, and to encourage them to continue their employment or engagement by the Company or its subsidiaries. Options granted pursuant to the Plan, at the discretion of the Company's Board of Directors ("BOARD"), may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code, or options that do not so qualify as incentive stock options and which are referenced herein as non-qualified stock options. This Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 of the Securities Act of 1933, as amended ("SECURITIES ACT").

2. STOCK. The capital stock subject to the Plan shall be shares of the Company's authorized but unissued Common Stock ("COMMON STOCK") or treasury shares of Common Stock. Subject to adjustments pursuant to Section 8 hereof, the maximum aggregate number of shares of Common Stock which may be issued under the Plan is Eight Hundred Thousand (800,000) or such lesser number of shares as permitted under Section 260.140.45 of Title 10 of the California Code of Regulations. In the event that any outstanding option under the Plan shall expire by its terms or is otherwise terminated for any reason (or if shares of Common Stock of the Company which are issued upon exercise of an option granted hereunder are subsequently reacquired by the Company pursuant to contractual rights of the Company under the particular stock option agreement), the shares of the Common Stock allocated to the unexercised portion of such option (or the shares so reacquired by the Company pursuant to the terms of the stock option agreement) shall again become available to be made subject to options granted under the Plan. Notwithstanding any other provision of this Plan, the aggregate number of shares of Common Stock subject to outstanding options granted under this Plan at any given time, plus the aggregate number of shares which have been issued upon exercise of all options granted under this Plan and which remain outstanding, shall never be permitted to exceed the maximum number of shares specified above in this Section 2 (subject to adjustments under Section 8).

3. ADMINISTRATION. The Plan shall be administered by the Board. The interpretation and construction by the Board of any provision of this Plan, or of any option granted pursuant hereto, shall be final, binding and conclusive. No member of the Board shall be liable to the Company or to any subsidiary or Parent corporation, or to the holder of any option granted hereunder, for any action, inaction, determination or interpretation made in good faith with respect to the Plan or any transaction hereunder. Notwithstanding the foregoing, the Board shall have the authority to delegate some or all of its duties to administer this Plan and to exercise its powers hereunder to a committee ("COMMITTEE") appointed by the Board. For purposes of this Plan, all references herein to "Board" shall be deemed to also refer to any such Committee. Any Committee charged with administration of the Plan shall have all the powers and protections provided to the Board under this Plan until the Board shall revoke or restrict such powers or protections. More specifically, the Board, subject to compliance with the remaining provisions of this Plan, shall have the following powers and authority

(which listing is provided by way of example and is not intended to be comprehensive or limiting to the extent of powers not included):

3.1 SELECTION OF OPTIONEES. To determine the persons providing services to the Company to whom, and the time or times at which, options to purchase Common Stock of the Company shall be granted;

3.2 NUMBER OF OPTION SHARES. To determine the number of shares of Common Stock to be subject to options granted to each such person;

3.3 EXERCISE PRICE. To determine the price to be paid for the shares of Common Stock upon the exercise of each option;

3.4 TERM AND EXERCISE SCHEDULE. To determine the term and the exercise schedule of each option;

3.5 OTHER TERMS OF OPTIONS. To determine the terms and conditions of each stock option agreement (which need not be identical) entered into between the Company and any person to whom the Board determines to grant an option;

3.6 INTERPRETATION OF PLAN. To interpret the Plan and to prescribe, amend and rescind rules and regulations relating to the Plan;

3.7 AMENDMENT OF OPTIONS. With the consent of the holder thereof, to modify or amend any option granted under the Plan; and

3.8 GENERAL AUTHORITY. To take such actions and make such determinations deemed necessary or advisable by the Board for the administration of the Plan, subject to complying with the Plan and with applicable legal requirements.

4. ELIGIBILITY AND AWARD OF OPTIONS.

4.1 AUTHORITY TO GRANT AND ELIGIBILITY. The Board shall have full and final authority, in its discretion and at any time and from time to time during the term of this Plan, to grant or authorize the granting of options to such officers, directors and employees of, and consultants and other independent contractors retained by, the Company or its Subsidiary corporations as it may select, and to determine the number of shares of Common Stock to be subject to each option. Any individual who is eligible to receive a stock option under this Plan shall be eligible to hold more than one option at any given time, in the discretion of the Board. The Board shall have full and final authority in its discretion to determine, in the case of employees (including employees that are officers or directors), whether such options shall be incentive stock options or non-qualified stock options; however, no incentive stock option may be granted to any person who is not a bona fide employee of the Company or of a Subsidiary corporation of the Company. Persons selected by the Board who are prospective employees of, or consultants or other independent contractors to be retained by, the Company or its subsidiaries, including members of the Board, shall be eligible to receive non-qualified stock options; provided, however, that in the case of such prospective employment or other engagement, the exercisability of such options shall be subject in each case to such person in fact becoming an employee or consultant or other independent contractor, as applicable, of the Company or its subsidiaries.

4.2 CERTAIN RESTRICTIONS APPLICABLE TO STOCK OPTIONS. No stock option shall be granted to any employee who, at the time such incentive stock option is granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of outstanding capital stock of the Company, or of any Parent corporation or Subsidiary corporation of the Company, unless the exercise price (as provided in Section 5.1 hereof) is not less than one hundred ten percent (110%) of the fair market value of the Common Stock on the date the incentive stock option is granted and the period within which the incentive stock option may be exercised (as provided in Section 5.2 hereof) does not exceed five (5) years from the date the incentive stock option is granted. For purposes of this Section 4.2, in determining stock ownership, an employee shall be considered as owning the voting capital stock owned, directly or indirectly, by or for his or her brothers and sisters, spouse, ancestors and lineal descendants. Voting capital stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be considered as being owned proportionately by or for its stockholders, partners or beneficiaries, as applicable. Additionally, for purposes of this Section 4.2, outstanding capital stock shall include all capital stock actually issued and outstanding immediately after the grant of the option to the employee. Outstanding capital stock shall not include capital stock authorized for issue under outstanding options held by the employee or by any other person. Additionally, the aggregate fair market value (determined as of the date an option is granted) of the Common Stock with respect to which incentive stock options granted are exercisable for the first time by an employee during any one calendar year (under this Plan and under all other incentive stock option plans of the Company and of any parent or subsidiary corporation) shall not exceed One Hundred Thousand Dollars ($100,000). If the aggregate fair market value (determined as of the date an option is granted) of the Common Stock with respect to which incentive stock options granted are exercisable for the first time by an employee during any calendar year exceeds One Hundred Thousand Dollars ($100,000), the options for the first One Hundred Thousand Dollars ($100,000) worth of shares of Common Stock to become exercisable in such calendar year shall be incentive stock options and the options for the amount in excess of One Hundred Thousand Dollars ($100,000) that become exercisable in that calendar year shall be non-qualified stock options. In the event that the Internal Revenue Code or the regulations promulgated thereunder are amended after the effective date of the Plan to provide for a different limit on the fair market value of shares of Common Stock permitted to be subject to incentive stock options, such different limit shall be automatically incorporated herein and shall apply to options granted after the effective date of such amendment.

4.3 DATE OF GRANT. The date on which an option shall be granted shall be stated in each option agreement and shall be the date of the Board's authorization of such grant or such later date as may be set by the Board at the time such grant is authorized.

5. TERMS AND PROVISIONS OF OPTION AGREEMENTS. Each option granted under the Plan shall be evidenced by a stock option agreement between the person to whom the option is granted and the Company. Each such agreement shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent herewith as the Board may deem appropriate in each case:

5.1 EXERCISE PRICE. The price to be paid for each share of Common Stock upon the exercise of an option shall be determined by the Board at the time the option is granted; provided however that (1) no non-qualified stock option shall have an exercise price less than eighty-five percent (85%) of the fair market value of the Common Stock on the date the option is granted; (2) no incentive stock option shall have an exercise price less than one hundred percent (100%) of the fair market value of the Common Stock on the date the option is granted; and (3) all stock options granted to a ten percent (10%) stockholders shall have the exercise price set at not less than one hundred ten percent (110%) of fair market value at the date of the grant, as provided in Section 4.2 hereof; and provided, further that the exercise price of any option may not be

decreased to below the par value of the shares. For all purposes of this Plan, the fair market value of the Common Stock on any particular date shall be determined as follows:

5.1.1 If such Common Stock is then quoted on the Nasdaq National Market System, its last reported sale price on the Nasdaq National Market System on the trading day next preceding that date or, if no such reported sale takes place on the trading day next preceding such date, the average of its closing bid and asked prices on the Nasdaq National Market System on the trading day next preceding such date;

5.1.2 If such Common Stock is publicly traded and is then listed on a national securities exchange, its last reported sale price on the national securities exchange on which the Common Stock is then listed on the trading day next preceding that date or, if no such reported sale takes place on the trading day next preceding such date, the average of its closing bid and asked prices on the national securities exchange on which the Common Stock is then listed on the trading day next preceding such date; or

5.1.3 If none of the foregoing is applicable, by the Board in good faith, with such determination being based upon past arms'-length sales by the Company of its equity securities and other factors considered relevant in determining the Company's fair value.

Notwithstanding anything to the contrary in this Section 15.1.3, any Option Agreement may provide for alternative means of valuation for the purpose of repurchase at fair market value of shares acquired.

5.2 TERM OF OPTIONS. The period or periods within which an option may be exercised shall be determined by the Board at the time the option is granted, but no exercise period shall exceed ten (10) years from the date the option is granted (or five (5) years in the case of any stock option granted to a ten percent (10%) stockholder as described in Section 4.2 hereof).

5.3 EXERCISABILITY. Stock options granted under this Plan shall be exercisable at such future time or times (or may be fully exercisable upon grant), whether or not in installments, as shall be determined by the Board and provided in the form of stock option agreement, subject, however, to the requirement that all options granted under this Plan to a person who is not an officer, director or consultant of the Company or of a parent or subsidiary of the Company shall provide a right to exercise that accrues at a rate of at least twenty percent (20%) of the number of shares subject to the option for each year after the date of grant (i.e., at a rate so as to become fully exercisable at the end of five (5) years). Likewise, to the extent that options are immediately exercisable and shares purchased thereunder have vesting schedules such that the Company is entitled to repurchase at original exercise price a portion of the shares so acquired, all such option agreements made with a person who is not an officer, director or consultant of the Company or of a parent or subsidiary of the Company shall provide for the lapsing of such purchase rights at a rate of at least twenty percent (20%) of the number of shares subject to the option for each year after the date of grant. Notwithstanding any other provisions of this Plan, no option may be exercised after the expiration of ten (10) years from the date of grant.

5.4 METHOD OF PAYMENT FOR COMMON STOCK UPON EXERCISE. Except as otherwise provided in the applicable stock option agreement (subject to the limitations of this Plan), the exercise price for each share of Common Stock purchased under an option shall be paid in full in cash at the time of purchase (or by check acceptable to the Board). At the discretion of the Board, the stock option agreement may provide for (or the Board may permit) the exercise price to be paid by one or more of the following additional alternative

methods: (i) the surrender of shares of the Company's Common Stock, in proper form for transfer, owned by the person exercising the option and having a fair market value on the date of exercise equal to the exercise price, provided that such shares (a) have been outstanding for more than six (6) months and have been paid for within the meaning of Rule 144 under the Securities Act (and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or (b) were obtained by the optionee in the public market, (ii) to the extent permitted under the applicable provisions of the Delaware General Corporation Law, the delivery by the person exercising the option of a full recourse promissory note executed by such person, bearing interest at a per annum rate which is not less than the "test rate" as set by the regulations promulgated under Sections 483 or 1274, as applicable, of the Internal Revenue Code and as in effect on the date of exercise, or (iii) any combination of cash, shares of Common Stock or promissory notes, so long as the sum of the cash so paid, plus the fair market value of the shares of Common Stock so surrendered and the principal amounts of the promissory notes so delivered, is equal to the aggregate exercise price. Without limiting the generality of the foregoing, the form of option agreement may provide (or the Board may permit) that the option be exercised through a "net issue" exercise procedure (cash-less exercise), whereby the optionee may elect to receive shares of the Company's Common Stock having an aggregate fair market value at the date of exercise equal to the net value of the portion of the option so exercised as of the exercise date. For purposes of the foregoing, the net value of any option (or portion thereof) as of such exercise date shall be equal to the aggregate fair market value of the shares subject to the option (or portion thereof being exercised) less the aggregate exercise price of the option (or portion thereof). In such event the Company shall issue to the optionee a number of shares of the Company's Common Stock having a fair market value as of the date of exercise equal to the net value of the option (or portion thereof being exercised). No share of Common Stock shall be issued under any option until full payment therefor has been made in accordance with the terms of the stock option agreement (and in compliance with the Plan). Notwithstanding the foregoing, an Option may not be exercised by surrender to the Company of shares of the Company's Common Stock to the extent such surrender of stock would constitute a violation of the provisions of any law, regulation and/or agreement restricting the redemption of the Company's Common Stock. Additionally, if permitted by the form of stock option agreement, or at the Board's discretion, any such promissory note may permit the payment of principal and interest accruing thereunder by surrender of shares of the Company's Common Stock, in proper form for transfer, and having a fair market value on the date of payment and surrender equal to the dollar amount to be applied to principal and accrued interest thereunder.

5.5 NON-ASSIGNABILITY. No stock option granted under the Plan shall be assignable or transferable by an optionee except by will or the laws of descent and distribution and shall be exercisable only by the optionee during his or her lifetime.

5.6 TERMINATION OF SERVICE PROVISIONS APPLICABLE TO STOCK OPTIONS. Each stock option agreement shall comply with the following provisions relating to early termination of the option based upon termination of the optionee's service to the Company:

5.6.1 DEATH. If the optionee's service with the Company is terminated because of the death of the optionee, any stock option which such optionee holds may be exercised, to the extent it was exercisable at the date of death, within such period after the date of death as the Board shall prescribe in the stock option agreement (but not less than six (6) months nor more than twelve (12) months after death), by the optionee's representative or by the person entitled thereto under the optionee's will or the laws of intestate succession. If the option is not so exercised in accordance with the foregoing, it shall terminate upon the expiration of such prescribed period.

5.6.2 DISABILITY. If the optionee's service with the Company is terminated because of the disability of the optionee, any stock option which the optionee holds may be exercised by the optionee or the optionee's estate within such period after the date of termination of service resulting from such disability (but not less than six (6) months nor more than twelve (12) months after termination by reason of disability) as the Board shall prescribe in the stock option agreement, to the extent such option would otherwise be exercisable on the date of such termination. If the option is not so exercised in accordance with the foregoing, it shall terminate upon the expiration of such prescribed period, unless the optionee dies prior thereto, in which event the optionee shall be treated as though his or her death occurred on the date of termination resulting from such disability and the provisions of Section 5.6.1 hereof shall apply.

5.6.3 CAUSE. If the optionee's service is terminated for cause as defined by the terms of the Plan, the option agreement, a contract of employment, or applicable law, any Stock option held by the optionee shall expire on the optionee's termination date or at such later time and on such conditions as determined by the Board.

5.6.4 TRANSFER TO RELATED CORPORATION. In the event that an optionee leaves the services of the Company to enter the service of any parent or subsidiary corporation of the Company, or if the optionee leaves the service of any such parent or subsidiary corporation to enter the service of the Company or of another parent or subsidiary corporation, such optionee shall be deemed to continue in service of the Company for all purposes of this Plan, and any reference to service with the Company shall also be deemed to refer to service with any parent or subsidiary of the Company.

5.6.5 OTHER SEVERANCE. In the event an optionee leaves the service of the Company for any reason other than as set forth above in this Section 5.6, any stock option which such optionee holds must be exercised, to the extent it was exercisable at the date such optionee left the service of the Company, not later than three (3) months after the date on which the optionee's service terminates (or such shorter period as may be prescribed in the option agreement, the minimum specified period being thirty (30) days). The stock option shall terminate upon the expiration of such prescribed period.

5.7 ALL OPTIONS SUBJECT TO TERMS OF THIS PLAN. In addition to the provisions contained in any option agreement granted under this Plan, each such stock option agreement shall provide that the same is subject to the terms and conditions of this Plan and each optionee shall be given a copy of this Plan. Further, any terms or conditions contained in any such stock option agreement granted hereunder which are inconsistent in any respect with the provisions of this Plan shall be disregarded and void, or shall be deemed amended to the extent necessary to comply with the provisions of this Plan and the intent of the Board.

5.8 OTHER PROVISIONS. Option agreements under the Plan shall contain such other provisions, including, without limitation: (i) rights of first refusal in favor of the Company (or its assignees) applicable to shares of Common Stock acquired upon exercise of an option which are subsequently proposed to be transferred by the optionee, (ii) lock-up agreements (applicable in the event of the public offering of the Common Stock of the Company) restricting an optionee from any sales or other transfers of option stock for a designated period of time following the effective date of a registration statement under the Securities Act, (iii) commitments to pay cash bonuses, make loans or transfer other property to an optionee upon exercise of any option, and (iv) restrictions required by federal and applicable state securities laws, all as the Board shall deem necessary or advisable; provided that no such additional provision shall be inconsistent with any other term or condition of this Plan or Section 25102(o) of the California Corporations Code and no such additional provision shall cause any incentive stock option granted pursuant to this Plan to fail to qualify as an incentive stock option under Section 422 of the Internal Revenue Code. Without limiting the generality of the foregoing,

the Board may provide in the form of stock option agreement that, in lieu of an exercise schedule, the option may immediately be exercisable in full and provide a "vesting schedule" with respect to the stock so purchased, giving the Company (or its assignees) the right to repurchase the shares of Common Stock at the exercise price to the extent such shares have not become vested upon any termination of the optionee's employment or other engagement with the Company, which vesting may depend upon continued service to the Company pursuant to which the obligation to resell such shares to the Company shall lapse.

6. SECURITIES LAW AND OTHER REGULATORY REQUIREMENTS. This Plan is intended to comply with Section 25102(o) of the California Corporations Code. Any provision of this Plan which is inconsistent with Section 25102(o) shall, without further act or amendment by the Company or the Board, be reformed to comply with the requirements of Section 25102(o). The Board shall require any potential optionee, as a condition of the exercise of an option, to represent and establish to the satisfaction of the Board that all shares of Common Stock to be acquired upon the exercise of such option will be acquired for investment and not for resale. No shares of Common Stock shall be issued upon the exercise of any option unless and until: (i) the Company and the optionee have satisfied all applicable requirements under the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended, (ii) any applicable listing requirement of any stock exchange on which the Company's Common Stock is listed has been satisfied, and (iii) all other applicable provisions of state and federal law have been satisfied. The Board shall cause such legends to be placed on certificates evidencing shares of Common Stock issued upon exercise of an option as, in the opinion of the Company's counsel, may be required by federal and applicable state securities laws.

7. WITHHOLDING TAXES. The exercise of any option granted under this Plan shall be conditioned upon the optionee's payment to the Company of all amounts (in addition to the exercise price) required to meet federal, state, local or foreign taxes of any kind required by law to be withheld with respect to shares to be issued on exercise of such option. The Board, in its discretion, may declare cash bonuses to an optionee to satisfy any such withholding requirements or may incorporate provisions in the form of stock option agreement allowing (or after grant of the option may permit, in its discretion) an optionee to satisfy any such withholding obligations, in whole or in part, by delivery of shares of the Company's Common Stock already owned by the optionee and which are not subject to repurchase, forfeiture, vesting or other similar requirements or restrictions. The fair market value of any such shares used to satisfy such withholding obligations shall be determined as of the date the amount of tax to be withheld is to be determined. The Company shall have the right at any time to deduct from payments of any kind otherwise due to the optionee (whether regular salary, commissions, or otherwise) any federal, state or local taxes of any kind required by law to be withheld with respect to any shares issued upon exercise of options granted under the Plan.

8. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION OR MERGER.

8.1 STOCK SPLITS AND SIMILAR EVENTS; RECLASSIFICATIONS. The number of shares of Common Stock covered by outstanding options granted under this Plan and the exercise price thereof shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock resulting from a subdivision or combination of such shares or the payment of a stock dividend (but only on the Common Stock) or a recapitalization or any other increase or decrease in the number of such outstanding shares of Common Stock effected without the receipt of consideration by the Company; provided, however, that the conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." In the event that the shares of Common Stock covered by outstanding options granted under this Plan are reclassified by the Company, other than pursuant to a transaction described in Section 8.2, then such options shall apply to the appropriate number of shares of newly classified Common Stock designated by the Board.

8.2 MERGERS AND ACQUISITIONS. If the Company shall be a constituent corporation in any merger or consolidation which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, at least a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its Parent corporation (determined immediately after such merger or consolidation), the options granted under this Plan shall pertain and apply to the securities or other property to which a holder of the number of shares subject to the unexercised portion of on would have been entitled. Any of (i) a dissolution or liquidation of the Company; (ii) a sale of substantially all of the Company's business and assets; or (iii) a merger or consolidation (in which the Company is a constituent corporation) which results in the holders of the outstanding voting securities of the Company (determined immediately prior to such merger or consolidation) owning, directly or indirectly, less than a majority of the beneficial interest in the outstanding voting securities of the surviving corporation or its Parent corporation (determined immediately after such merger or consolidation) will cause the Option to terminate, unless the agreement of such sale, merger, consolidation or other transaction otherwise provides.

8.3 BOARD'S DETERMINATION FINAL AND BINDING UPON OPTIONEES. The foregoing determinations and adjustments in this Section 8 relating to stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. The Company shall give notice of any such adjustment or action to each optionee; provided, however, that any such adjustment or action shall be effective and binding for all purposes, whether or not such notice is given or received.

8.4 NO FRACTIONS OF SHARES. Fractions of shares shall not be issued by the Company. Instead, such fractions of shares shall either be paid in cash at fair market value or shall be rounded up or down to the nearest share, as determined by the Board.

8.5 NO RIGHTS EXCEPT AS EXPRESSLY STATED. Except as hereinabove expressly provided in this Section 8, no additional rights shall accrue to any optionee by reason of any subdivision or combination of shares of the capital stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or of stock of another corporation, and any issue by the Company of shares of stock of any class or of securities convertible into shares of stock of any class shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or exercise price of shares subject to options granted hereunder.

8.6 NO LIMITATIONS ON COMPANY'S DISCRETION. The grant of options under this Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

9. NO ADDITIONAL EMPLOYMENT RELATED RIGHTS OR BENEFITS.

9.1 NO SPECIAL EMPLOYMENT RIGHTS. Nothing contained in this Plan or in any option granted hereunder shall confer upon any optionee any right with respect to the continuation of his or her employment or other engagement by the Company or interfere in any way with the right of the Company, subject to the terms of any separate employment or consulting agreement to the contrary, at any time to terminate such employment or consulting or other relationship or to increase or decrease the compensation of any optionee. Whether an authorized leave of absence, or absence in military or government service, shall constitute termination of an optionee's employment or other engagement shall be determined by the Board.

9.2 OTHER EMPLOYEE BENEFITS. The amount of any compensation deemed to be received by any employee or consultant as a result of the exercise of an option or the sale of shares received upon such exercise will not constitute compensation with respect to which any other employment (or other engagement) related benefits of such optionee are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board or as expressly provided for in the option agreement. The granting of an option shall impose no obligation upon the optionee to exercise such option.

10. RIGHTS AS A SHAREHOLDER AND ACCESS TO INFORMATION. No optionee and no person claiming under or through any such optionee shall be, or have any of the rights or privileges of, a stockholder of the Company in respect of any of the shares issuable upon the exercise of any option granted under this Plan, unless and until the option is properly and lawfully exercised and a certificate representing the shares so purchased is duly issued to the optionee or to his or her estate. No adjustment shall be made for dividends or any other rights if the record date relating to such dividend or other right is before the date the optionee became a stockholder. Holders of options granted under this Plan shall be provided annual financial statements. Upon written request to the Secretary of the Company, any optionee shall be entitled to inspect, at the executive offices of the Company, the information made available to stockholders of the Company pursuant to Section 220 or any other applicable provision of the Delaware General Corporation Law. The Company shall deliver to each optionee during the period for which he or she has one or more options outstanding, copies of all annual reports and other information which are provided to all stockholders of the Company, except the Company shall not be required to deliver such information to key employees whose duties in connection with the Company assure their access to equivalent information.

11. MODIFICATION, EXTENSION AND RENEWAL OF OPTIONS. Subject to the limitations of this Plan, the Board may modify, extend or renew outstanding options granted under the Plan. Furthermore, the Board may, subject to the other provisions of this Plan, upon the cancellation of previously granted options having higher per share exercise prices, regrant options at a lower price; provided, however, that no such modification or cancellation and regrant of an option shall, without the written consent of the optionee, alter or impair any rights of the optionee under any option previously granted under the Plan.

12. USE OF PROCEEDS. The proceeds received from the sale of shares of the Common Stock upon exercise of options granted under the Plan shall be used for general corporate purposes.

13. RESERVATION OF SHARES. The Company, during the term of this Plan, will at all times reserve and keep available such number of shares of its Common Stock as shall be sufficient to satisfy the requirements of the Plan and all options issued hereunder.

14. TERM OF PLAN.

14.1 EFFECTIVE DATES. The Plan became effective when adopted by the Board, but no stock option granted under the Plan shall become exercisable unless and until the Plan shall have been approved by the Company's stockholders by the vote of the holders of a majority of the outstanding shares of the Company present and entitled to vote at a duly held meeting of the Company's stockholders (or by consent of the holders of the outstanding shares of the Company entitled to vote) in accordance with the requirements of the Company's Bylaws and the Delaware General Corporation Law. If such stockholder approval is not obtained within twelve (12) months after the date of the Board's adoption of the Plan, any incentive stock options previously granted under the Plan shall become non-qualified options and no further incentive stock options shall be granted. In addition, for purposes of compliance with the Rules of the California Commissioner of Corporations, Section 260.140.41(i), any stock options, whether incentive stock options or non-qualified stock options, which are exercised before shareholder approval is obtained, must be rescinded if shareholder approval is not obtained within twelve (12) months before or after the Plan is adopted and such shares shall not be counted in determining whether such approval is obtained. Subject to the foregoing limitation, options may be granted under the Plan at any time after the effective date and before the date fixed for termination of the Plan.

14.2 TERMINATION. Unless sooner terminated in accordance with Section 15, the Plan shall terminate upon the earlier of: (i) the close of business on the last business day preceding the tenth (10th) anniversary of the earlier of [a] the date of the Plan's adoption by the Board occurs or [b] the date of the Plan's approval by the Company's stockholders, or (ii) the date on which all shares available for issuance under the Plan shall have been issued pursuant to options granted under the Plan and none of such shares shall remain subject to contractual repurchase rights of the Company pursuant to "vesting" or other similar provisions. If the date of termination is determined under clause (i) above, then any options outstanding on such date shall continue to have force and effect in accordance with the provisions of the option agreements evidencing such options.

15. EARLY TERMINATION AND AMENDMENT OF THE PLAN. The Board may from time to time suspend or terminate the Plan or revise or amend it; provided, however, that, without the approval of the Company's stockholders (except as to 15.1 below, which also requires the consent of the affected optionees) at a duly held meeting of the Company's stockholders by the vote of a majority of the shares present and entitled to vote (or by written consent of the holders entitled to vote) in compliance with the requirements of the Company's Bylaws and the Delaware General Corporation Law, no such action of the Board shall:

15.1 MODIFICATIONS OF OUTSTANDING OPTIONS. Without the consent of each affected optionee, alter or impair any rights of an optionee under any option previously granted under the Plan;

15.2 INCREASES IN NUMBER OF SHARES SUBJECT TO THE PLAN. Increase the aggregate number of shares of the Common Stock which may be issued upon exercise of options granted under the Plan (except for adjustments made pursuant to Section 8 hereof);

15.3 CHANGES IN ELIGIBILITY. Change the designation of employees eligible to receive incentive stock options under the Plan;

15.4 PLAN DURATION. Extend the termination date beyond that provided in Section 14.2;

15.5 CHANGES NOT APPROVED BY LEGAL COUNSEL. Otherwise amend or modify the Plan (or outstanding options) under circumstances where stockholder approval is considered necessary in the opinion of legal counsel to the Company; or

15.6 CHANGES TO THIS SECTION. Amend this Section 15 to defeat its purposes.

EXHIBIT 10.11

VERISIGN, INC.
EXECUTIVE LOAN PROGRAM OF 1996

VeriSign, Inc., a Delaware corporation (the "COMPANY") hereby formulates and adopts the following Executive Loan Program of 1996 (the "LOAN PROGRAM") for specified employees of the Company.

1. USE OF PROCEEDS. The proceeds of a loan made hereunder shall be used for such purposes as the Company's Board of Directors (the "BOARD") or Compensation Committee thereof (subsequent references to the Board shall also mean the Compensation Committee) may, in its sole discretion, approve from time to time. It is the general intention of the Board that loans under the Loan program be made to assist executives of the Company in maintaining lifestyles consistent with their respective positions and responsibilities, thereby helping the Company retain such executives and motivating them to achieve the Company's business objectives.

2. QUALIFIED BORROWERS. Loans may only be made hereunder to the Chief Executive Officer and any Vice-President ("QUALIFIED BORROWERS").

3. AMOUNT OF LOAN. Any Qualified Borrower shall be entitled to borrow an aggregate amount of up to $250,000.00. Notwithstanding the foregoing, if Regulation G promulgated by the Board of Governors of the Federal Reserve System is deemed applicable to loans made pursuant hereto, each of the Qualified Borrowers shall take such actions as the Company deems necessary in order to comply with Regulation G, which may include the repayment of a portion of the principal balance of any outstanding loan.

4. TERMS OF LOAN. Each loan shall be a full recourse loan and shall bear interest at the then minimum interest rate ("DESIGNATED RATE") required to avoid the imputation of income under (i) the below-market loan rules, (ii) the imputed interest and original issue discount rules, and (iii) any other similar provision contained in the Internal Revenue Code, as amended, or in state or local tax laws or regulations. Interest will accrue on the unpaid principal at the Designated Rate for each month during the term of the loan. Interest shall be due and payable annually on the 31st of December, and principal and accrued interest shall be due on the earlier of (i) December 31, 2005; or (ii) in the event the Qualified Borrower's employment relationship with the Company is terminated, ninety (90) days after the date the employment relationship is terminated, unless otherwise extended by a separate written agreement approved by the Board. In addition, prepayments of principal shall be required to the extent that the "fair market value" of stock pledged to secure loans hereunder does not equal or exceed amounts owed hereunder. ("Fair Market Value" of the stock shall be determined as set forth in Section 5 below.) Each loan granted under this Loan Program also shall be secured by collateral (the "COLLATERAL") represented by that number of shares of stock in the Company or other marketable securities acceptable to the Board owned or acquired by the Qualified Borrower having a Fair Market Value equal to or exceeding the principal amount of the loan. The Company shall obtain a first perfected lien against the Collateral pursuant to the terms of that Pledge and Security Agreement which Qualified Borrower shall execute and deliver to the Company on the date the loan is made, together with all stock certificates evidencing such Collateral and appropriate stock powers.

5. For purposes of Collateral valuation under the Loan Program, "FAIR MARKET VALUE" shall mean, as of any date, the value of a share of the securities comprising the Collateral determined as follows:

5.1 if such security is then quoted on the Nasdaq National Market System, its last reported sale price on the Nasdaq National Market System on the trading day next preceding that date or, if no such reported sale takes place on the trading day next preceding such date, the average of its closing bid and asked prices on the Nasdaq National Market System on the trading day next preceding such date;

5.2 if such security is publicly traded and is then listed on a national securities exchange, its last reported sale price on the national securities exchange on which the security is then listed on the trading day next preceding that date or, if no such reported sale takes place on the trading day next preceding such date, the average of its closing bid and asked prices on the national securities exchange on which the security is then listed on the trading day next preceding such date;

5.3 if such security is publicly traded but is not quoted on the Nasdaq National Market System nor listed or admitted to trading on a national securities exchange, the average of its closing bid and asked prices on the trading day next preceding such date, as reported by The Wall Street Journal, for the over-the-counter market; or

5.4 if none of the foregoing is applicable, by the Board in good faith, with such determination being based upon past arms'-length sales of such security, if known, and other factors considered relevant by the Board.

6. FORM OF LOAN DOCUMENTS. Each loan granted under this Loan Program shall be evidenced by a Promissory Note, Pledge and Security Agreement and a Stock Power (the "LOAN DOCUMENTS") in the form attached hereto, which shall contain terms not inconsistent with the provisions of this Loan Program.

7. PROCEDURE TO OBTAIN LOAN. Any Qualified Borrower desiring a loan pursuant to the provisions of this Loan Program shall submit a written request for such loan (the "PROPOSAL") to the Company at its principal business office, specifying the amount of the loan desired, the purpose of the loan and intended use of proceeds. The Company shall notify the Qualified Borrower of its acceptance or rejection of the Proposal within twenty (20) business days after receipt of such Proposal. If the Proposal is accepted, the funds shall be disbursed within ten (10) business days of the Company's receipt of the executed Loan Documents.

8. NOTICES. All notices and other communications of any kind which the Company or a Qualified Borrower may be required or may desire to serve on the other party in connection with the Loan Program shall be in writing and may be delivered by personal service or by registered or certified mail,

return receipt requested, deposited in the United States mail with postage thereon fully prepaid, addressed to the other party at the addresses indicated in the Pledge and Security Agreement or as otherwise provided below. Service of any such notice or other communication so made by mail shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever is earlier in time. Either the Company or a Qualified Borrower may from time to time, by notice in writing served upon the other as aforesaid, designate a different mailing address or a different person to which such notices or other communications are thereafter to be addressed or delivered.

9. TERMINATION. Loans may be made under this Loan Program at any time and from time to time prior to December 1, 2005, on which date this Loan Program will expire.

10. EFFECTIVE DATE OF PROGRAM. This Loan Program shall become effective upon its adoption by the Board.

EXHIBIT 10.12

FOUNDER'S SUBSCRIPTION AGREEMENT

THIS FOUNDER'S SUBSCRIPTION AGREEMENT ("AGREEMENT") is by and between RSA Data Security, Inc. (the "PURCHASER") and Digital Certificates International, Inc., a Delaware corporation (the "COMPANY"), and is dated as of April 18, 1995.

A G R E E M E N T

1. SALE OF STOCK. Purchaser agrees on the date hereof to purchase four million (4,000,000) shares of the Company's Common Stock (the "STOCK") in exchange for the transfer by Purchaser to the Company of all of Purchaser's right, title and interest in and to that certain certification services business described on Exhibit A and incorporated herein by this reference. Such transfer shall be accomplished by an assignment in the form of Exhibit B hereto.

The Company shall deliver a certificate representing the Stock to the Purchaser as soon as is practicable after the date of this Agreement.

2. REPRESENTATIONS OF THE PURCHASER. Because of the exemptions from the registration requirements of the federal Securities Act of 1933 (the "ACT") and from the qualification requirements of the California Corporate Securities Law of 1968 (the "LAW") relied upon by the Company in making the sale of the Stock to Purchaser, Purchaser hereby warrants that Purchaser:

2.1 Is aware that the Stock is highly speculative and that there can be no assurance as to what return, if any, there may be.

2.2 Is aware of the Company's business affairs and financial condition; has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Stock; has received, read and understood the Company's Strategic Business Plan dated September 1994 and the documents referenced therein; and has received an opportunity to ask questions in relation to the Company's business, legal and financial affairs and to obtain all additional information which Purchaser or his or her purchaser representative or professional adviser requested.

2.3 Is purchasing the Stock for investment for the Purchaser's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Act or the Law.

2.4 Understands that the Stock has not been registered under the Act or qualified under the Law by reason of specific exemptions therefrom, which exemptions may depend upon, among other things, the bona fide nature of the Purchaser's investment intent as expressed herein. In this connection, the Purchaser understands that, in the view of the Securities and Exchange Commission (the "COMMISSION"), the statutory basis for such exemption from the
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Act may not be available if the Purchaser's representations mean that the Purchaser's present intention is to hold the Stock for a minimum capital gains period under the tax statutes, for a deferred sale, for a market rise, for a sale if the market does not rise, or for a year or any other fixed period in the future.

2.5 Further understands that the Stock must be held indefinitely unless it is subsequently registered under the Act and qualified under the Law or an exemption from such registration and such qualification is available.

2.6 Is aware of Rule 144 promulgated under the Act which permits limited public resale of stock acquired in a non-public offering, subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information about the Company, the passage of not less than two years after the holder has purchased and completed payment for the stock to be sold, effectuation of the sale on the public market through a broker in an unsolicited "broker's transaction" or to "market maker", and, under certain circumstances, compliance with specified limitations on the amount of securities to be sold (generally, one percent (1%) of the total amount of common stock outstanding) during any three-month period; provided, however, that such conditions need not be met by a person who is not an affiliate of the Company at the time of sale and has not been an affiliate for the preceding three (3) months, if the securities have been beneficially owned by such person for at least three (3) years prior to their sale. The Purchaser understands that the Company's Common Stock may not be publicly traded or the Company may not be satisfying the current public information requirements of Rule 144 at the time the Purchaser wishes to sell the Stock; and thus, the Purchaser may be precluded from selling the Stock under Rule 144 even though the two-year minimum holding period may have been satisfied. In addition, the Purchaser is aware that Rule 144 does not affect the Purchaser's obligations under the Law and, notwithstanding the availability of Rule 144, the Stock may not be sold unless it is qualified under the Law or an exemption from such qualification is available.

2.7 Further understands that in the event the requirements of Rule 144 are not met, registration under the Act, compliance with Regulation A or some other registration exemption will be required for any disposition of the Stock; and that, although Rule 144 is not exclusive, the Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and other than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales and that such persons and the brokers who participate in such transactions do so at their own risk.

2.8 Has either (i) a preexisting business or personal relationship with the Company or its directors or officers or (ii) by reason of Purchaser's business or financial experience, the capacity to protect Purchaser's own interest in connection with the transaction contemplated by this Agreement.

2.9 Is (i) experienced in investing in companies recently organized and in the development state, (ii) able to fend for itself in connection with this investment and (iii) able to bear the economic risk of this investment.

3. SECURITIES LEGENDS. The certificate evidencing the Stock will be imprinted with legends as follows:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR THE PURCHASER'S OWN ACCOUNT AND NOT WITH A VIEW TO, OR FOR RESALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF. NO SALE OR OTHER DISPOSITION OF SUCH SECURITIES MAY BE EFFECTED WITHOUT THE (1) REGISTRATION OF SUCH SALE OR DISPOSITION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND (2) QUALIFICATION OF SUCH SALE OR DISPOSITION UNDER THE CALIFORNIA CORPORATE SECURITIES LAW OF 1968, AS AMENDED, OR AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED."

4. AGREEMENT TO LOCK-UP IN THE EVENT OF A PUBLIC OFFERING. The Purchaser hereby agrees that for a period of not less than 90 days and up to a maximum of 180 days following the effective date of the first registration statement of the Company covering Common Stock (or other securities) to be sold on its behalf in an underwritten public offering, he shall not, to the extent requested by the Company and any underwriter, sell or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any Common Stock included in

such registration; provided, however, that all officers and directors of the Company who hold securities of the Company or options to acquire securities of the Company enter into similar agreements.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Common Stock held by the Purchaser (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

5. MISCELLANEOUS.

5.1 NOTICES. Any notice required or permitted hereunder shall be deemed effectively given upon personal delivery or delivery by express courier, or four days after deposit in the United States Post Office, by registered or certified mail with postage and fees prepaid, addressed to the other party hereto at its address hereinafter shown below its signature or at such other address as such party may designate by ten days' advance written notice to the other party hereto.

5.2 GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

5.3 BILLING UPON SUCCESSORS AND ASSIGNS. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto or their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in t his Agreement.

5.4 SEVERABILITY. If any provision of this Agreement, or the application thereof, shall for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision which will achieve to the extent possible, the economic, business and other purposes of the void or unenforceable provision.

5.5 ENTIRE AGREEMENT. This Agreement, the exhibits hereto, the documents referenced herein and the exhibits thereto,

constitute the understanding and agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements or understandings, inducements, or conditions, express or implied, written or oral, between the parties with respect hereto and thereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

5.6 FURTHER ASSURANCES. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intents and purposes of this Agreement.

5.7 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day first hereinabove written.

PURCHASER:

RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

D. James Bidzos
President

DIGITAL CERTIFICATES INTERNATIONAL, INC.

By: /s/ David Cowan

David Cowan
Chairman of the Board

EXHIBIT 10.13

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT ("AGREEMENT") by and between _____ (the "PURCHASER"), and Digital Certificates International, Inc., a Delaware corporation (the "COMPANY"), is dated as of this 18th day of April, 1995.

A G R E E M E N T

1. SALE OF STOCK. Purchaser agrees on the date hereof to purchase _____ (_____) shares of the Company's Common Stock (the "STOCK") for a purchase price of Twelve Cents ($0.12) per share or an aggregate purchase price of _____ (_____). The purchase price shall be payable by delivery of a cashier's check, certified check, or other check acceptable to the Company made payable to the Company.

The Company shall deliver a certificate representing the Stock to the Purchaser as soon as is practicable after the date of this Agreement.

2. REPRESENTATIONS OF PURCHASER. Because of the exemptions from the registration requirements of the federal Securities Act of 1933 (the "ACT") and from the California Corporate Securities Law of 1968 (the "LAW") relied upon by the Company in making the sale of the

Stock to the Purchaser, the Purchaser hereby warrants that the Purchaser:

1.1 Is aware that the Stock is highly speculative and that there can be no assurance as to what return, if any, there may be.

1.2 Is aware of the Company's business affairs and financial condition; has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Stock; has received, read and understood the Company's Strategic Business Plan dated September 1994 and the documents referenced therein; and has received an opportunity to ask questions relating to the Company's business, legal and financial affairs and to obtain all additional information which Purchaser or his or her purchaser representative or professional adviser requested.

1.3 Is purchasing the Stock for investment for the Purchaser's own account only and not as a nominee or agent, and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Act or the Law.

1.4 Does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant a participation in the Stock to such person or to any third person.

1.5 Understands that the Stock has not been registered under the Act or qualified under the Law by reason of specific

exemptions therefrom, which exemptions may depend upon, among other things, the bona fide nature of the Purchaser's investment intent as expressed herein. In this connection, the Purchaser understands that, in the view of the Securities and Exchange Commission (the "COMMISSION"), the statutory basis for such
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exemption from the Act may not be available if the Purchaser's representations mean that the Purchaser's present intention is to hold the Stock for a minimum capital gains period under the tax statutes, for a deferred sale, for a market rise, for a sale if the market does not rise, or for a year or any other fixed period in the future.

1.6 Further understands that the Stock must be held indefinitely unless it is subsequently registered under the Act and qualified under the Law or an exemption from such registration and such qualification is available.

1.7 Is aware of Rule 144 promulgated under the Act which permits limited public resale of stock acquired in a nonpublic offering, subject to the satisfaction of certain conditions, including, among other things, the availability of certain current public information about the Company, the passage of not less than two years after the holder has purchased and completed payment for the stock to be sold, effectuation of the sale on the public market through a broker in an unsolicited "broker's transaction" or to a "market maker", and compliance with specified limitations on the

amount of securities to be sold (generally, one percent (1%) of the total amount of common stock outstanding) during any three-month period; provided, however, that such conditions need not be met by a person who is not an affiliate of the Company at the time of the sale and has not been an affiliate for the preceding three months, if the securities have been beneficially owned by such person for at least three years prior to their sale. The Purchaser understands that the Company's Common Stock may not be publicly traded or the Company may not be satisfying the current public information requirements of Rule 144 at the time the Purchaser wishes to sell the Stock; and thus, the Purchaser may be precluded from selling the Stock under Rule 144 even though the two-year minimum holding period may have been satisfied. In addition, the Purchaser is aware that Rule 144 does not affect the Purchaser's obligations under the Law and, notwithstanding the availability of Rule 144, the Stock may not be sold unless it is qualified under the Law or an exemption from such qualification is available.

1.8 Further understands that in the event the requirements of Rule 144 are not met, registration under the Act, compliance with Regulation A or some other registration exemption will be required for any disposition of the Stock; and that, although Rule 144 is not exclusive, the Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and other than pursuant to Rule 144 will have a

substantial burden of proof in establishing that an exemption from registration is available for such offers or sales and that such persons and the brokers who participate in such transactions do so at their own risk.

1.9 Has either (i) a preexisting business or personal relationship with the Company or its directors or officers or (ii) by reason of Purchaser's business or financial experience, the capacity to protect Purchaser's own interest in connection with the transaction contemplated by this Agreement.

1.10 Is (i) experienced in investing in companies recently organized and in the development stage, (ii) able to fend for itself in connection with this investment and (iii) able to bear the economic risk of this investment.

2. OTHER AGREEMENTS. In consideration for the Company agreeing to its obligations in this Agreement, and in consideration of Purchaser's purchase of the Stock hereunder, the parties hereto agree to enter:

(i) that certain Stockholder's Agreement by and among the Company, Purchaser, and certain holders of the Company's Common and Series A Preferred Stock; and

(ii) that certain Registration Rights Agreement by and among the Company, Purchaser, and certain other holders of the Company's Series A Preferred Stock and Common Stock.

3. CALIFORNIA COMMISSIONER OF CORPORATIONS - CORPORATE SECURITIES LAW.

THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM THE QUALIFICATION BY SECTION 25100, 25102, OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED UNLESS THE SALE IS SO EXEMPT.

4. LEGENDS. All certificates representing any shares of Stock subject to the provisions of this Agreement shall have endorsed thereon the following legends:

1.1 SECURITIES LAWS. The securities represented by this certificate have been acquired for the Purchaser's own account and not with a view to, or for resale in connection with, any distribution thereof. No sale or other disposition of such securities may be effected without the (1) registration of such sale or disposition under the Securities Act of 1933, as amended, and (2) qualification of such sale or disposition under the California Corporate Securities Law of 1968, as amended, or an opinion of counsel

in form and substance satisfactory to the Company such that registration and qualification are not required.

2. AGREEMENT TO LOCK-UP IN THE EVENT OF A PUBLIC OFFERING. The Purchaser hereby agrees that for a period of not less than 90 days and up to a maximum of 180 days following the effective date of the first registration statement of the Company covering Common Stock (or other securities) to be sold on its behalf in an underwritten public offering, he shall not, to the extent requested by the Company and any underwriter, sell or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any Common Stock of the Company held by him at any time during such period except Common Stock included in such registration; provided, however, that all officers and directors of the Company who hold securities of the Company or options to acquire securities of the Company enter into similar agreements.

3. ACCEPTANCE BY THE COMPANY. This Agreement shall not become effective until the Company's acceptance, which shall only be given after the Company's determination that the sale of the Stock is exempt from the registration provisions of the Act and qualified under, or exempt from qualification provisions of, the Law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day first hereinabove written.

PURCHASER:

_____
Name

_____
Title

COMPANY:

DIGITAL CERTIFICATES INTERNATIONAL, INC.

By:_____

_____
Name

_____
Title

EXHIBIT 10.14

FULL RECOURSE
SECURED PROMISSORY NOTE

$_____ _____, 199____
Mountain View, California

FOR VALUE RECEIVED, _____ ("Debtor"), hereby promises to pay in lawful money of the United States to the order of VeriSign, Inc., a Delaware corporation ("Lender"), at the office of Lender located at 2593 Coast Avenue, Mountain View, California, 94043 or at such other place as the holder hereof may from time to time designate in writing, the principal sum of _____ Dollars ($_____) together with interest on the unpaid principal balance thereof from the date hereof at the rate of _____ percent (_____%) per annum.

1. PAYMENTS OF INTEREST AND PRINCIPAL. Interest shall all be due and payable at the end of each calendar quarter, payable on the last day of each and every calendar quarter commencing _____, 19____. Principal and accrued interest shall be due on the earlier of (i) December 31, 2005 or (ii) the date the Debtor's employment relationship with the Lender is terminated, unless otherwise extended by a separate written agreement approved by the Board of Directors of Lender.

2. SECURITY. This Note is secured by and entitled to the benefits of a Pledge and Security Agreement dated on even date herewith between Debtor and Lender, to which reference is hereby made for a description of the collateral provided thereby and the rights of the Debtor and Lender with respect to such collateral. The parties acknowledge and agree that this Note shall be a negotiable instrument within the meaning of and as contemplated by Division 3 of the Uniform Commercial Code.

3. PREPAYMENT. This Note may be prepaid in whole or in part at any time.

4. EVENT OF DEFAULT. The occurrence of any of the following shall be deemed to be an event of default (an "Event of Default") hereunder:

4.1 Default in payment of principal or interest when and as the same shall become due pursuant to the terms hereof; or

4.2 The occurrence of an event of default under any other agreement between Debtor and Lender.

5. ACCELERATION. Upon the occurrence of an Event of Default and at the option of Lender exercisable upon notice to Debtor, the entire balance of principal hereof together with all accrued interest thereon shall become immediately due and payable.

6. ATTORNEYS' FEES. Should suit be brought to enforce, interpret or collect any part of this Note, the prevailing party shall be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees and other costs of enforcement and collection to be fixed by the court. The prevailing party shall be the party entitled to recover its costs of suit, regardless of whether such suit proceeds to final judgment. A party not entitled to recover its costs shall not be entitled to recover attorneys' fees. No sum for attorneys' fees shall be counted in calculating the amount of a judgment for purposes of determining if a party is entitled to recover costs or attorneys' fees.

7. JURISDICTION. This Note shall be construed and enforced in accordance with the internal laws of the State of California, U.S.A. (irrespective of its choice of law principles) including, without limitation, any California laws governing usury or permissible rates of interest. Lender and Debtor hereby agree that any suit to enforce any provision of, or to collect, this Note shall be brought in the United States District Court for the Northern District of California or the Superior or Municipal Court in and for the County of Santa Clara, California, U.S.A. Each party hereby agrees that such courts shall have exclusive in personam jurisdiction and venue with respect to such party, and each party hereby submits to the in personam jurisdiction and venue of such courts.

8. OBLIGATION UNCONDITIONAL. No reference herein to the Pledge and Security Agreement and no provision of this Note or any other agreement shall alter, impair or render conditional the obligation of Debtor, which is absolute and unconditional, to pay the principal and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

9. WAIVER. Debtor hereby waives presentment, protest, demand for payment, notice of dishonor, and any and all other notices or demands in connection with the delivery, acceptance, performance, default, or enforcement of this Note and hereby consents to any extensions of time, renewals, releases of any party to this Note, waivers or modifications that may be granted or consented to by the holders hereof in respect of the time of payment or other provisions of this Note.

10. AMENDMENT. Any term or provision of this Note may be amended, and the observance of any term of this Note may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the party to be bound thereby. The waiver by a party of any breach hereof for default in payment of any amount due hereunder or default in the performance hereof shall not be deemed to constitute a waiver of any succeeding breach of default.

DEBTOR:

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT ("AGREEMENT"), made as of the __th of November, 1996, by and between ((1)), as pledgor ("PLEDGOR"), and VERISIGN, INC., a Delaware corporation, as pledgee ("SECURED PARTY"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the VeriSign, Inc. Executive Loan Program of 1996 (the "LOAN PROGRAM").

WHEREAS, Secured Party has adopted the Loan Program pursuant to which the Chief Executive Officer and any Vice President may borrow funds from Secured Party for such purposes as the Board may approve.

WHEREAS, each loan under the Loan Program must be secured by collateral represented by that number of shares of capital stock of Secured Party or other marketable securities owned or acquired by Pledgor having a fair market value at least equal to the amount of the loan.

WHEREAS, concurrently herewith, Pledgor is executing a Full Recourse Secured Promissory Note in favor of Secured Party (the "NOTE"), dated of even date herewith, in the amount of 2~ in compliance with the terms of the Loan Program.

WHEREAS, Secured Party desires to obtain, and Pledgor desires to give, security for the Note and to reach agreement with respect to such security in the future.

NOW, THEREFORE, in reliance on the foregoing recitals and in consideration of said sale by Secured Party and the execution and delivery of the Note by Pledgor and the mutual covenants, agreements, representations and warranties herein set forth, the parties agree as follows:

1. Pledgor hereby grants to Secured Party a security interest in, and pledges to Secured Party, the securities listed on Exhibit A attached hereto and the proceeds thereof as collateral security for the payment of the Note (the "COLLATERAL"). The certificate representing the Collateral and an assignment of the shares comprising the Collateral and of such certificate, executed in blank, are herewith deposited with and delivered to Secured Party.

2. Pledgor warrants that Pledgor owns the Collateral, or will own the Collateral immediately prior to its delivery to the Secured Party, free and clear of any security interests or adverse claims and that there are no restrictions on or conditions to its transfer, other than as referred to herein or on the certificate representing the Collateral.

3. If the Collateral is sold, all proceeds of such sale otherwise due any owner of the Collateral shall be pledged hereunder, delivered to Secured Party and shall become a part of the Collateral. Pledgor hereby grants Secured Party an irrevocable power of attorney to endorse any checks made payable to Pledgor and delivered to Secured Party as a part of the purchase price for the Collateral. All money received by Secured Party under this Section 3 shall be applied as set forth in Section 11 hereof.

4. In the event of the dissolution, liquidation, reorganization, merger, consolidation or sale of all or substantially all of the assets of Secured Party, any change in the outstanding shares of common stock of Secured Party by reason of a stock split, reverse stock split, stock dividend, reclassification, recapitalization, conversion or exchange of shares or any like capital adjustment, or the declaration of a dividend payable in cash or other property on any of the Collateral, all securities issued in exchange for or in respect of the Collateral then subject to the lien hereof and all securities, monies or other property of whatever nature

distributed or distributable to the owner of the Collateral then subject to the lien of this Agreement shall be pledged hereunder, delivered to Secured Party and become a part of the Collateral. All money received under this Section 4 shall be applied as set forth in Section 11 hereof.

5. Secured Party agrees that, provided Pledgor is not in default hereunder or under the Note, upon each permitted payment of principal due under the Note and upon written request by Pledgor, a portion of the Collateral which bears the same ratio to all the Collateral as such principal payment bears to the Purchase Price shall be delivered to Pledgor or his or her assigns free and clear of this Agreement and any and all liens created hereby, but that the last portion of the Collateral shall not be so delivered until all amounts, including accrued interest, due under the Note have been paid. Upon payment of all amounts due under the Note, any remaining Collateral shall immediately be delivered to Pledgor or his or her assigns free and clear of this Agreement and any and all liens created hereby. Pledgor agrees to execute and deliver to Secured Party any and all stock powers, transfer instructions and other documents Secured Party deems necessary to effectuate the release of Collateral or to protect Secured Party's interest and ability to transfer the remaining Collateral.

6. Notwithstanding anything to the contrary in this Agreement, the Collateral shall remain subject to any applicable restrictions on sale, transfer, delivery or other disposition set forth in any agreement under which such Collateral was acquired or is being acquired by Pledgor.

7. Any Event of Default as defined in the Note, any levy on or seizure of the Collateral where such levy or seizure remains in force undischarged for ten (10) days, or any unremedied failure of Pledgor for ten (10) days to perform any obligations under this Agreement (including the obligation to pledge and deliver proceeds of the Collateral) shall constitute an event of default hereunder (collectively an "EVENT OF DEFAULT").
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8. Notwithstanding the provisions of Section 4 above, unless and until the occurrence of an Event of Default, the Collateral shall remain registered in Pledgor's name on the records of the Company and Pledgor may represent and vote the Collateral, receive cash dividends paid thereon out of retained earnings and exercise all other incidents of ownership of the Collateral not inconsistent with Secured Party's rights hereunder.

9. Upon the occurrence of an Event of Default, Secured Party may, but need not, require that all or any part of the Collateral be transferred to Secured Party or its nominee on the records of Secured Party. Pledgor hereby appoints Secured Party and the Secretary of Secured Party as his or her attorneys-in-fact to act for Pledgor, and in Pledgor's name, place and stead, to effect said transfer or a transfer pursuant to Section 10 hereof. After any such transfer, all the rights of Pledgor to represent and vote the Collateral shall cease and terminate, and Secured Party, its nominee or the transferee pursuant to Section 10 shall be entitled to represent and vote said Collateral.

10. Upon the occurrence of an Event of Default, Secured Party shall dispose of or sell the Collateral in accordance with the California Uniform Commercial Code and the rights and remedies of Secured Party and Pledgor with respect to the disposition or sale of the Collateral shall be determined in accordance with the California Uniform Commercial Code.

11. The proceeds of any disposition or sale of the Collateral, and all sums received or collected by Secured Party from or on account of the Collateral, shall be applied by Secured Party to the payment of reasonable expenses incurred in connection with any disposition or sale of the Collateral, any other reasonable costs, charges, attorneys' fees or expenses in connection with such disposition or sale and all amounts due

under the Note or any part thereof, all in such order and amount as Secured Party in its discretion may determine. Secured Party shall pay any balance to Pledgor.

12. Secured Party agrees to hold the Collateral subject to and in accordance with the terms and provisions of this Agreement. It is understood and agreed that Secured Party shall have no liability of any kind to parties other than Pledgor with respect to the Collateral.

13. Pledgor agrees and consents that, at any time and from time to time, the manner, place or terms of payment of the Note may be extended or changed in whole or in part or the Note may be renewed in whole or in part.

14. This Agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators and successors of the parties hereto and the assigns of the Company.

15. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or mailed by certified mail, postage prepaid:

If to Pledgor: ((1))

If to Secured Party: VeriSign, Inc.
2593 Coast Avenue
Mountain View, California 94043
Attn: Corporate Secretary

With a Copy to: Tomlinson Zisko Morosoli & Maser LLP
200 Page Mill Road, Second Floor
Palo Alto, California 94306

16. This Agreement is being executed and delivered and is intended to be performed in the State of California and shall be construed in accordance with and governed by the laws of such State.

17. Upon the occurrence of an Event of Default, Pledgor agrees to pay all costs of enforcement and collection, including, but not limited to, reasonable attorneys' fees.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

PLEDGOR:

((1))

SECURED PARTY:

VERISIGN, INC., a Delaware Corporation

By: _____
Its: _____

EXHIBIT A

COLLATERAL

((3)) Shares of VeriSign, Inc. Common Stock

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED, Stratton Sclavos hereby sells, assigns, and transfers unto _____, _____ (_____) shares of the Common Stock of VeriSign, Inc., a Delaware corporation, standing in his name on the books of said corporation represented by Certificate No. _____ herewith and does hereby irrevocably constitute and appoint _____ Attorney(s) to transfer the said stock on the books of the said corporation with full power of substitution in the premises.

Dated: _____, 1996 _____

_____

EXHIBIT 10.16

OEM Master License Agreement Number: _____

Date of Agreement: April 18, 1995

BSAFE/TIPEM

OEM MASTER LICENSE AGREEMENT

THIS OEM MASTER LICENSE AGREEMENT ("Agreement") is entered into on the date set forth above between RSA Data Security, Inc., a Delaware corporation ("RSA"), having a principal mailing address at 100 Marine Parkway, Suite 500, Redwood City, California 94065, and the entity named below as "OEM" ("OEM"), having a principal address as set forth below.

OEM:

Digital Certificates International, Inc., a Delaware corporation
- ---
(Name and jurisdiction of incorporation)

OEM Address:

100 Marine Parkway, Suite 500
- ---
Redwood City, CA 94065
- ---

OEM Legal Contact:

David Cowan, Chairman of the Board
- ---
(617) 237-6050
- ---
(name, telephone and title)

OEM Billing Contact:

D. James Bidzos, President (415) 595-8782
- ---
(name, telephone and title)

OEM Technical Contact:

George Parsons (415) 595-8782
- ---
(name, telephone and title)

OEM Commercial Contact:

_____
(name, telephone and title)

OEM Initial P.O. Number:

_____

Territory:

[_] United States of America

[_] North America

[X] Worldwide; provided, however, that OEM shall not grant licenses for use of the Bundled Product in any foreign country where the terms of the license agreement would not provide the intellectual property protections intended to be provided by such license, or where there is a significant risk that the RSA Software or any part thereof would thereby fall into the public domain. If OEM wishes to grant a license in a particular country, RSA will consider in good faith any information provided by OEM to reasonably determine within thirty (30) calendar days whether RSA believes licenses granted in such country would meet the requirements set forth in this paragraph.

EXHIBIT "C" SPECIAL TERMS AND CONDITIONS ATTACHED:
YES [_] NO [X]

1. DEFINITIONS

The following terms when used in this Agreement shall have the following meanings:

1.1 "BUNDLED PRODUCTS" means one or more of the specific products described on a License/Product Schedule attached hereto and referencing this Agreement which has been or will be developed by OEM and which incorporates in the OEM Product in any manner any portion of the RSA Object Code. A Bundled Product must represent a significant functional and value enhancement to the Licensed Software such that the primary reason for an End User Customer to license such Bundled Product is other than the right to receive a license to the Licensed Software included in the Bundled Product.

1.2 "DISTRIBUTOR" means a dealer or distributor in the business of reselling or sublicensing Bundled Products by virtue of authority of OEM. Bundled Products resold and sublicensed by a Distributor shall bear OEM's trademarks and service marks and shall not be privately labeled by such Distributor or other parties. A Distributor shall have no right to modify any part of the Licensed Software.

1.3 "END USER CUSTOMER" means a person or entity sublicensing RSA Object Code as part of a Bundled Product from OEM or a Distributor solely for personal or internal use and without right to sublicense, assign or otherwise transfer such Bundled Product to any other person or entity.

1.4 "LICENSE/PRODUCT SCHEDULE" shall mean a schedule substantially in the form of Exhibit "A" hereto completed and executed with respect to each Bundled Product specifying the Licensed Software and Licensed Functionality with respect to such Bundled Product. A License/Product Schedule can be amended pursuant to Section 9.5 to provide additional Licensed Software or Licensed Functionality with respect to a specified Bundled Product. Additional Bundled Products may be added to this License Agreement by executing an additional License/Product Schedule referencing this Agreement. All such License/Product Schedules are incorporated in this Agreement by this reference.

1.5 "INTERFACE MODIFICATIONS" shall have the meaning set forth in Section 2.1.1.

1.6 "KNOW-HOW" shall have the meaning set forth in Section 6.4.1.

1.7 "LICENSE FEES" shall have the meaning set forth in Section 3.1.

1.8 "LICENSED FUNCTIONALITY" means with respect to the Licensed Software for a Bundled Product the functionality specified on the License/Product Schedule for such Bundled Product.

1.9 "LICENSED SOFTWARE" means those algorithms and other technology components of the RSA Software specified on page 2 of a License/Product Schedule hereto as having been licensed by OEM. Only those portions of the RSA Software specified as having been licensed are included in the Licensed Software. Licensed Software shall be specified by Bundled Product and OEM may elect as set forth on the License/Product Schedule to license different Licensed Software with respect to different Bundled Products.

1.10 "NEW RELEASE" means a version of the RSA Software which shall generally be designated by a new version number which has changed from the prior number only to the right of the decimal point (e.g., Version 2.2 to Version 2.3).

1.11 "NEW VERSION" means a version of the RSA Software which shall generally be designated by a new version number which has changed from the prior number to the left of the decimal point (e.g., Version 2.3 to Version 3.0).

1.12 "OEM PRODUCT" means any product developed by OEM which is to be bundled with the Licensed Software or into which the Licensed Software is to be incorporated to create a Bundled Product.

1.13 "RSA OBJECT CODE" means the Licensed Software in machine-readable, compiled object code form.

1.14 "RSA SOFTWARE" means RSA proprietary software known as BSAFE and TIPEM as described in the User Manuals associated

therewith. "RSA Software" shall also include all modifications and enhancements (including all New Releases and New Versions) to such programs as provided by RSA to OEM.

1.15 "RSA SOURCE CODE" means the mnemonic, high level statement versions of the Licensed Software written in the source language used by programmers.

1.16 "TERRITORY" means those countries or portions of countries listed on page 1 hereof.

1.17 "USER MANUAL" means the most current version of the user manual customarily supplied by RSA to end users who license the RSA Object Code.

2. GRANT OF LIMITED LICENSES

2.1 RSA SOURCE CODE LICENSE. If a source code license is specified in a License/Product Schedule, RSA hereby grants OEM a non-exclusive, non-transferable (except as provided in Section 9.2), license during the term specified in Section 8 to use no more than five (5) copies of the RSA Source Code each on a standalone computer (or one (1) copy on a network accessed by not more than five (5) simultaneous users) to:

2.1.1 Modify the RSA Source Code to create ports, interfaces and other software necessary to permit the Licensed Software to operate in accordance with the User Manual in any of OEM's proprietary products (all such modifications to the RSA Source Code referenced collectively as "Interface Modifications").

2.1.2 Modify that portion of the RSA Source Code consisting of the ECA Tools module of TIPEM for the purpose of creating Bundled Products (all such modifications to the RSA Source Code referenced collectively as "ECA Tools Modifications").

2.1.3 Provide support of Bundled Products to End User Customers.

2.1.4 Compile the RSA Source Code to create object code solely to permit creation of Interface Modifications and ECA Tools Modifications and for the purposes set forth in Section 2.2 (with the limitations set forth in Section 2.3).

2.2 OBJECT CODE LICENSE. OEM may incorporate from the RSA Software into Bundled Products the specified portions and functionality of the RSA Software as set forth on the License/Product Schedule; additional portions and functionality of the RSA Software can be added and additional Bundled Products can be added by executing an amendment to a License/Product Schedule and a new License/Product Schedule, respectively. RSA hereby grants OEM a non-exclusive, non-transferable (except as provided in Section 9.2), license during the term specified in Section 8 to:

2.2.1 Incorporate the Licensed Functionality of the RSA Object Code into the OEM Product to create a Bundled Product.

2.2.2 Reproduce and have reproduced the Licensed Functionality of the RSA Object Code incorporated in a Bundled Product and the User Manual as reasonably needed for inactive backup or archival purposes.

2.2.3 Reproduce, have reproduced, and sublicense the Licensed Functionality of the RSA Object Code and the User Manual incorporated in a Bundled Product in the Territory.

2.3 LIMITATIONS ON LICENSES. The licenses granted in Sections 2.1 and 2.2 shall be limited as follows:

2.3.1 Sublicenses of the RSA Object Code to Licensed Software shall be granted only to (i) Distributors and (ii) End User Customers.

2.3.2 OEM may not in any way sell, rent, license, sublicense or otherwise distribute the RSA Software or any part thereof or the right to use the RSA Software or any part thereof as a stand-alone product to any person or entity.

2.3.3 If Licensed Software with respect to a Bundled Product has a specified Licensed Functionality restriction, it may be incorporated, reproduced, or sublicensed with respect to any or all functionality of such Licensed Software except as so restricted and OEM shall have no rights with

respect to such restricted functionality for such Bundled Product. If no Licensed Functionality restriction is specified for an item of Licensed Software with respect to a Bundled Product, then OEM shall have the rights set forth in Section 2.2 with respect to all functionalities of such Licensed Software with respect to such Bundled Product.

2.3.4 OEM may not copy or reproduce the RSA Software or any part, version or form thereof, except as expressly permitted in Section 2.2.

2.4 TITLE.

2.4.1 Except for the limited licenses granted in Sections 2.1 and 2.2, RSA shall at all times retain full and exclusive right, title and ownership interest in and to the RSA Software and in any and all related patents, trademarks, copyrights or proprietary or trade secret rights.

2.4.2 OEM shall at all times retain full and exclusive right, title and ownership interest in and to the Interface Modifications and ECA Tools Modifications representing incremental modifications to the RSA Software (but not in any part of the RSA Software, either as a component of a derivative work or otherwise) and in any and all related copyrights or proprietary or trade secret rights; provided, however, that OEM hereby agrees that it will not assert against RSA any of such copyrights or proprietary or trade secret rights with respect to any interfaces independently developed by RSA without reference to the source code to the Interface Modifications; and provided, further, that OEM hereby grants to RSA a non-exclusive, non-transferable, worldwide, perpetual, royalty-free license to use, reproduce, have reproduced and sublicense the ECA Tools Modifications, subject to the payment of royalties to a third party whose software is included in the ECA Tools Modifications if RSA has, after having been given notice of such royalties, accepted a license for such third-party software. Notwithstanding the foregoing, if the Board of Directors of OEM determines in good faith that any ECA Tools Modification provides a significant competitive advantage to OEM that would be lost by granting a royalty-free license to RSA, then the Board of Directors of OEM may elect not to provide a royalty-free license of such ECA Tools Modifications to RSA, but will negotiate in good faith with RSA for a license to such ECA Tools Modifications on such terms and conditions as the parties may agree.

3. LICENSE FEES

3.1 LICENSE FEES. The entire consideration for any and all licenses granted herein is the issuance to RSA of stock in OEM as reflected in that certain Founders Subscription Agreement between RSA and OEM of even date herewith.

3.2 TAXES. All taxes, duties, fees and other governmental charges of any kind (including sales and use taxes, but excluding United States or California taxes based on the gross revenues or net income of RSA) which are imposed by or under the authority of any government or any political subdivision thereof on the License Fees or any aspect of this Agreement shall be borne by OEM and shall not be considered a part of, a deduction from or an offset against, the License Fees.

4. SUPPORT AND MAINTENANCE

4.1 MAINTENANCE. RSA shall provide maintenance as set forth in Section 4.3 for no charge. RSA may cease to offer maintenance for any version or any product by notice delivered to OEM ninety (90) days before the termination date if RSA generally ceases to offer maintenance to its licensees of the same version or product. The limited warranty in Section 7.1 shall not affect RSA's maintenance obligations under this Section 4.

4.2 ADDITIONAL CHARGES. In the event RSA is required to take actions to correct a difficulty or defect which is traced to OEM errors, modifications, enhancements, software or hardware, then OEM shall pay to RSA its time and materials charges at RSA's rates then in effect. In the event RSA's personnel must travel to perform maintenance or on-site support, OEM shall reimburse RSA for any reasonable out-of-pocket expenses incurred, including travel to and from OEM's sites, lodging, meals and shipping, as may be necessary in connection with duties performed under this Section 4 by RSA.

4.3 MAINTENANCE PROVIDED BY RSA. For all portions of the RSA Software as to which maintenance is in effect, RSA will provide OEM with the following services:

4.3.1 RSA will provide telephone support to OEM during RSA's normal business hours. RSA may provide on-site support reasonably determined to be necessary by RSA at OEM's location specified on page 1 hereof. RSA shall provide the support specified in this Section 4.3.1 to OEM's employees responsible for developing Bundled Products, maintaining Bundled Products, and providing support to End User Customers. No more than two (2) OEM employees may obtain such support from RSA at any one time. On RSA's request, OEM will provide a list with the names of the employees designated to receive support from RSA. OEM may change the names on the list at any time by providing written notice to RSA.

4.3.2 In the event OEM discovers an error in the Licensed Functionality of the Licensed Software which causes the Licensed Functionality of the Licensed Software not to operate in material conformance to RSA's published specifications therefor, OEM shall submit to RSA a written report describing such error in sufficient detail to permit RSA to reproduce such error. Upon receipt of any such written report, RSA will use its reasonable business judgment to classify a reported error as either: (i) a "Level 1 Severity" error, meaning an error that causes the Licensed Functionality of the Licensed Software to fail to operate in a material manner or to produce materially incorrect results and for which there is no workaround or only a difficult workaround; or (ii) a "Level 2 Severity" error, meaning an error that produces a situation in which the Licensed Functionality of the Licensed Software is usable but does not function in the most convenient or expeditious manner, and the use or value of the Licensed Functionality of the Licensed Software suffers no material impact. RSA will acknowledge receipt of a conforming error report within two (2) business days and (A) will use its continuing best efforts to provide a correction for any Level 1 Severity error to OEM as early as practicable; and (B) will use its reasonable efforts to include a correction for any Level 2 Severity error in the next release of the RSA Software.

4.3.3 RSA will provide OEM information relating to New Releases and New Versions of the RSA Software during the term of this Agreement. New Releases and New Versions will be provided at no charge, subject to the payment of royalties to a third party whose software is included in the New Release or New Version if OEM has, after having been given notice of such royalties, accepted a license for such New Release or New Version. Any New Releases or New Versions acquired by OEM shall be governed by all of the terms and provisions of this Agreement.

4.4 NOTIFICATION OF ERRORS. RSA shall notify OEM of any errors in the RSA Software of which RSA becomes aware on the same basis as it generally so notifies its other licensees of the RSA Software.

5. MASTER COPY

As soon as practicable but not later than five (5) business days after the date of execution of a License/Product Schedule RSA shall deliver to OEM one (1) copy of each of the RSA Object Code, the RSA Source Code (if licensed hereunder) and the User Manual.

6. ADDITIONAL OBLIGATIONS OF OEM

6.1 BUNDLED PRODUCT MARKETING. OEM is authorized to represent to Distributors and End User Customers only such facts about the RSA Software as RSA states in its published product descriptions, advertising and promotional materials or as may be stated in other non-confidential written material furnished by RSA.

6.2 CUSTOMER SUPPORT. OEM shall, at its expense, provide all support for the Bundled Products to Distributors and End User Customers.

6.3 LICENSE AGREEMENTS. OEM shall cause to be delivered to each Distributor and End User Customer a license agreement which shall contain, at a minimum, substantially all of the limitations of rights and the protections for RSA which are contained in Sections 2.3, 6.4.2, 6.6, 7.2, 7.3, 9.8 and 9.9 of this Agreement and shall prohibit Distributors and End User Customers pursuant to written agreements from modifying, reverse

engineering, decompiling or disassembling the RSA Object Code or any part thereof. OEM shall use commercially reasonable efforts to ensure that all Distributors and End User Customers abide by the terms of such agreements.

6.4 CONFIDENTIALITY; PROPRIETARY RIGHTS.

6.4.1 Each party acknowledges that in the performance of its respective duties under this Agreement, each may disclose to the other its confidential and proprietary know-how, technology, techniques or marketing plans, and, in the case of RSA, the RSA Source Code (collectively, the "KNOW-HOW"). Each party agrees to hold the other's Know-How within its own organization and shall not, without specific written consent of the other party or as expressly authorized herein, utilize in any manner, publish, communicate or disclose any part of the Know-How to third parties. This Section 6.4.1 shall impose no obligation on a party with respect to any Know-How which: (i) at the time of disclosure in writing is not marked or stamped with a legend identifying it as "Company Private," "Proprietary," "Confidential" or a similar legend; (ii) is in the public domain at the time disclosed by the other party; (iii) enters the public domain after disclosure other than by breach of the receiving party's obligations hereunder; (iv) is known by the receiving party prior to its receipt from the other party; (v) is independently developed by the receiving party; or (vi) is disclosed pursuant to a requirement of a court, governmental agency, law or regulation, provided that the receiving gives the other party prior notice of such disclosure.

6.4.2 OEM agrees not to remove or destroy any proprietary, trademark or copyright markings or confidentiality legends placed upon or contained within the RSA Source Code, RSA Object Code, User Manuals or any related materials or documentation. OEM further agrees to insert and maintain: (i) within every Bundled Product and any related materials or documentation a copyright notice in the name of OEM; and (ii) within the splash screens, user documentation, printed product collateral, product packaging and advertisements for the Bundled Product, the appropriate RSA "Licensee Seal" from the form attached as Exhibit "B" to this Agreement and a statement that the Bundled Product contains the RSA Software. OEM shall cease to use the markings, or any similar markings, in any manner on the expiration or other termination of the license rights granted pursuant to Section 2.

6.4.3 OEM acknowledges the extreme importance of the confidentiality and trade secret status of the RSA Source Code and OEM agrees, in addition to complying with the requirements of Sections 6.4.1 and 6.4.2 as they relate to the RSA Source Code, to: (i) inform any employee that is granted access to all or any portion of the RSA Source Code of the importance of preserving the confidentiality and trade secret status of the RSA Source Code; and (ii) maintain a controlled, secure environment for the storage and use of the RSA Source Code.

6.4.4 OEM shall not modify (except to create Interface Modifications and ECA Tools Modifications), translate, reverse engineer, decompile or disassemble the RSA Software or any part thereof.

6.4.5 The placement of a copyright notice on any of the RSA Software shall not constitute publication or otherwise impair the confidential or trade secret nature of the RSA Software.

6.4.6 OEM acknowledges that the restrictions contained in this Section 6.4 are reasonable and necessary to protect RSA's legitimate interests and that any violation of these restrictions will cause irreparable damage to RSA within a short period of time and OEM agrees that RSA will be entitled to injunctive relief against each violation. OEM further agrees that all confidentiality commitments hereunder shall survive the expiration or termination for any reason the license rights granted pursuant to Section 2.

6.5 FEDERAL GOVERNMENT SUBLICENSE. Any sublicense of a Bundled Product acquired from OEM or any Distributor under a United States government contract shall be subject to restrictions as set forth in subparagraph (c)(1)(ii) of Defense Federal Acquisition Regulations Supplement (DFARs) Section 252.227-7013 for Department of Defense contracts and as set forth in Federal Acquisition Regulations (FARs) Section 52.227-19 for civilian agency contracts or any

successor regulations. OEM agrees that any such sublicense shall set forth all of such restrictions and the tape or diskette label for the Bundled Product and any documentation delivered with the Bundled Product shall contain a restricted rights legend conforming to the requirements of the current, applicable DFARs or FARs.

6.6 NOTICES. OEM shall immediately advise RSA of any legal notices served on OEM which might affect RSA, the RSA Software or any Bundled Products.

6.7 INDEMNITY. OEM EXPRESSLY INDEMNIFIES AND HOLDS HARMLESS RSA, ITS SUBSIDIARIES, AGENTS AND AFFILIATES FROM: (i) ANY AND ALL LIABILITY OF ANY KIND OR NATURE WHATSOEVER TO OEM'S END USER CUSTOMERS, DISTRIBUTORS AND THIRD PARTIES WHICH MAY ARISE FROM ACTS OF OEM OR FROM THE LICENSE OF BUNDLED PRODUCTS BY OEM OR ANY DOCUMENTATION, SERVICES OR ANY OTHER ITEM FURNISHED BY OEM TO ITS END USER CUSTOMERS OR DISTRIBUTORS (OTHER THAN LIABILITY ARISING FROM THE UNMODIFIED RSA SOFTWARE); AND (ii) ANY LIABILITY ARISING IN CONNECTION WITH AN UNAUTHORIZED REPRESENTATION OR ANY MISREPRESENTATION OF FACT MADE BY OEM OR ITS AGENTS, EMPLOYEES OR DISTRIBUTORS TO ANY PARTY WITH RESPECT TO THE RSA SOFTWARE OR ANY BUNDLED PRODUCTS.

7. LIMITED WARRANTY; DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY; INTELLECTUAL PROPERTY INDEMNITIES

7.1 LIMITED WARRANTY. During the initial one (1)-year period of this Agreement, RSA warrants that the Licensed Functionality of the Licensed Software specified in such License/Product Schedule will operate in material conformance to RSA's published specifications for such Licensed Functionality of the Licensed Software. RSA does not warrant that the RSA Software or any portion thereof is error-free. OEM's exclusive remedy, and RSA's entire liability in tort, contract or otherwise for any warranted nonconformity under this Section 7.1, shall be correction of any warranted nonconformity as provided in Section 4.3.2. This limited warranty and any obligations of RSA under Section 4.1 shall not apply to any Interface Modifications or ECA Tools Modifications or any nonconformities caused thereby and shall terminate immediately if OEM makes any modification to the RSA Software other than Interface Modifications or ECA Tools Modifications.

7.2 DISCLAIMER. EXCEPT FOR THE EXPRESS LIMITED WARRANTY PROVIDED IN SECTION 7.1, THE RSA SOFTWARE IS PROVIDED "AS IS" WITHOUT ANY WARRANTY WHATSOEVER. RSA DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AS TO ANY MATTER WHATSOEVER, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. RSA DISCLAIMS ANY WARRANTY OR REPRESENTATION TO ANY PERSON OTHER THAN OEM WITH RESPECT TO THE RSA SOFTWARE. OEM SHALL NOT, AND SHALL TAKE ALL MEASURES NECESSARY TO INSURE THAT ITS AGENTS AND EMPLOYEES DO NOT, MAKE OR PASS THROUGH ANY SUCH WARRANTY ON BEHALF OF RSA TO ANY DISTRIBUTOR, END USER CUSTOMER OR OTHER THIRD PARTY.

7.3 LIMITATION OF LIABILITY. EXCEPT WITH RESPECT TO RSA'S OBLIGATIONS UNDER SECTION 7.4, IN NO EVENT WILL RSA BE LIABLE TO OEM (OR TO ANY PERSON CLAIMING RIGHTS DERIVED FROM OEM) FOR INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR

RELATED TO THE TRANSACTIONS CONTEMPLATED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO LOST PROFITS, BUSINESS INTERRUPTION OR LOSS OF BUSINESS INFORMATION, EVEN IF RSA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

7.4 PROPRIETARY RIGHTS INFRINGEMENT BY RSA.

7.4.1 Subject to the limitations set forth in this Section 7.4, RSA, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against OEM on the basis of infringement of any United States patent, copyright, trade secret or other intellectual property right by the Bundled Product to the extent it arises from the unmodified Licensed Software as delivered by RSA (excluding the Interface Modifications and ECA Tools Modifications) or any claim that RSA has no right to license the Licensed Software hereunder; and (ii) pay any final judgment entered or settlement against OEM on such issue in any such suit or proceeding defended by RSA. RSA shall have no obligation to OEM pursuant to this Section 7.4.1 unless: (A) OEM gives RSA prompt written notice of the claim; (B) RSA is given the right to control and direct the investigation, preparation, defense and settlement of the claim; and (C) the claim is based on OEM's use of the most recent version or the immediately preceding version of the unmodified Licensed Software in accordance with this Agreement.

7.4.2 If RSA receives notice of an alleged infringement described in Section 7.4.1, RSA shall have the right, at its sole option, to obtain the right to continue use of the Licensed Software or to replace or modify the Licensed Software so that it is no longer infringing.

7.4.3 THE RIGHTS AND REMEDIES SET FORTH IN SECTIONS 7.4.1 AND 7.4.2 CONSTITUTE THE ENTIRE OBLIGATION OF RSA AND THE EXCLUSIVE REMEDIES OF OEM CONCERNING PROPRIETARY RIGHTS INFRINGEMENT BY THE LICENSED SOFTWARE.

7.5 PROPRIETARY RIGHTS INFRINGEMENT BY OEM.

7.5.1 Subject to the limitations set forth in this Section 7.5, OEM, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against RSA on the basis of infringement of any United States patent, copyright or trade secret by any Bundled Product (except to the extent arising from the unmodified RSA Software) or the Interface Modifications or ECA Tools Modifications; and (ii) pay any final judgment entered or settlement against RSA on such issue in any such suit or proceeding defended by OEM. OEM shall have no obligation to RSA pursuant to this Section 7.5.1 unless: (A) RSA gives OEM prompt written notice of the claim; and (B) OEM is given the right to control and direct the investigation, preparation, defense and settlement of the claim.

7.5.2 If OEM receives notice of an alleged infringement described in Section 7.5.1, OEM shall have the right, at its sole option, to obtain the right to continued use of the Interface Modifications, ECA Tools Modifications or the Bundled Product or to replace or modify the Interface Modifications, ECA Tools Modifications or Bundled Product so that they are no longer infringing. If neither of the foregoing options in this Section 7.5.2 is reasonably available to OEM, then the license rights granted pursuant to Section 2 of this Agreement may be terminated at the option of OEM without further obligation or liability except as provided in Sections 7.5.1 and 8.3, and in the event of such termination, RSA shall retain all License Fees paid by OEM hereunder.

7.5.3 THE RIGHTS AND REMEDIES SET FORTH IN SECTIONS 7.5.1 AND 7.5.2 CONSTITUTE THE ENTIRE OBLIGATION OF OEM AND THE EXCLUSIVE REMEDIES OF RSA CONCERNING OEM'S PROPRIETARY RIGHTS INFRINGEMENT.

8. TERM AND TERMINATION

8.1 TERM. The license rights granted pursuant to Section 2 shall be effective with respect to each License/Product Schedule as of the date thereof and shall continue in full force and effect for each item of Licensed Software for

the period set forth on the applicable License/Product Schedule unless sooner terminated pursuant to the terms of this Agreement. Either party shall be entitled to terminate all the license rights granted pursuant to this Agreement at any time on written notice to the other in the event of a default by the other party and a failure to cure such default within a period of one hundred twenty (120) days following receipt of written notice specifying that a default has occurred or, if any such default is incapable of being cured within such period, a failure within such one-hundred-twenty (120)-day period to commence and diligently pursue a cure; provided, however, that in no event shall a defaulting party have more than one hundred eighty (180) days after receipt of written notice of a default to cure such default.

8.2 INSOLVENCY. In the event that either party is adjudged insolvent or bankrupt, or upon the institution of any proceedings by or against either party seeking relief, reorganization or arrangement under any laws relating to insolvency, or upon any assignment for the benefit of creditors, or upon the appointment of a receiver, liquidator or trustee of any of either party's property or assets, or upon the liquidation, dissolution or winding up of either party's business, then and in any such events all the license rights granted pursuant to this Agreement may immediately be terminated by the other party upon giving written notice.

8.3 DISPOSITION OF RSA SOFTWARE AND USER MANUALS ON TERMINATION. Upon the expiration or termination pursuant to this Section 8 of the license rights granted pursuant to Section 2, the remaining provisions of this Agreement shall remain in full force and effect, and OEM shall cease making copies of, using or licensing the RSA Software and Bundled Products excepting only such copies of Bundled Products necessary to fill orders placed with OEM prior to such expiration or termination. OEM shall destroy all copies of the RSA Software and Bundled Products not subject to any then-effective license agreement with an End User Customer and all information and documentation provided by RSA to OEM (including all Know-How), other than such copies of the RSA Object Code, the User Manual and the Bundled Products as are necessary to enable OEM to perform its continuing support obligations in accordance with Section 6.2, if any, and except as provided in the next following sentence. If OEM has licensed RSA Source Code hereunder, for a period of one (1) year after the date of expiration or termination of the license rights granted under this Agreement for any reason other than as a result of default by OEM, OEM may retain one (1) copy of the RSA Source Code and is hereby licensed for such term to use such RSA Source Code solely for the purpose of supporting End User Customers of Bundled Products. Upon the expiration of such one (1)-year period, OEM shall destroy or return to RSA such single copy of the RSA Source Code.

9. MISCELLANEOUS PROVISIONS

9.1 GOVERNING LAWS. IT IS THE INTENTION OF THE PARTIES HERETO THAT THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, U.S.A. (IRRESPECTIVE OF ITS CHOICE OF LAW PRINCIPLES) SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS, AND THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO. THE PARTIES AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT. THE PARTIES HEREBY AGREE THAT ANY SUIT TO ENFORCE ANY PROVISION OF THIS AGREEMENT OR ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE BUSINESS RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA OR THE SUPERIOR OR MUNICIPAL COURT IN AND FOR THE COUNTY OF SAN MATEO, CALIFORNIA, U.S.A. Each party hereby agrees that such courts shall have exclusive in personam jurisdiction and venue with respect to such party, and each party hereby submits to the exclusive in personam jurisdiction and venue of such courts.

9.2 BINDING UPON SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, this Agreement shall be binding upon, and inure to the benefit of, the successors, executors, heirs, representatives, administrators and assigns of the parties hereto; provided, however, that this Agreement shall not be assignable by OEM, by

operation of law or otherwise, without the prior written consent of RSA, which shall not be unreasonably withheld except that RSA's consent shall not be required (if RSA is given notice within thirty (30) days after such assignment) for an assignment of this Agreement resulting from a merger, reorganization, reincorporation or other acquisition of OEM. Any such purported assignment or delegation in violation of this Section shall be void and of no effect.

9.3 SEVERABILITY. If any provision of this Agreement, or the application thereof, shall for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto. IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER PROVISION AND TO BE ENFORCED AS SUCH.

9.4 ENTIRE AGREEMENT. This Agreement and the exhibits and schedules hereto constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements or understandings between the parties.

9.5 AMENDMENT AND WAIVERS. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived, only by a writing signed by the party to be bound thereby.

9.6 ATTORNEYS' FEES. Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court (including without limitation, costs, expenses and fees on any appeal).

9.7 NOTICES. Whenever any party hereto desires or is required to give any notice, demand, or request with respect to this Agreement, each such communication shall be in writing and shall be effective only if it is delivered by personal service or mailed, United States certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

RSA: To the address set forth on page 1

If to RSA, with a copy to:

Timothy Tomlinson, Esq.
Tomlinson Zisko Morosoli & Maser
200 Page Mill Road, Second Floor
Palo Alto, California 94306

OEM: To the address set forth on page 1

Such communications shall be effective when they are received by the addressee thereof; but if sent by certified or registered mail in the manner set forth above, they shall be effective five (5) days after being deposited in the United States mail in the contiguous 48 states or ten (10) days after being deposited in the United States mail in any other location. Any party may change its address for such communications by giving notice thereof to the other party in conformity with this Section.

9.8 FOREIGN RESHIPMENT LIABILITY. THIS AGREEMENT IS EXPRESSLY MADE SUBJECT TO ANY LAWS, REGULATIONS, ORDERS OR OTHER RESTRICTIONS ON THE EXPORT FROM THE UNITED STATES OF AMERICA OF THE RSA SOFTWARE OR BUNDLED PRODUCTS OR OF INFORMATION ABOUT SUCH RSA SOFTWARE OR BUNDLED PRODUCTS WHICH MAY BE IMPOSED FROM TIME TO TIME BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, OEM SHALL NOT EXPORT OR REEXPORT, DIRECTLY OR INDIRECTLY, ANY RSA SOFTWARE OR BUNDLED PRODUCTS OR INFORMATION PERTAINING THERETO TO ANY COUNTRY FOR WHICH SUCH GOVERNMENT OR ANY AGENCY THEREOF REQUIRES AN EXPORT LICENSE OR OTHER GOVERNMENTAL APPROVAL AT THE TIME OF EXPORT OR REEXPORT WITHOUT FIRST OBTAINING SUCH LICENSE OR APPROVAL.

9.9 TRADE NAMES, LOGOS; PUBLICITY. By reason of this Agreement or the performance

hereof, OEM shall acquire no rights of any kind in any RSA trademark, trade name, logo or product designation under which the RSA Software was or is marketed and OEM shall not make any use of the same for any reason except as expressly authorized by this Agreement or otherwise authorized in writing by RSA. RSA shall have the right during the term of the license rights granted hereunder to disclose to third parties that OEM is an OEM of the RSA Software and that any publicly-announced Bundled Product incorporates the RSA Software. OEM shall provide to RSA, solely for RSA's display purposes, one (1) working copy of each Bundled Product which consists solely of computer software and one (1) working or non-working unit of any hardware product in which is incorporated a Bundled Product which consists of an integrated circuit or other hardware.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

OEM:

DIGITAL CERTIFICATES INTERNATIONAL, INC.

By: /s/ David Cowan

Printed Name: David Cowan

Title: Chairman of the Board

RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

Printed Name: D. James Bidzos

Title: President

License/Schedule Number: _____

Date of this License/Product Schedule: April 18, 1995

EXHIBIT "A"
LICENSE/PRODUCT SCHEDULE

OEM:
Digital Certificates International, Inc.

OEM Master License Agreement Number:

_____

Date of OEM Master License Agreement:
April 17, 1995

This License/Product Schedule Amends Schedules Dated:
N/A

Term of Agreement for this Bundled Product:
Perpetual

Bundled Product:

CIS Software - Certificate Issuing Software including the user interface and management of the CIS hardware and certificate database; CSC CIS - internal software used to manage certificate services; SoftCIS - software-only certificate issuing product; Persona Responder - automatic, anonymous certificate issuing for Internet user's testing and play; Co-Issuer Tool - software that allows co-issuer customers to preview certificate requests and forward them to certificate service provider; and Co-Signer Software - software that allows certificate services provider to manage private keys and sign data and other files on behalf of co-signer customers. RSA agrees that the foregoing meet the requirements of Bundled Products set forth in Section 1.1 of the Agreement. In addition, upon the request of OEM, RSA will grant royalty-free licenses under this Agreement for additional specified Bundled Products, if RSA determines in its reasonable discretion that such products are reasonably necessary for the implementation of the Strategic Business Plan of Digital Certificates International, Version 2.0, dated November 1994.

RSA Software:
TIPEM and BSAFE

RSA Software Distribution Method:

_____	Tangible Media or
X	Electronic Transmission

SOURCE AND OBJECT CODE LICENSES
- ------------------------------

LICENSED SOFTWARE AND FUNCTIONALITY FOR THIS BUNDLED PRODUCT:

	SOURCE CODE LICENSE		OBJECT CODE LICENSE		LICENSED FUNCTIONALITY RESTRICTION		DESCRIBE LICENSED FUNCTIONALITY RESTRICTION
BSAFE	YES	NO	YES	NO	YES	NO	
RSA Public Key Cryptosystem	[X]	[_]	[X]	[_]	[_]	[X]	
Diffie-Hellman Key Negotiation	[X]	[_]	[X]	[_]	[_]	[X]	
Data Encryption Standard (DES)	[X]	[_]	[X]	[_]	[_]	[X]	
Extended Data Encryption Standard (DESX)	[X]	[_]	[X]	[_]	[_]	[X]	
RC2 Variable-Key Size Symmetric Block Cipher	[X]	[_]	[X]	[_]	[_]	[X]	
RC4 Variable-Key Size Symmetric Stream Cipher	[X]	[_]	[X]	[_]	[_]	[X]	
MD Hashing Algorithm	[X]	[_]	[X]	[_]	[_]	[X]	
MD2 Hashing Algorithm	[X]	[_]	[X]	[_]	[_]	[X]	
MD5 Hashing Algorithm	[X]	[_]	[X]	[_]	[_]	[X]	
TIPEM (all set forth below)	[X]	[_]	[X]	[_]	[_]	[X]	
RSA Public Key Cryptosystem							
Data Encryption Standard (DES)							
RC2 Variable Key Size Symmetric Block Cipher							
MD2 Hashing Algorithm							
MD5 Hashing Algorithm							
ECA Tools							

APPROVED:

OEM:

By: _____

Printed Name: David Cowan

Title: Chairman of the Board

RSA DATA SECURITY, INC.:

By: _____

Printed Name: D. James Bidzos

Title: President

AMENDMENT NUMBER ONE TO
BSAFE/TIPEM OEM MASTER LICENSE AGREEMENT

THIS AMENDMENT NUMBER ONE TO BSAFE/TIPEM OEM MASTER LICENSE AGREEMENT (the "AMENDMENT") by and between RSA Data Security, Inc., a Delaware corporation ("RSA"), and VeriSign, Inc., a Delaware corporation ("VERISIGN"), is made this _____ day of May 1996 with respect to that certain BSAFE/TIPEM OEM Master License Agreement dated April 18, 1995 between RSA and VeriSign (the "MASTER AGREEMENT").

R E C I T A L S

A. RSA is the holder of four million (4,000,000) shares of the Common Stock of VeriSign.

B. VeriSign has requested RSA to amend the Master Agreement and RSA has agreed to such amendment, provided VeriSign amends its Certificate of Incorporation as set forth herein.

C. RSA acknowledges that the Amendment of the Master Agreement is in the best interest of RSA and will enhance the value of its Common Stock of VeriSign.

A G R E E M E N T

NOW, THEREFORE, in reliance on the foregoing Recitals and in consideration of the mutual consideration recited therein and contained herein, the parties agree as follows:

1. This Amendment shall amend the Master Agreement effective as of February __, 1996.

2. DEFINITION OF BUNDLED PRODUCT. The definition of Bundled Product contained in Exhibit "A" to the Master Agreement is amended to read as follows: "CIS Software - Certificate Issuing Software including the user interface and management of the CIS hardware and certificate database; CSC CIS - internal software used to manage certificate services; SoftCIS - software-only certificate issuing product; Persona Responder - automatic, anonymous certificate issuing for Internet user's testing and play; Co-Issuer Tool - software that allows co-issuer customers to preview certificate requests and forward them to certificate service provider; and Co-Signer Software - software that allows certificate services provider to manage private keys and sign data and other files on behalf of co-signer customers. RSA agrees that the foregoing meet the requirements of Bundled Products set forth in Section 1.1 of the Agreement. In addition, products that provide certificate issuing, management and processing functionality shall be considered Bundled Products hereunder as well as any products that are reasonably necessary for the implementation of the Strategic Business Plan of Digital Certificates International, Version 2.0, dated November 1994.

3. NEW PRODUCTS. A new section 4.3.4 shall be added to the Master Agreement as follows:

> 4.3.4 RSA will provide OEM information made generally available by RSA to other OEMs relating to new products which provide certificate issuing, management and processing functionality. Such new software will be provided to OEM for inclusion in Bundled Products during the term of this Agreement at no charge, subject to the payment of royalties to any third parties whose software is included in the new software if OEM, after having been given notice of such royalties, accepts a license for such new software. Any such new software so acquired by OEM shall be governed by all of the terms and provisions of this Agreement, and shall be considered Licensed Software provided under the initial License Schedule and any subsequent then-

existing Licensed Product Schedules. OEM's license to such new software shall be for both source code and object code. RSA shall provide maintenance for such new software in accordance with the Master Agreement.

The initial License/Product Schedule dated April 18, 1995 appearing at Exhibit "A" to the Agreement shall be amended by the parties each time OEM elects to license new software under the Master Agreement such that all new software licensed by OEM hereunder shall be included within the definition of "RSA Software" and "Licensed Software."

4. BCERT AND BSET. RSA has notified VeriSign of the existence of its new products entitled "BCert and BSET." OEM has elected to license BCert and BSET under the Master Agreement. RSA shall deliver the master copy of BCert and BSET as soon as reasonably practicable after RSA has released the production version of BCert and BSET.

5. LICENSE/PRODUCT SCHEDULE. The attached Exhibit "A" License/Product Schedule incorporates the foregoing amendments to the Master Agreement and hereby supersedes and replaces the initial Exhibit "A" to the Master Agreement as of the date hereof.

6. ROOT KEYS.

6.1 RSA or its successors in interest from the Effective Date of this Amendment to September 20, 2000 agrees to use reasonable efforts to sell or lease or license to third parties products that process Certificates (as defined below) and to use reasonable efforts to cause VeriSign's Root Keys (as defined below) to be included in products manufactured by third parties that include RSA products that process Certificates.

6.2 "Certificate" means an octet string (in electronic or printed form) generated by a Certification Authority consisting of the originator's public key (a publicly available mathematical key) and information about the owner of the public key, encrypted with a private key (a privately-held mathematical key corresponding to the public key) to identify the owner of the private key and verify the integrity of the electronic data.

6.3 "Certification Authority" means an entity trusted by one or more Users to create and Sign Certificates.

6.4 "Sign" means to apply a Digital Signature to a message or Certificate.

6.5 "User" means a functional object (e.g. an individual, or a role/office) in a message handling environment that engages in message handling and that is a potential source or destination for messages.

6.6 "Digital Signature" means a One-Way Hash computed on a message or Certificate and encrypted using the private key of the originator of the message or the issuer of the Certificate.

6.7 "One-Way Hash" means an easy to compute function from a large domain into a smaller domain such that it is computationally infeasible to find any two elements of the larger domain that map to the same element of the smaller domain.

6.8 "Root Key" shall mean the then current public hierarchy Root Keys used by VeriSign as the public key corresponding to one of VeriSign's private keys it uses to Sign a Certificate. On or before the Effective Date of this Amendment, VeriSign shall provide RSA with a list of VeriSign's then current public hierarchy Root Keys specifying the name of the hierarchy in which such Root Key resides and specifying the key itself (the "Root Key Schedule"). Such Root Key Schedule shall be executed by the Chief Executive Officer of VeriSign. VeriSign may amend the Root Key Schedule from time to time by delivering to the Chief Executive Officer or President of RSA, an amended and restated Root Key Schedule executed by the Chief Executive Officer or President of VeriSign. At no time shall such schedule contain more than 10 Root Keys. It shall be considered reasonable efforts by RSA to cause third parties to include in products they manufacture that include RSA products that process Certificates if RSA includes VeriSign's Root Key in RSA's products that process Certificates and makes such Root Key accessible to third parties for use in their products. Upon delivery of the initial Root Key Schedule and any amended and restated Root Key Schedule, RSA shall implement any new Root Keys into its products that process Certificates in accordance with RSA's normal release schedule. RSA shall be given reasonable time to implement such new Root Keys in such products and shall not be obligated to issue special releases simply to implement new Root Keys. In any event, RSA shall have not less than 30 days to implement a new Root Key into a new release, such that if RSA has already scheduled a new release of a product prior to expiration of such time, it shall not be required to implement the Root Key in such new version. If VeriSign believes that RSA is not taking reasonable efforts to cause the Company's Root Key to be included in products manufactured by third parties that include RSA products that process Certificates, it shall give written notice to RSA and RSA shall have 30 days to commence using such reasonable efforts. If RSA commences such efforts within such time, no breach of this Amendment shall have occurred.

7. AMENDMENT TO VERISIGN CERTIFICATE OF INCORPORATION. VeriSign agrees to amend its Certificate of Incorporation to delete Section 5.10 thereof.

8. EFFECTIVE DATE. This Agreement is subject to approval of VeriSign's Board of Directors and is subject to approval by Security Dynamics, Inc. on behalf of RSA. This Amendment shall become effective upon the date after receipt of the two foregoing approvals that VeriSign's Certificate of Incorporation is amended to delete Section 5.10 thereof. Prior to such date it shall have no force or effect whatsoever.

9. EFFECT OF AMENDMENT. This Amendment is an amendment to the Master Agreement, and except as amended hereby, the Master Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment Number One as of the date first above written.

VERISIGN, INC.	RSA DATA SECURITY, INC.
By: /s/ Stratton Sclavos	By: /s/ D. James Bidzos
Stratton Sclavos	D. James Bidzos
President	President

EXHIBIT 10.17

NON-COMPETE AND NON-SOLICITATION AGREEMENT

THIS NON-COMPETE AND NON-SOLICITATION AGREEMENT ("AGREEMENT") is by and between Digital Certificates International, Inc., a Delaware corporation (the "COMPANY") and RSA Data Security, Inc., a Delaware corporation ("SELLER") and is dated this 18th day of April, 1995.

R E C I T A L S

A. The terms used in these Recitals have the definitions set forth in Section 2.

B. Pursuant to an Assignment Agreement, Seller has agreed with the Company that on the date hereof the Company shall purchase from Seller all the Seller's assets including the goodwill relating to Seller's Certificate Business.

NOW, THEREFORE, in reliance on the foregoing recitals and in consideration for the consideration paid pursuant to and covenants contained in the Assignment Agreement and for the mutual covenants and agreements contained herein, the parties hereto agree as follows:

A G R E E M E N T

2. DEFINITIONS.

1.1 "AFFILIATED OR AFFILIATION" means the condition of being employed by and under the direct supervision of an Organization.

1.2 "ASSIGNMENT AGREEMENT" means that certain Assignment Agreement dated April 18, 1995 between the Company and the Seller whereby the Seller transferred the Certificate Business to the Company.

1.3 "CERTIFICATE" means a string (in electronic or printed form) generated by a Certification Authority consisting, without limitation, of the originator's public key (a publicly-available mathematical key) and information about the owner of the public key, encrypted with a private key (a privately held mathematical key corresponding to the public key), to identify the owner of the private key and verify the integrity of the electronic data.

1.4 "CERTIFICATE BUSINESS" means the sale of Certificates by a Certification Authority acting in its capacity as a Certification Authority, or the creation and maintenance of Certificate Revocation Lists (CRLs) other than CRLs for an Organization acting as a Certification Authority for its own and its majority owned subsidiaries internal purposes.

1.5 "CERTIFICATE REVOCATION LIST ("CRL")" means an electronic list of revoked, invalid or terminated Certificate serial numbers and related information which is Signed using a Digital Signature by a Certification Authority.

1.6 "CERTIFICATION AUTHORITY" means an entity trusted by one or more Users to create and Sign Certificates.

1.7 "CONFLICTING ORGANIZATION" means any person or organization or any person or organization controlled by, controlling or under common control, with such person or organization, who or which is engaged in, or is about to become engaged in the Certificate Business.

1.8 "DIGITAL SIGNATURE" means a One-Way Hash computed on a message or Certificate and encrypted using the private key of the originator of the message or the issuer of the Certificate.

1.9 "ONE-WAY HASH" means an easy to compute function from a large domain into a smaller domain such that it is computationally infeasible to find any two elements of the larger domain that map to the same element of the smaller domain.

1.10 "ORGANIZATION" means the entity with which a User is Affiliated.

1.11 "SIGN" means to apply a Digital Signature to a message or Certificate.

1.12 "USER" means a functional object (e.g., an individual, or a role/office) in a message handling environment that engages in message handling and that is a potential source or destination for messages.

2. NON-COMPETITION.

1.13 NON-COMPETE AGREEMENT. Seller agrees that it will not at any time within the five (5) year period commencing with the date of this Agreement: (i) directly or indirectly engage in or prepare to engage in, or have any ownership interest in any Conflicting Organization (whether as a security holder, partner, joint venturer, member of a limited liability company or otherwise) that engages in, or is preparing to engage in, the Certificate Business in any county or city in the United States of America or country in the World; or (ii) insert in RSA's products presently known as BSAFE and TIPEM and successor products with similar functionality for existing and new digital signature systems and encryption algorithms any root key of any Conflicting Organization. This Section 2.1 shall not prohibit holding of less than 5% of the issued and outstanding securities of entities with a class of securities registered under the Securities Exchange Act of 1934.

1.14 CONSTRUCTION. The parties intend that the covenant contained in Section 1.13 shall be construed as a series of separate covenants, one for each county and city. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in the preceding paragraph. If, in any judicial proceeding, a court shall refuse to enforce any of the separate covenants included in this paragraph, then the unenforceable covenant shall be deemed eliminated (or modified as set forth below) from these provisions for the purpose of those proceedings to the

extent necessary to permit the remaining separate covenants to be enforced. If a court determines that any covenant is unenforceable because it is unconscionable or for any other reason, then the court may modify such covenant to make it enforceable.

1.15 INJUNCTIVE RELIEF. The remedy at law for breach of this non-compete agreement being inadequate, the Seller understands, acknowledges and agrees that the Company shall be entitled, in addition to such other remedies they may have, to temporary and permanent injunctive relief for any breach or threatened breach of this non-compete agreement without proof of any actual damages that have been or may be caused to them by such breach.

1.16 ADDITIONAL COVENANTS. RSA agrees during the five years commencing with the date hereof as follows:

1.16.1 It shall not provide consulting services to any Conflicting Organization which services are in connection with the creation of any product RSA has actual knowledge is designed to permit the Conflicting Organization to compete in the Certificate Business against the Company's Commercial Hierarchy or Secure Server Hierarchy as assigned to the Company pursuant to Exhibit A to the Assignment.

1.16.2 RSA agrees that it shall not provide consulting services to Microsoft Corporation if it is aware that such consulting services are in connection with any product or service to be provided by Microsoft in connection with a Certificate Business. The

provisions of this Section 2.4.2 can be waived upon the written consent of the Company's Board of Directors.

1.17 ACTIVITIES NOT PROHIBITED. The activities prohibited by Section 2.1 shall not include:

1.17.1 Licensing and sale of RSA's products presently known as BSAFE and TIPEM and successor products with similar functionality for existing and new digital signature systems and encryption algorithms.

1.17.2 Subject to Section 2.4, providing consulting services related to the generation of Certificates, the encryption and decryption of data and digital signatures.

This Section 2.5 is not intended as a restriction or limitation on RSA with respect to any activities not otherwise prohibited by the terms of this Agreement.

3. NON-SOLICITATION. The parties agree that they will not at any time within the five (5) year period commencing with the date of this Agreement solicit as an employee or consultant any of the employees of the other party to this Agreement without the prior consent of the President or Chief Executive Officer of the other party. Notwithstanding anything in this Section 3 to the contrary, the parties hereby acknowledge and agree that each party shall not be restricted from hiring any employee of the other party if such employee seeks employment and was not initially solicited or induced

to leave the employ of the other party by the prospective employing party.

2. MISCELLANEOUS.

2.1 GOVERNING LAWS. IT IS THE INTENTION OF THE PARTIES HERETO THAT THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, U.S.A. (IRRESPECTIVE OF ITS CHOICE OF LAW PRINCIPLES) SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS, AND THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO. THE PARTIES HEREBY EXCLUDE THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS FROM THIS AGREEMENT. THE PARTIES HEREBY AGREE THAT ANY SUIT TO ENFORCE ANY PROVISION OF THIS AGREEMENT OR ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE BUSINESS RELATIONSHIP BETWEEN ANY OF THE PARTIES HERETO SHALL BE BROUGHT EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA OR THE SUPERIOR OR MUNICIPAL COURT IN AND FOR THE COUNTY OF SAN MATEO, CALIFORNIA, U.S.A. Each party hereby agrees that such courts shall have exclusive in personam jurisdiction and venue with respect to such party, and each party hereby submits to the exclusive in personam jurisdiction and venue of such courts.

2.2 BINDING UPON SUCCESSORS AND ASSIGNS. Subject to, and unless otherwise provided in, this Agreement, each and all of the covenants, terms, provisions, and agreements contained herein shall be binding upon, and inure to the benefit of, the permitted successors,

executors, heirs, representatives, administrators and assigns of the parties hereto.

2.3 SEVERABILITY. If any provision of this Agreement, or the application thereof, shall for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision.

2.4 ENTIRE AGREEMENT. This Agreement, the exhibits hereto, the documents referenced herein, and the exhibits thereto, constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect hereto and thereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.

2.5 OTHER REMEDIES. Any and all remedies herein expressly conferred upon a party shall be deemed cumulative with and not exclusive of any other remedy conferred hereby or by law on such

party, and the exercise of any one remedy shall not preclude the exercise of any other.

2.6 AMENDMENT AND WAIVERS. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the party to be bound thereby. The waiver by a party of any breach hereof for default in payment of any amount due hereunder or default in the performance hereof shall not be deemed to constitute a waiver of any other default or succeeding breach or default.

2.7 NO WAIVER. The failure of any party to enforce any of the provisions hereof shall not be construed to be a waiver of the right of such party thereafter to enforce such provisions.

2.8 ATTORNEYS' FEES.

2.8.1 Should suit or arbitration be brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees to be fixed by the court or arbitrator (including without limitation, costs, expenses and fees on any appeal). If either party to this Agreement shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorneys fees incurred in bringing such suit and enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such

action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment. For the purposes of this section, attorney fees shall include, without limitation, fees incurred in the following: (i) postjudgment motions; (ii) contempt proceedings; (iii) garnishment, levy, and debtor and third party examinations; (iv) discovery; and (v) bankruptcy litigation.

2.8.2 In addition to attorneys' fees recoverable pursuant to Section 4.8.1 above, the prevailing party in any suit or arbitration shall be entitled to recover its reasonable attorneys' fees incurred in enforcing the final judgment or arbitration award. Such right to attorneys' fees pursuant to this Section 4.8.2 is severable from the other provisions of this Agreement, shall survive the initial judgment or award in favor of the prevailing party, and is not to be deemed to be merged into such judgment or award.

2.9 CONSTRUCTION OF AGREEMENT. This Agreement has been negotiated by the respective parties hereto and their attorneys and the language hereof shall not be construed for or against any party. A reference in this Agreement to any Section shall include a reference to every Section the number of which begins with the number of the Sections to which reference is specifically made (e.g., a reference to Section 5.8 shall include a reference to Sections 5.8.1 and 5.8.2.1). The titles and headings herein are for reference purposes only and

shall not in any manner limit the construction of this Agreement which shall be considered as a whole.

2.10 FURTHER ASSURANCES. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances, as may be reasonably requested by any other party, to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intents and purposes of this Agreement.

2.11 TERMINATION. Either party may terminate this Agreement immediately upon notice to the other, if the other party: becomes insolvent, enters into suspension of payments, moratorium, reorganization or bankruptcy, makes a general assignment for the benefit of creditors, admits in writing its inability to pay debts as they mature, suffers or permits the appointment of a receiver for its business or assets, or avails itself of or becomes subject to any other judicial or administrative proceeding that relates to insolvency or protection of creditors rights. RSA may terminate this Agreement if the Company ceases to be in the Certificate Business and after one hundred eighty (180) days' notice has not reentered the Certificate Business.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

SELLER:

RSA DATA SECURITY, INC.

By: /s/ D. James Bidzos

Its: President

THE COMPANY:

DIGITAL CERTIFICATES
INTERNATIONAL, INC.

By: /s/ David Cowan

Its: Chairman of the Board

EXHIBIT 10.19

[CONFIDENTIAL TREATMENT REQUESTED]

MASTER DEVELOPMENT AND LICENSE AGREEMENT

This MASTER DEVELOPMENT AND LICENSE AGREEMENT (the "AGREEMENT"), is made by and between Security Dynamics Technologies, Inc., a Delaware corporation having its principal place of business at 20 Crosby Drive, Bedford, Massachusetts 01730 ("SDTI"), and VeriSign, Inc., a Delaware corporation having its principal place of business at 1390 Shorebird Avenue, Mountain View, California 94043 ("VERISIGN"), and is effective as of September 30, 1997 (the "EFFECTIVE DATE").

RECITALS

WHEREAS, VeriSign has developed and owns certain computer software relating to digital certificate authentication and local registration authority; and

WHEREAS, SDTI desires to engage VeriSign to customize such software to SDTI's specifications and to obtain from VeriSign a license to distribute the software in conjunction with other SDTI products, and VeriSign desires to accept such engagement and grant such licenses on the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, promises and undertakings set forth herein, and for other good and valuable consideration, SDTI and VeriSign agree as follows:

1. DEFINITIONS

1.1 "ACCEPTANCE CRITERIA" means the criteria for the acceptance of the Developed Technology set forth in the Specifications.

1.2 "DELIVERABLE" means any of the deliverable items set forth on the Statement of Work.

1.3 "DEVELOPED TECHNOLOGY" means the work product, including the Technology and Documentation, to be developed by either party hereunder, as more fully set forth in the Specifications.

1.4 "DEVELOPMENT EQUIPMENT" means the development hardware, software and other equipment and supplies provided to VeriSign by SDTI hereunder, if any, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

1.5 "DEVELOPMENT PERIOD" means the period commencing on the Effective Date and ending on the date of acceptance by SDTI of the last Deliverable under a Statement of Work.

1.6 "DOCUMENTATION" means the documentation necessary to use and support the Developed Technology, together, in each case, with any modifications or enhancements thereto.

1.7 "END-USER" The ultimate user of the Developed Technology who purchases or licenses the Product for use in the regular course of such customer's business and not for resale or further sublicensing by such customer.

1.8 "ERROR CORRECTION" means a modification to VeriSign's Pre-Existing Technology, the Developed Technology or a Deliverable that establishes material conformity to the current Specifications and Documentation or eliminates the adverse effect of a Non-Conformance in the operation of the Developed Technology or Deliverable, including but not limited to bug fixes and work-arounds.

1.9 "INTELLECTUAL PROPERTY RIGHTS" means all worldwide: (a) patents, patent applications and other patent rights; (b) rights associated with works of authorship, including copyrights, copyright

applications, copyright restrictions, Trademarks, registrations and applications for registration of Trademarks, mask work rights, mask work applications and mask work registrations; (c) rights relating to the protection of trade secrets and confidential information; (d) rights analogous to those set forth herein and any other proprietary rights relating to intangible property; and (e) divisions, continuations, renewals, reissues and extensions of the foregoing (as applicable) now existing or hereafter filed, issued, or acquired.

1.10 "NON-CONFORMANCE" means a failure of the Developed Technology to conform materially to the Specifications or to materially perform correctly when measured against the Specifications.

1.11 "OBJECT CODE FORM" means a form of software code resulting from the translation or processing of Source Code by a computer into machine language or intermediate code, which thus is in a form which would not be convenient for human understanding of the program logic, but which is appropriate for execution or interpretation by a computer.

1.12 "PRE-EXISTING TECHNOLOGY" means Technology owned by either party prior to the Development Period, as identified in the applicable Statement of Work. Any and all Pre-Existing Technology may be incorporated into the Developed Technology will still be "Pre-Existing Technology."

1.13 "PRODUCT" means any product developed, manufactured, marketed, sold or distributed by SDTI which consists of or incorporates any Developed Technology.

1.14 "SOURCE CODE FORM" means a form in which a computer program's logic is easily deduced by a human being with skill in the art, such as a printed listing of the program or a form from which a printed listing can be generated.

1.15 "SPECIFICATIONS" means the document or documents that characterize and define the logical, functional, performance and operational aspects of the Developed Technology, as initially set forth on Exhibit B attached hereto and incorporated herein by this reference.

1.16 "STATEMENT OF WORK" or "SOW" means a written instrument that meets the following requirements:

(a) Includes substantially the following statement: "This is a Statement of Work under the Master Development and License Agreement between SDTI Systems, Inc. and VeriSign, Inc., dated effective _____ , 1997;"

(b) Is signed on behalf of both parties by their authorized representatives;

(c) Contains the following five mandatory items:

(i) Description and/or Specifications of the services to be performed and the Deliverables to be delivered to SDTI;
(ii) The name and address of a Project Manager for each of SDTI and VeriSign;
(iii) The amount, schedule, and method of payment to be made to VeriSign, including NRE fees, license fees, and royalties, if any;
(iv) The time schedule, framework or dates for performance and for delivery of the Deliverables (the "MILESTONES"); and
(v) Completion and Acceptance Criteria for the Deliverables; and

(d) When applicable, includes:

(i) Provisions for written and/or oral progress reports by VeriSign;

(ii) Detailed functional and technical specifications and standards for all services and Deliverables, including quality standards, overall systems architecture, project plan, identified dependencies or contingencies and critical path issues;
(iii) Documentation standards;
(iv) Lists of any special equipment, including Development Equipment, to be procured by VeriSign or provided by SDTI for use in performance of the work;
(v) Identification of Pre-Existing Technology; and
(vi) Such other terms and conditions as may be mutually agreeable between the parties.

1.17 "TECHNOLOGY" means technical information, knowledge, ideas, concepts, processes, procedures, designs, schematics, works of authorship, inventions and discoveries owned by or licensed to a party hereto and subject to intellectual property protection and any and all Intellectual Property Rights pertaining thereto.

1.18 "THIRD PARTY TECHNOLOGY" means software or other Technology owned by a third party and used in connection with the Developed Technology as set forth in Exhibit D attached hereto and incorporated herein by this reference.

1.19 "DERIVATIVE" means, as applicable: (a) any computer software (whether in source or object code form) port, work, product, service, improvement, modification, alteration, enhancement, new version, translation, adaptation, design, concept, materials and documentation, in any medium, format or form whatsoever, that is derived in any manner, directly or indirectly, from a pre-existing work or any part or aspect thereof or that utilizes or incorporates such a pre-existing work or any part or aspect thereof; (b) all "derivative works," as defined in the copyright law of the United States and (c) all materials and documentation related to each of the foregoing.

1.20 "TRADEMARKS" means trademarks, service marks, trade names, trade dress and logos.

1.21 "UPDATE" means a new revision of the Developed Technology that includes bug fixes, corrections and minor modifications.

1.22 "ENHANCEMENT" means a new revision of the Developed Technology that includes enhancements and new functionalities.

2. DEVELOPMENT WORK

2.1 ISSUANCE OF STATEMENTS OF WORK. The initial Statement(s) of Work agreed to by both parties is attached to this Agreement. Additional Statements of Work, regardless of whether they relate to the same subject matter as the initial Statement of Work, shall become effective upon execution by authorized representatives of both parties and shall then also be attached to this Agreement.

2.2 CHANGES TO STATEMENTS OF WORK. Changes in any Statement of Work or in any of the Specifications or Deliverables under any Statement of Work shall become effective only when a written change request is executed by authorized representatives of both parties. All change requests with respect to this Agreement, any Statement of Work, or any Specifications or Deliverables must be accepted by both parties.

2.3 DEVELOPMENT EFFORT. Each party agrees to use commercially reasonable efforts to undertake and complete development of the Deliverables in accordance with the Milestone Schedule and to timely deliver all the Deliverables. Certain tasks to be undertaken by a party may require information from the other party or completion of certain tasks by the other party prior to a party undertaking its tasks. Each party agrees that any delay in a party meeting the Milestones that is caused by the failure of the other party to timely provide such required information or complete performance shall not constitute a default under this Agreement.

3. OWNERSHIP

3.1 PRE-EXISTING TECHNOLOGY. Each party acknowledges and agrees that, as between the parties, each party is and shall remain the sole and exclusive owner of all right, title, and interest in and to its Pre-Existing Technology, and all associated Intellectual Property Rights, and that this Agreement does not affect such ownership. Each party acknowledges that it acquires no rights under this Agreement to the other party's Pre-Existing Technology other than the limited rights specifically granted in this Agreement.

3.2 MODIFICATIONS/DERIVATIVE WORKS TO PRE-EXISTING TECHNOLOGY. Each party acknowledges and agrees that, as between the parties, each party is and shall remain the sole and exclusive owner of all right, title, and interest in and to any Derivatives to its Pre-Existing Technology regardless of who created such Derivatives, and all associated Intellectual Property Rights therein and thereto. Each party acknowledges that it acquires no rights under this Agreement to the Derivatives of the other party's Pre-Existing Technology other than the limited rights specifically granted in this Agreement.

3.3 DEVELOPED TECHNOLOGY. Subject to the ownership rights specified in Sections 3.1 and 3.2 above, each party shall own that portion of the Developed Technology that it solely created. Except in the event that portions of the Developed Technology (a) constitute Derivatives of SDTI Pre-Existing Technology, or (b) are solely created by SDTI, then VeriSign shall be the sole and exclusive owner of the Developed Technology. To the extent that the items in (a) and (b) above are incorporated into the Developed Technology, SDTI shall grant, and hereby does grant, to VeriSign a royalty-free, perpetual and irrevocable, worldwide, non-exclusive license to use, reproduce and distribute such code as part of the Developed Technology. Notwithstanding anything else in this Section 3.3, SDTI acknowledges and agrees that all Developed Technology created by the SDTI personnel on site at VeriSign, as set forth in the initial Statement of Work, and all Intellectual Property Rights therein, shall be owned solely and exclusively by VeriSign.

3.4 PORTS. In the event that SDTI creates ports of the Developed Technology to new platforms pursuant to SDTI's license rights under Section 4.2(a) ("PORTS") and VeriSign agrees to support the Port, then SDTI will promptly provide the Ports to VeriSign in Source Code and Object Code form, and SDTI hereby assigns all Intellectual Property Rights in the Ports to VeriSign.

3.5 ASSIGNMENT AND FURTHER ASSURANCES. Each party agrees to cooperate with the other party and take all reasonable actions required to vest and secure in such party all ownership rights, including all Intellectual Property Rights, as specified in this Section 3.

4. LICENSE GRANTS; ACCESS TO TECHNOLOGY

4.1 SDTI PRE-EXISTING TECHNOLOGY. On the terms and subject to the conditions set forth herein, for the period necessary for VeriSign to have access to SDTI's Pre-Existing Technology in order to accomplish its obligations under this Agreement, SDTI grants to VeriSign a nonexclusive, nontransferable, royalty-free, limited license under SDTI's Intellectual Property Rights in the SDTI Pre-Existing Technology to:

(a) use, copy and modify SDTI Pre-Existing Technology for internal purposes only and solely to the extent necessary to develop the Developed Technology; and

(b) incorporate SDTI Pre-Existing Technology to the extent necessary into the Developed Technology for use and distribution by SDTI.

4.2 DEVELOPED TECHNOLOGY. [*] Except as expressly permitted herein, SDTI may not (i) disassemble, decompile or reverse engineer the Developed Technology, (ii) use the Developed Technology in any manner to perform service bureau, time sharing, certification authority, or other computer services to third parties or permit End Users to do the same, or (iv) perform or permit any sublicensing or other distribution of the Developed Technology in Source Code form. SDTI's rights in the Developed Technology licensed hereunder shall be limited to those expressly granted in this Agreement.

4.3 ACCESS TO TECHNOLOGY. [*]

4.4 TRADEMARKS.

(a) TRADEMARK LICENSE. During the term of this Agreement, VeriSign hereby grants to SDTI a nonexclusive, nontransferable license to advertise the Product and Developed Technology under the VeriSign trademarks, trade names, logos and/or slogans listed on Exhibit G ("TRADEMARKS") as updated by VeriSign and agreed to in writing by SDTI from time to time. Such use must reference the Trademarks as being owned by VeriSign. The rights granted to SDTI in this license will terminate upon any termination or expiration of this Agreement. Upon such termination or expiration, SDTI will no longer make any use of any Trademarks.

(b) TRADEMARK OWNERSHIP. SDTI recognizes that VeriSign is the owner of all right, title and interest in the Trademarks. SDTI's use of the Trademarks shall inure to the benefit of VeriSign. SDTI shall not at any time acquire any rights in the Trademarks by virtue of any use it may make of the Trademarks. SDTI shall not during the term of this Agreement, or thereafter, attack the title or any rights of VeriSign in and to the Trademarks or attack the validity of the Trademarks. SDTI shall not register in any country any name or mark resembling or confusingly similar to any of the Trademarks.

(c) QUALITY STANDARDS. SDTI shall use the Trademarks in accordance with VeriSign's trademark usage guidelines specified in Exhibit G, as amended by VeriSign from time to time and agreed to by SDTI in writing. Upon VeriSign's request, SDTI shall furnish to VeriSign free of cost a reasonable number of each printed item of advertising, packaging, or other promotional material bearing the Trademarks so that VeriSign may monitor SDTI's compliance with the trademark usage guidelines set forth in Exhibit G, as amended by VeriSign from time to time. If any of VeriSign's Trademarks are to be used in conjunction with SDTI's or another party's trademarks, on or in relation to the Product or Developed Technology, then VeriSign's Trademarks shall be presented legibly, but nevertheless separated from the other, so that each appears to be a trademark in its own right, distinct from the other mark.

[*] Confidential treatment has been requested with respect to certain portions of this exhibit. Confidential portions have been omitted form the public filing and have been separately filed with the Securities and Exchange Commission.

4.5 OTHER AGREEMENTS BY SDTI.. SDTI may not distribute the Developed Technology to any End User unless such End User is subject to an end user license agreement with SDTI that: (i) protects VeriSign's proprietary rights in the Developed Technology to at least the same degree as the terms and conditions of this Agreement; (ii) requires that such End User not reverse engineer, reverse compile or disassemble the object code for the Developed Technology; (iii) requires such End User to comply fully with all applicable laws and regulations in any of its dealings with respect to the Developed Technology; (iv) makes no representations or warranties on behalf of VeriSign; and (v) does not grant any rights to such End User beyond the scope of this Agreement. SDTI will promptly provide VeriSign with reasonable access to such agreements following VeriSign's request.

4.6 U.S. GOVERNMENT AGENCIES. If SDTI distributes the Developed Technology to any agency of the United States government, SDTI shall require the government to agree that the Developed Technology is "commercial computer software" or "commercial computer software documentation" and that, absent written agreement to the contrary, the government's rights with respect to the Developed Technology are limited by the term of the End User license agreement, pursuant to FAR Section 12.212(a) and/or DFARS Section 27.702-1(a) as applicable.

5. PROJECT MANAGEMENT AND DELIVERY

5.1 PROJECT MANAGERS. Each party will appoint a single project manager ("PROJECT MANAGER") and will promptly provide written notification to the other party of the name and contact information for its Project Manager. Each Project Manager will act as the principal liaison between the parties with respect to his or her party's respective performance under this Agreement and will identify to the other party, and provide contact information for, the other individuals responsible for specific tasks hereunder.

5.2 DELIVERY OF DELIVERABLES ON TARGET DATES. VeriSign shall use its commercially reasonable efforts to deliver to SDTI the Deliverables in accordance with the Milestones set forth on the Statement of Work.

5.3 DELIVERY OF ERROR CORRECTIONS. During the term of this Agreement and for the period of VeriSign's warranty set forth in Section 13.1 below, VeriSign shall deliver to SDTI any Error Corrections for the Developed Technology promptly upon their development.

5.4 DELIVERY OF DEVELOPED TECHNOLOGY. Upon completion of the Developed Technology, VeriSign shall deliver it to SDTI for final evaluation and testing pursuant to Section 8.

6. VERISIGN'S OBLIGATIONS AND DEVELOPMENT UNDERTAKINGS

6.1 USE OF DEVELOPMENT EQUIPMENT. VeriSign shall not use or permit use of the Development Equipment for any purpose other than development of the Developed Technology. The Development Equipment shall: (i) remain the personal property of SDTI; (ii) be subject to inspection by SDTI upon reasonable notice and during VeriSign's normal business hours; and (iii) be kept free and clear of liens and encumbrances. VeriSign shall use and maintain the Development Equipment in a careful and proper manner and shall be responsible for all loss or damage which occurs while the Development Equipment is in its possession. Upon the termination of the Development Period, VeriSign shall return the Development Equipment to SDTI in good condition, reasonable wear and tear excepted, as may be directed by SDTI (and SDTI shall bear the corresponding freight costs).

6.2 THIRD PARTY TECHNOLOGY. VeriSign shall obtain and secure the worldwide rights to use and distribute any Third Party Technology that is necessary for the Developed Technology to operate

without Non-Conformance and to be used, manufactured and distributed by SDTI pursuant to the terms of this Agreement.

6.3 TESTING. For so long as VeriSign provides maintenance services pursuant to Section 12.2, VeriSign shall perform and be responsible for the testing and debugging of all releases of the Developed Technology and shall provide to SDTI at no charge all Error Corrections to the Developed Technology. VeriSign shall provide all assistance necessary for SDTI fully to test and evaluate the Developed Technology and each Deliverable to determine whether it substantially conforms to the Specifications, including the Acceptance Criteria.

6.4 SCHEDULE CHANGES. In the event VeriSign determines that a particular Milestone will likely be missed, it promptly shall give notice to SDTI setting forth in reasonable detail the reason for the anticipated delay, any corrective measures VeriSign intends to undertake and the estimated revised Milestone.

7. SDTI'S OBLIGATIONS AND RIGHT TO MODIFY SPECIFICATIONS.

7.1 SUPPORT AND INFORMATION. SDTI will provide any engineering support, technical training and other resources, including SDTI Pre-Existing Technology, reasonably requested by VeriSign to assist VeriSign with a Statement of Work ("RESOURCES"). SDTI shall not be obligated to provide specific Resources or specific levels of any Resource unless agreed in writing by SDTI.

7.2 DEVELOPMENT EQUIPMENT. SDTI shall provide to VeriSign the Development Equipment listed in Exhibit A. The Development Equipment shall be shipped to VeriSign freight prepaid.

7.3 SDTI UPDATES. SDTI may, in its sole discretion, update the SDTI Pre-Existing Technology, if any, provided to VeriSign if a new release becomes available during the Development Period, subject to VeriSign's written agreement to any modification to the Specifications necessitated by such new release.

7.4 CHANGES. If, at any time, SDTI desires to modify the Specifications or the Statement of Work, SDTISDTI shall present a written request to VeriSign describing such modifications using VeriSign's standard Project Change Request Form (each such request is a "CHANGE ORDER"), which VeriSign may approve in its sole discretion. VeriSign will promptly review each such Change Order and determine, in VeriSign's reasonable discretion, whether such Change Order can be accomplished by VeriSign, and whether the performance of such Change Order will increase the costs and/or delay the original schedule for creating the Deliverables. If the parties agree to the Change Order (including without limitation any such increased costs and/or delays estimated by VeriSign), the Change Order will be deemed to amend and become part of the Statement of Work and VeriSign will perform the Consulting Services in accordance with such amended Statement of Work.

7.5 SDTI'S INTERNAL USE OF CERTIFICATE AUTHORITY ("CA") SERVICES. If and for so long as VeriSign's CA services and products are superior or competitive (at a minimum, in terms of pricing, performance and features) with similar products available in the market, as determined by SDTI in its sole discretion, SDTI will purchase and use VeriSign's CA products and services for its internal use only.

7.6 To the extent SDTI personnel are provided or take action at VeriSign's site pursuant to this Agreement, such personnel shall be provided solely at SDTI's cost, and upon VeriSign's reasonable request, SDTI shall provide evidence of satisfaction of all state and federal employment laws and worker compensation requirements in connection with such personnel. Such personnel shall, at VeriSign's reasonable request, execute confidentiality agreements containing terms and conditions substantially similar to those in Section 10, and shall agree to

abide by all reasonable VeriSign visitor regulations. SDTI understands that VeriSign operates a secure facility and that there are portions of such facility that SDTI's personnel will not be permitted to enter unless entry to such facility is necessary in order to allow SDTI to exercise its rights hereunder. In the event that VeriSign determines that any SDTI personnel has breached a VeriSign visitor regulation, SDTI shall, upon receipt of notice from VeriSign, immediately cause such person to be removed from VeriSign's facility and provide a replacement.

8. EVALUATION AND ACCEPTANCE/REJECTION OF DEVELOPED TECHNOLOGY

Unless otherwise stated in the Statement of Work, SDTI shall advise VeriSign in writing within forty five (45) days of receipt of the completed Developed Technology for testing or evaluation whether SDTI accepts or rejects such Developed Technology in accordance with the Acceptance Criteria. In the event that SDTI does not respond in writing within such forty five (45) day period, then the Developed Technology shall be deemed accepted. If SDTI rejects the Developed Technology, then SDTI shall provide to VeriSign a written statement of the reasons for such rejection. Upon rejection, VeriSign shall prepare an Error Correction within twenty (20) business days and resubmit such Developed Technology to SDTI for evaluation pursuant to this Section. In the event the Developed Technology still fails to conform to the Acceptance Criteria after two (2) attempts to correct and resubmit the Developed Technology, the matter shall be escalated to the respective management of the parties for resolution. If the parties cannot reach an agreement in good faith after such executive escalation, either party may pursue whatever remedies it may have under this Agreement, at law or in equity.

9. LICENSE FEES; ROYALTY PAYMENTS

9.1 LICENSE FEE. SDTI shall make the nonrefundable license payments to VeriSign in accordance with Exhibit E attached hereto. Additional license fees for subsequent projects shall be as set forth in the applicable Statement of Work.

9.2 MAINTENANCE AND SUPPORT. In exchange for the receive maintenance and support services and Updates and Enhancements for the Products from VeriSign under Section 12, SDTI will pay VeriSign the nonrefundable amounts specified in Exhibit E for such services.

9.3 PAYMENT TERMS. SDTI will make all initial payments to VeriSign when specified in Exhibit E. SDTI will make all ongoing payments to VeriSign due under Exhibit E within thirty (30) days after receipt of VeriSign's invoice, unless otherwise set forth in a SOW. Payments made under this Agreement after their due date will incur interest at a rate equal to 1.5% per month or the highest rate permitted by applicable law, whichever is lower.

9.4 TAXES. All amounts payable under this Agreement are exclusive of all sales, use, value-added, withholding, and other taxes and duties. SDTI will pay all taxes and duties assessed in connection with this Agreement and its performance by any authority within or outside of the U.S., except for taxes payable on VeriSign's net income. VeriSign will be promptly reimbursed by SDTI for any and all taxes or duties that VeriSign may be required to pay in connection with this Agreement or its performance.

9.5 RECORDS AND AUDITS. SDTI shall keep all proper records and books of account and all proper entries therein relating to its distribution of Products under this Agreement. To the extent that SDTI is to pay ongoing royalties under the terms of the initial or a subsequent SOW, on no less than 30 days' prior written notice and no more than once annually, VeriSign may request that an independent certified public accountant audit the applicable records during regular business hours at SDTI's offices to verify statements rendered hereunder. VeriSign shall bear the expenses of any such audit; provided that if such audit reveals that royalties paid by SDTI for any period are less

than 95% of what should have been paid by SDTI, on VeriSign's request, SDTI shall pay the costs of such audit in addition to royalties then due and owing to VeriSign.

10. CONFIDENTIAL INFORMATION

10.1 CONFIDENTIAL INFORMATION. VeriSign and SDTI agree and acknowledge that in order to further the performance of this Agreement, they will be required to disclose to each other certain confidential information which will be identified as such in writing or, if disclosed orally, will be reduced to writing within thirty (30) days thereafter ("Confidential Information"). The Developed Technology will be regarded as Confidential Information whether or not it is identified in writing as "Confidential."

10.2 PROTECTION OF CONFIDENTIAL INFORMATION. The receiving party agrees to protect the confidentiality of the disclosing party's Confidential Information with at least the same degree of care that it utilizes with respect to its own similar proprietary information, including without limitation agreeing:

(a) Not to disclose or otherwise permit any other person or entity access to, in any manner, the Confidential Information or any part thereof in any form whatsoever, except that such disclosure or access shall be permitted to an employee, agent or contractor of the receiving party requiring access to the Confidential Information in the course of his or her engagement in connection with this Agreement and who has signed and agreement obligating the employee, agent or contractor to maintain the confidentiality of the confidential information of third parties in the receiving party's possession;

(b) To notify the disclosing party promptly and in writing of the circumstances surrounding any suspected possession, use or knowledge of the Confidential Information or any part thereof at any location or by any person or entity other than those authorized by this Agreement; and

(c) Not to use the Confidential Information for any purpose other than as explicitly set forth herein.

10.3 EXCEPTIONS. Nothing in this Section 10 shall restrict the receiving party with respect to information or data, whether or not identical or similar to that contained in the Confidential Information, if such information or data: (a) was rightfully possessed by the receiving party before its received from the disclosing party; (b) is independently developed by the receiving part without reference to the disclosing party's information or data; (c) is subsequently furnished to the receiving party by a third party not under any obligation of confidentiality with respect to such information or data, and without restrictions on use or disclosure; (d) is or becomes available to the general public otherwise than through any act or default of the receiving party; or (e) is required to be disclosed by the receiving party by law or government regulation.

10.4 INJUNCTIVE RELIEF. Because the unauthorized use, transfer or dissemination of any Confidential Information provided hereunder may diminish substantially the value of such materials and may irreparably harm the disclosing party, if a receiving party breaches the provisions of this Section 10, the disclosing party shall, without limiting its other rights or remedies, be entitled to equitable relief, including but not limited to injunctive relief.

11. USE OF CONTRACTORS

Each party may retain third parties ("Contractors") to furnish services to it in connection with the performance of its obligations hereunder and permit such Contractors to have access to the Confidential Information of the other but only to the extent and insofar as reasonably required in connection with the performance of such party's obligations under this Agreement; provided that

all such Contractors shall be required by the applicable party to execute a written agreement: (a) sufficient to secure compliance by the Contractors with such party's obligations of confidentiality concerning Confidential Information set forth in Section 10; and (b) acknowledging the Contractor's obligation to assign all work product to such party in connection with performance hereunder.

12. SUPPORT

12.1 SUPPORT. Upon payment of the support fees set forth in Exhibit E, VeriSign shall provide the documentation and support to SDTI as set forth on Exhibit F for the Term of this Agreement. Additional or different support and documentation and the corresponding support fee may require for subsequent projects and shall be as set forth in the applicable Statement of Work. Support services hereunder shall commence on the Effective Date, shall extend for a period of three (3) years, and shall continue for successive annual terms, which may be terminated by either party upon (60) days notice prior to the end of the then current term. Further, SDTI may terminate the support services set forth herein at any time upon sixty (60) days written notice to VeriSign.

12.2 MAINTENANCE. [*]

13. REPRESENTATIONS AND WARRANTIES.

13.1 WARRANTY RE DEVELOPED TECHNOLOGY. VeriSign represents and warrants to SDTI that (i) each Deliverable hereunder developed by VeriSign will substantially conform to and perform in accordance with the applicable Specifications and Documentation when delivered and (ii) the Developed Technology, when delivered by VeriSign to SDTI, will substantially conform to and perform in accordance with the Specifications and Documentation, be free of material defects in design, both for a period of ninety (90) days following acceptance by SDTI of the applicable Deliverable (the "Warranty Period"). During the Warranty Period, as SDTI's exclusive remedy for breach of the above warranties, VeriSign shall promptly correct all Errors and shall otherwise provide to SDTI, free of charge, the maintenance and support services described in Section 12 above.

13.2 AUTHORIZATION AND ORIGINALITY. VeriSign represents and warrants that it has the right to enter into this Agreement, and that there exist no prior commitments or other obligations which prevent VeriSign from making all of the grants and undertakings provided for in this Agreement. VeriSign warrants that VeriSign has the right to make the assignments and grant the licenses granted herein. SDTI represents and warrants that it has the right to enter into this Agreement, and that there exist no prior commitments or other obligations which prevent SDTI from making all of the grants and undertakings provided for in this Agreement. SDTI warrants that SDTI has the right to make the assignments and grant the licenses granted herein.

[*] Confidential treatment has been requested with respect to certain portions of this exhibit. Confidential portions have been omitted form the public filing and have been separately filed with the Securities and Exchange Commission.

13.3 DISCLAIMER. EXCEPT AS PROVIDED IN THIS AGREEMENT, VERISIGN MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE DEVELOPED TECHNOLOGY OR OTHERWISE AND EXPRESSLY DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT. No oral or written information or advice given by VeriSign's employees or representatives which is not contained in this Agreement shall create a warranty or in any way increase the scope of VeriSign's obligations.

13.4 NO WARRANTY AS TO SDTI PRE-EXISTING TECHNOLOGY. SDTI makes no representation or warranty concerning any SDTI Pre-Existing Technology licensed to VeriSign hereunder. The SDTI Pre-Existing Technology is licensed on an "AS IS" basis and solely for the convenience of VeriSign in performing its obligations hereunder.

14. LIMITATION OF LIABILITY

EXCEPT AS SET FORTH IN SECTION 15, VIOLATION OF THE PARTIES' RESPECTIVE INTELLECTUAL PROPERTY RIGHTS, BREACH BY PARTIES OF THEIR RESPECTIVE CONFIDENTIALITY OBLIGATIONS, AND BREACH OF THE SCOPE OF THE LICENSES GRANTED IN SECTION 4.2, (A) IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH THE PERFORMANCE OF OR ALLEGED FAILURE TO PERFORM THIS AGREEMENT (INCLUDING LOSS OF REVENUE, PROFITS, USE, DATA, OR OTHER ECONOMIC ADVANTAGE), REGARDLESS OF THE THEORY OF LIABILITY, EVEN IF SUCH PARTY HAS BEEN PREVIOUSLY ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OCCURRING, AND (B) IN NO EVENT SHALL VERISIGN'S LIABILITY TO SDTI EXCEED THE TOTAL AMOUNTS PAID BY SDTI TO VERISIGN UNDER THIS AGREEMENT.

15. INTELLECTUAL PROPERTY INDEMNIFICATION

15.1 SCOPE OF VERISIGN INDEMNIFICATION.

(a) VeriSign will indemnify, defend and hold SDTI harmless from and against any and all losses, damages, liabilities and expenses (including but not limited to reasonable legal fees, settlement costs, judgments and awards) to the extent resulting from or incurred in connection with any claim or legal proceeding brought against SDTI and based on a claim that a Deliverable, the Developed Technology, or any part thereof, or SDTI's use, manufacture or distribution thereof, infringes any issued United States patent or copyright or misappropriates any trade secret of a third party except to the extent that such claim arises out of (a) any SDTI Pre-Existing Technology or any modification to the Deliverable or Developed Technology made by SDTI or not made by VeriSign; or (b) any combination of the foregoing with Technology not provided or recommended in writing by VeriSign. The remedies set forth in this Section 15.1 shall be SDTI's sole and exclusive remedy, and VeriSign's sole and exclusive obligations with regard to third party claims of intellectual property infringement.

(b) VERISIGN'S EFFORTS. Should SDTI's use and/or distribution of the Developed Technology be enjoined or become the subject of a claim of infringement, VeriSign shall use all reasonable commercial efforts to either (a) procure for SDTI the right to continue to use and distribute the Developed Technology , as the case may be, or (b) replace or modify the Developed Technology, as the case may be, to make it non-infringing without materially changing the form, fit, operation and function of the Developed Technology. If none of such alternatives is reasonably possible, then the use and distribution of the particular Developed Technology may be terminated at the option of VeriSign without

further obligation or liability except as otherwise provided herein. In the event of such termination, VeriSign shall refund to SDTI any and all monies paid by SDTI with respect to such Developed Technology less depreciation for use on a straight line basis amortized over _____ years.

(c) CONDITIONS TO INDEMNIFICATION. The foregoing indemnity is conditioned on (i) prompt written notice by SDTI of any claim or proceeding subject to indemnity; (ii) VeriSign's sole control of the defense and settlement of any claim under this Section and (iii) all reasonable cooperation and assistance by SDTI party in the defense and settlement of such claim at VeriSign's expense.

15.2 SCOPE OF SDTI INDEMNIFICATION. Subject to Section 15.1, SDTI shall defend, indemnify and hold VeriSign harmless from any and all damages, liabilities, costs and expenses (including but not limited to attorney's fees) incurred by VeriSign arising out of (i) claims described in items (a) and (b) of Section15.1(a), or (ii) any acts or omissions of SDTI in connection with their activities under this Agreement. As a condition to such defense and indemnification, VeriSign will provide SDTI with prompt written notice of the claim, the opportunity to assume the defense of the claim at SDTI's expense, and information and assistance, at SDTI's expense, in connection therewith.

16. TERM AND TERMINATION

16.1 TERM OF AGREEMENT. This Agreement shall commence on the Effective Date and continue in perpetuity unless terminated as set forth below (the "Term").

16.2 TERMINATION FOR CAUSE. If either party commits a material breach of the terms and conditions of this Agreement, the other party may terminate this Agreement upon forty-five (45) days' prior written notice to the defaulting party describing in reasonable detail such breach unless, within such forty-five (45)day period after receipt of such Notice, all breaches specified therein shall have been remedied.

16.3 TERMINATION FOR INSOLVENCY EVENT. To the fullest extent permitted by law, this Agreement may be terminated at the option of the terminating party upon written notice to the other party upon the occurrence of any of the following events with respect to the other party: (i) a receiver is appointed for such party or its property; (ii) such party makes a general assignment for the benefit of its creditors; (iii) such party commences, or has commenced against it, proceedings under any bankruptcy, insolvency or debtor's relief law, which proceedings are not dismissed within sixty (60) days; or (iv) such party is liquidated or dissolved.

16.4 SURVIVAL OF RIGHTS AND OBLIGATIONS UPON TERMINATION. The provisions of Sections 3, 4.2, 4.3, 10, 12, 13, 14, 15, 16, and 17 shall survive any expiration or termination of this Agreement.

16.5 RETURN OF MATERIALS UPON TERMINATION. Upon termination or expiration of this Agreement, all materials containing the SDTI Pre-Existing Technology or Confidential Information of SDTI shall be returned promptly to SDTI or destroyed and certified as same by an officer of VeriSign. Unless otherwise provided in this Agreement, upon termination of this Agreement, all materials containing the VeriSign Pre-Existing Technology, Developed Technology, and VeriSign Proprietary Information of VeriSign shall be returned promptly to VeriSign or destroyed and certified as same by an authorized representative of SDTI.

17. MISCELLANEOUS

17.1 FORCE MAJEURE. Neither party shall be liable to the other (except for failure to pay) for delays or failures in performance resulting from causes beyond the reasonable control of that party, including but not limited to acts of God, labor disputes or disturbances, material shortages or

rationing, riots, acts of war, governmental regulations, communication or utility failures or casualties.

17.2 ASSIGNMENT. SDTI may not assign or otherwise transfer this Agreement, or any of its rights or obligations under this Agreement to a third party without the prior written consent of VeriSign. .

17.3 RELATIONSHIP OF PARTIES. The parties are independent contractors under this Agreement and no other relationship is intended, including a partnership, franchise, joint venture, agency, employer/employee, fiduciary, master/servant relationship, or other special relationship. Neither party shall act in a manner which expresses or implies a relationship other than that of independent contractor or binds the other party.

17.4 WAIVER OR DELAY. Waiver of any term, condition or provision of this Agreement, or a delay in the enforcement of any right hereunder, shall not be construed as a waiver of any other term, condition, or provision, nor shall such waiver be deemed a waiver of any subsequent breach thereof.

17.5 SEVERABILITY. If any term or provision of this Agreement is found to be invalid under any applicable statute or rule of law then, that provision notwithstanding, this Agreement shall remain in full force and effect and such provision shall be deemed omitted.

17.6 BENEFICIARIES. This Agreement is made for the benefit of the parties hereto and not for the benefit of any third parties.

17.7 GOVERNING LAW AND JURISDICTION. Any action related to this Agreement will be governed by California law and controlling U.S. federal law. No choice of law rules of any jurisdiction will apply. Any action brought hereunder shall be brought exclusively in the United States District Court for the Northern District of California, San Jose Branch, or the California Superior Court for the County of Santa Clara, as applicable.

17.8 ATTORNEYS' FEES. In addition to any other relief, the prevailing party in any action arising out of this Agreement shall be entitled to attorneys' fees and costs.

17.9 NOTICES. Any notices required or permitted to be given pursuant to this Agreement shall be in writing, and may be personally delivered, telecopied (with confirmation by recognized overnight courier), or sent by recognized overnight courier to the addresses set forth on the first page of this Agreement or to such other address as may be specified from time to time by notice in writing. Any such notice shall be deemed to have been given when received.

17.10 HEADINGS. Headings used in this Agreement are for ease of reference only and shall not be used to interpret any aspect of this Agreement.

17.11 ENTIRE AGREEMENT. This Agreement, together with its Exhibits, is the parties' entire understanding and agreement with respect to its subject matter and supersedes (a) all prior or contemporaneous oral or written communications, proposals, understandings, and representations with respect to its subject matter; and (b) any conflicting terms of any quote, order, acknowledgment, or similar communication between the parties. This Agreement may not be modified or amended, in whole or in part, except in a writing executed by duly authorized representatives of each party.

17.12 COMPLIANCE WITH EXPORT LAWS SDTI shall not export, directly or indirectly, the Developed Technology or other materials or information provided by VeriSign hereunder, to any country for which the United States or any other relevant jurisdiction requires any export license or other governmental approval at the time of export without first obtaining such license or approval.

17.13 COUNTERPARTS. This Agreement may be executed in two counterparts, each of which shall be an original and together which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

SECURITY DYNAMICS TECHNOLOGIES, INC. ("SDTI")	VERISIGN, INC. ("VeriSign")
By: /s/ Marian O'Leary	By: /s/ Dana L. Evan
Name: Marian O'Leary	Name: Dana L. Evan
Title: Chief Financial Officer	Title: Chief Financial Officer

EXHIBIT A

DEVELOPMENT EQUIPMENT

[TO BE COMPLETED]

EXHIBIT B

SPECIFICATIONS

[TO BE COMPLETED]

EXHIBIT C

STATEMENT OF WORK

[TO BE COMPLETED]

EXHIBIT D

THIRD PARTY TECHNOLOGY

[TO BE COMPLETED]

EXHIBIT E

LICENSE AND ROYALTY PAYMENTS

1. LICENSE FEE. SDTI shall pay to VeriSign an initial license fee of U.S. [*] for the Developed Technology as more particularly described in the Statement of Work dated _____ , 1997. Such license fee shall be payable as follows:

DELIVERABLE	DATE	PAYMENT [*]
Execution of Agreement		
Per Achievement of Milestones set forth in the Statement of Work		
TOTAL		

2. SUPPORT FEE: Support for the Developed Technology as set forth in Section 12.1 of the Agreement shall be provided by VeriSign without charge for a period of six (6) months from the Effective Date. Thereafter, SDTI shall pay VeriSign a support fee of [*] per month.

3. MAINTENANCE FEE: Maintenance services as set forth in Section 12.2 of the Agreement shall be provided by VeriSign without charge for a period of twelve (12) months from the Effective Date. Thereafter, SDTI shall pay VeriSign an annual support fee of [*], payable upon the anniversary of the Effective Date.

_____

[*] Confidential treatment has been requested with respect to certain portions of this exhibit. Confidential portions have been omitted form the public filing and have been separately filed with the Securities and Exchange Commission.

EXHIBIT F

SUPPORT

[TO BE COMPLETED]

EXHIBIT G

LOGO AND TRADEMARK USAGE GUIDE

VeriSign encourages its customers and partners to use VeriSign logos and trademarks on customer and partner product data sheets, packaging, Web pages and advertising - but it is important to use them properly.

When using VeriSign trademarks and service marks in ads, product packaging, documentation or collateral materials, be sure to use the correct trademark designator: (SM) for claimed or pending servicemarks, O for claimed or pending trademarks, and (R) for registered trademarks. VeriSign trademarks and their correct designators are depicted below. To ensure proper usage, please allow VeriSign's Corporate Marketing department to review any materials using or mentioning VeriSign trademarks prior to general release.

Using these VeriSign logos does not require prior written permission; in fact, we encourage you to use them on your product packaging, Web pages and marketing collateral. However, text of written materials which mention VeriSign services and/or products should be reviewed by VeriSign's Corporate marketing department at the draft stage.

VeriSign updates its Logo and Trademarks Usage Guide--available at http://www.VeriSign.com/about/logosmtm.html on a regular basis and will distribute the information to its customers and partners. This information will also be located on the VeriSign Web site and updated often.

Logos/Marks (see the website for actual logos):
VeriSign(TM)
Digital ID(SM)
Digital ID Partner(SM)
Digital ID Center(SM)
Authentic Site(TM)

EXHIBIT 10.20

LICENSE AGREEMENT

THIS LICENSE AGREEMENT ("AGREEMENT") is entered as of December 16, 1996 between VeriSign, Inc., a Delaware corporation ("VSI"), having a principal mailing address at 2593 Coast Avenue, Mountain View, California 94043, and VeriSign Japan KK, a corporation incorporated under the laws of Japan ("VSJ"), having a principal mailing address of 5-11-5 Minami-Aoyama, Minato-ku, Tokyo 107, Japan.

WHEREAS, the parties acknowledge the existence of an oral agreement for the license made by and between VSI and VSJ before the date hereof, and

WHEREAS, both VSI and VSJ are desirous of drawing up this written agreement which clarifies matters dealt with in, and replaces in its entirety, the oral agreement between VSI and VSJ,

VSI and VSJ agree as follows:

1. DEFINITIONS

Capitalized terms when used in this Agreement shall have the meanings shown in Exhibit "A" hereto.

2. GRANT OF LIMITED LICENSES AND DISTRIBUTION RIGHTS

2.1 OBJECT CODE LICENSE. VSI hereby grants VSJ a non-transferable (except as provided in Section 9.2), license exclusive in the Territory during the term specified in Section 8 to:

2.1.1 Incorporate the Root Keys and VSI Object Code into VSJ Products to create Bundled Products.

2.1.2 Adapt, enhance, improve or modify the VSI Software in order to create VSJ Modifications.

2.1.3 Reproduce and have reproduced the Root Keys, the VSI Object Code, the VSJ Modifications and Translated Versions incorporated in Bundled Products, and VSI Object Code separately from a Bundled Product, and the User Manual as reasonably needed for inactive backup or archival purposes.

2.1.4 Reproduce, have reproduced, and sublicense or otherwise distribute the Root Keys, the VSI Object Code, the VSJ Modifications and Translated Versions incorporated in Bundled Products, and VSI Object Code separately from a Bundled Product, and User Manuals.

2.1.5 Translate, or contract for translation of, the User Manual and the CPS into the Japanese language to create a Translated Version.

2.1.6 Use, copy, modify, and create derivative works of, the CPS solely for use in creating Protocols for use by VSJ in providing Private Label Certificate System services to VSJ's customers.

2.1.7 Use the CPS policies and procedures to provide Public Certificate services to VSJ's customers.

2.2 LIMITATIONS ON LICENSES. The licenses granted in Section 2.1 shall be limited as follows:

2.2.1 Portions of the VSI Object Code which have been licensed to VSI by third parties may be incorporated into VSJ Products only to the extent permitted by VSI's licenses with such third parties.

2.2.2 VSJ may not reverse engineer, decompile or disassemble the VSI Object Code or any part thereof.

2.2.3 Sublicenses of the VSI Object Code and Bundled Products, including Translated Versions, shall be granted only to (i) Distributors and (ii) End User Customers. Sublicenses shall prohibit Distributors and End Users Customers from making any modification to any part of the VSI Object Code or any Bundled Product, including Translated Versions.

2.2.4 VSJ may sublicense the VSI Object Code and Bundled Products, including Translated Versions, only to customers whose business is primarily located in the Territory for use in the Territory and for use outside the Territory only to the extent such use is ancillary to its business in the Territory.

2.2.5 VSJ may not make modifications of any kind to the Root Keys, and shall prohibit Distributors and End User Customers from making any modification to the Root Keys.

2.2.6 VSJ may not in any way sell, rent, license, sublicense or otherwise distribute the Root Keys or any part thereof or the right to use the Root Keys or any part thereof as a stand-alone product to any person or entity.

2.2.7 VSI shall publish the Certification Practice Statement ("CPS") on the Internet at http://www.verisign.com. The CPS is incorporated into this Agreement by reference. VSI may modify or amend the CPS incorporated into the terms of this Agreement, effective upon publication on the Internet. No change to the CPS made by VSI will cause any change to the fees specified in Section 3 of this Agreement. VSJ shall be entitled to create a Translated Version of the CPS which is localized for the laws and practices of Japan (a "LOCALIZED CPS") provided that VSJ shall obtain VSI's prior written consent prior to making any change or modification to the Localized CPS which deviates from the CPS for the purpose of conforming the CPS to the laws and practices of Japan. The exercise of the rights granted to VSJ pursuant to this Section 2 shall at all times conform to the Localized CPS. Each Certificate issued will contain information tying the Certificate to the version of the Localized CPS in

effect at the time of issuance of the Certificate. VSJ shall promptly modify or amend the Localized CPS to reflect any modification or amendment to the CPS made by VSI and shall obtain VSI's written consent prior to publication of such modification or amendment for any deviation of the modification or amendment to the Localized CPS from the corresponding modification or amendment to the CPS.

2.2.8 VSJ may not copy or reproduce the Licensed Products or any part, version or form thereof, except as expressly permitted in Section 2.1.

2.2.9 VSI expressly reserves the right to enter into OEM license agreements for the Licensed Products with customers who have business operations on a worldwide scale, including in the Territory, provided the business of such customers is primarily located outside the Territory.

2.3 TRADEMARK LICENSE. VSI hereby grants VSJ and its Distributors a license exclusive in the Territory during the term specified in Section 8 to use the name and mark "VeriSign" and its Japanese transliteration (collectively the "TRADEMARK") as part of the VSJ's trade name and in conjunction with the VSJ's marketing of the Products in the Territory. The Trademark is and will remain the exclusive property of VSI whether or not specifically recognized or registered under applicable law. VSI shall be responsible for ensuring that the Trademark is and continues to be validly registered in Japan in the name of VSI during the term of this Agreement, and VSI shall pay all costs and expenses associated with the application for and maintenance of such registration. VSJ will not take any action that jeopardizes the proprietary rights in, or acquire any right to, the Trademark of VSI except for the limited use rights granted in this Section 2.3. VSJ will not register, directly or indirectly, any trademark, service mark, trade name, company name or other proprietary or commercial right which is identical or confusingly similar to the Trademark. All advertisements and promotional materials will (i) clearly identify VSI as the owner of the Trademark, (ii) conform to VSI's then-current trademark usage guidelines and (iii) otherwise comply with any applicable local notice or marking requirements. Before publishing or disseminating any advertisement or promotional materials bearing the Trademark, VSJ will deliver a copy of the advertisement or promotional materials to VSI for approval. If VSI gives notice that the proposed use of its Trademark is inappropriate, VSJ will refrain from placing the advertisement or promotional material in circulation until such time as it has received VSI's approval. Products resold and sublicensed by a Distributor shall bear VSI's trademarks and service marks and shall not be privately labeled by such Distributor or other parties. VSJ shall cause Distributors to comply with the requirements of this Section 2.3.

2.4 TITLE.

2.4.1 Except for the limited licenses granted in Sections 2.1 and 2.3, VSI shall at all times retain full and exclusive right, title and ownership interest in and to the Root Keys, VSI Software, and User Manual and in any and all related patents, trademarks, copyrights or proprietary or trade secret rights. All references to sales, purchases and similar terms are not to be construed as transferring any rights in the VSI Software or the User Manual.

2.4.2 VSJ hereby assigns and transfers exclusively to VSI, its successors and assigns, all Intellectual Property Rights VSJ may now or hereafter have in a Translated Version and a VSJ Modification, and all portions and copies thereof in any form, to the full extent permitted under applicable law as set forth in Exhibit "E".

2.5 DISTRIBUTION RIGHTS. VSI hereby grants VSJ a royalty-free right to distribute the Hardware in the Territory, subject, however, to the rights of BBN Communications, a division of Bolt Beranek and Newman, Inc. and affiliated entities ("BBN"), as set forth in the Source Code Software License Agreement between BBN Communications and RSA Data Security, Inc. ("RSA") dated October 5, 1992, the Value-Added Reseller Agreement between BBN Communications and RSA dated October 7, 1992 and the Software License Agreement between BBN Systems and Technologies and RSA dated September 22, 1994. To the extent possible, VSI will pass through to VSJ any warranties on the Hardware received from BBN or any other supplier of the Hardware.

2.6 MODIFICATIONS OF VSI SOFTWARE. VSI agrees to cooperate with VSJ in preparing modifications of VSI Software to meet local needs of VSJ. VSI will use reasonable efforts to accommodate any VSJ request for modification of VSI software to meet VSJ local needs. VSJ requests for modification of VSI Software to meet VSJ local needs shall not be based on particular requirements of a single customer of VSJ but rather on more general requirements of the market in the Territory. VSJ may, upon reasonable written notice and for the purpose of assisting in development of modifications to the VSI Software to meet VSJ's local needs, provide a reasonable number of technical personnel to participate in development of such modifications, but VSI shall have the right to determine in its sole discretion the number of VSJ personnel accepted to participate in a development of a particular modification. Upon receiving a written request from VSJ for such modifications, which request shall not be unreasonably refused, VSI will provide within ninety (90) days, a schedule detailing the time frame within which time the request will be fulfilled. Should the request be refused, VSI shall provide written notification of the refusal to VSJ within forty-five (45) days detailing the reasons for rejecting the request and giving details of such modifications as are necessary to make the request acceptable. To the extent VSJ personnel are provided pursuant to this section, such personnel shall be provided solely at VSJ's cost, and, upon request, VSJ shall provide evidence of satisfaction of all state and federal employment and immigration laws and worker compensation requirements in connection with such personnel. VSJ may request VSI's assistance in obtaining such evidence. Such personnel shall execute confidentiality agreements as VSI shall reasonably request and shall agree to abide by all reasonable VSI visitor regulations. VSJ understands that VSI operates a secure facility and that there are portions of such facility that VSJ's personnel will not be permitted to enter. In the event that VSI determines that any of VSJ's personnel has, without legitimate excuse, breached a VSI visitor regulation, VSI shall advise VSJ of such breach, and VSJ shall immediately cause such person to be removed from VSI's facility, and may provide a replacement. In the event that VSI decides, in its sole discretion, to implement any modifications to VSI Software which result from participation of VSJ personnel in development into the VSI Software for use outside the Territory, VSI will negotiate in good faith with VSJ with respect to bearing an appropriate portion of the cost of such VSJ personnel participation.

2.7 CROSS LICENSE. VSJ and VSI shall conduct semi-annual reviews of the software and technology possessed or used by VSJ for the purpose of determining whether such software and technology should be the proprietary property of VSI or VSJ. VSI shall have sole authority to determine ownership. VSI and VSJ agree to enter into a cross-license agreement whereby (i) VSI agrees to license to VSJ for use and sublicense in the Territory improvements to the VSI Software developed by VSI and not otherwise licensed to VSJ hereunder and additional software created by VSI, both only so long as VSI's ownership of the outstanding shares of VSJ's capital stock (calculated on a fully-diluted basis after giving effect to the exercise of all options, warrants or other rights to purchase shares of VSJ capital stock and the conversion of all securities convertible into shares of VSJ's capital stock) exceeds fifty percent (50%) and (ii) VSJ agrees to license to VSI for use and sublicense outside of the Territory all additional software products created by VSJ. The parties agree to negotiate appropriate terms, including royalty rates, and the cross-licenses will be on commercial terms similar to the terms of this Agreement, provided, however, that the license from VSJ to VSI shall be non-exclusive.

2.8 ASSIGNMENT. VSI hereby assigns to VSJ all of its right, title and interest in the contract entitled "RSA Commercial Hierarchy Certifier Agreement" executed between RSA Data Security, Inc. ("RSA") and NTT Electronics dated January 10, 1995, which was assigned by RSA to VSI by written assignment dated April 17, 1995. VSJ hereby assumes all outstanding liabilities and obligations of VeriSign under such contract.

2.9 OPTION FOR NON-EXCLUSIVE RIGHTS OUTSIDE THE TERRITORY. VSJ shall have the right to request, and VSI agrees to consider on a case-by-case basis, an expansion of rights granted to VSJ pursuant to this Section 2 to countries outside the Territory on a non-exclusive basis.

3. LICENSE AND OPERATIONS FEES

3.1 LICENSE AND OPERATIONS FEES. In consideration of the grant of the licenses by VSI to VSJ and the operations support and maintenance under this Agreement, VSJ shall pay to VSI the following license and operations fees ("LICENSE AND OPERATIONS FEES"):

3.1.1 An annual License and Operations Fee, for the initial five (5) year period, in the following amounts shall be payable in equal quarterly installments due at the beginning of each calendar quarter, with the full amount for Year 1 and the initial installment for the second year due on the date of execution of this Agreement:

Year 1 (Calendar Year 1996):	$150,000.00
Year 2 (Calendar Year 1997):	$250,000.00
Year 3 (Calendar Year 1998):	$350,000.00
Year 4 (Calendar Year 1999):	$450,000.00
Year 5 (Calendar Year 2000):	$450,000.00

After payment of the amounts set forth above in this Section 3.1.1 for the initial five (5) year period, the annual License and Operations Fees shall be considered fully paid.

3.1.2 A royalty in the amount of Twenty Percent (20%) of the End User Price for Public Certificates issued by VSJ or a Distributor in 1997 or 1998 and for each renewal thereof. Royalties for years after 1998 shall be as agreed between the parties.

3.1.3 A royalty in the amount of Fifteen Percent (15%) of the End User Price for Private Certificates or Custom Public Certificates issued by VSJ or a Distributor in 1997 or 1998 and for each renewal thereof. Royalties for years after 1998 shall be as agreed between the parties.

3.1.4 A royalty in the amount of Twenty Percent (20%) of the End User Price of all ECAS licenses by VSJ or a Distributor in 1997 or 1998. Royalties for years after 1998 shall be as agreed between the parties.

3.1.5 A royalty in the amount of Fifteen Percent (15%) on all CPS consulting fees collected by VSJ for CPS consulting services provided by VSJ.

3.1.6 License and Operation Fees or royalties provided in this Section 3.1 may be reduced in order to maintain VSJ's competitiveness in the Territory by a joint determination by VSI and VSJ of the reasonableness of such reduction. VSJ may notify VSI of its request for such reduction. Upon VSI's receipt of such request, the parties shall in good faith review the situation and discuss possible reduction of the License and Operation Fees or royalties.

3.2 HARDWARE. VSI will provide the Hardware to VSJ at the cost VSI pays to BBN (or any other supplier of the Hardware), as such cost may change from time to time, plus twenty percent (20%) to cover shipping and handling ("HARDWARE FEES").

3.3 TAXES. In the event that the Japanese government imposes any income taxes on any part of the License and Operations Fees and requires VSJ to withhold such tax from payments to VSI, VSJ shall withhold such tax from the payments and promptly furnish VSI with tax receipts issued by appropriate tax authorities so as to enable VSI to support a claim for credit against income taxes which may be paid by VSI. All taxes (other than such withheld Japanese income taxes), duties, fees and other governmental charges of any kind (including sales and use taxes, but excluding United States or California taxes based on the gross revenues or net income of VSI) which are imposed by or under the authority of any government or any political subdivision thereof on the License and Operations Fees or any aspect of this Agreement shall be borne by VSJ and shall not be considered a part of, a deduction from or an offset against, the License and Operations Fees.

3.4 TERMS OF PAYMENT. Annual License and Operations Fees pursuant to Section 3.1.1 shall be payable in equal quarterly installments due at the beginning of each calendar quarter. Royalties due pursuant to Sections 3.1.2, 3.1.3, 3.1.4 and 3.1.5 shall accrue with respect to Certificates, ECAS licensed or otherwise distributed by VSJ or Distributors or CPS consulting fees upon the date of

issuance for the Certificates, upon the date of invoice for ECAS, to an End User Customer or Distributor, and upon the date CPS consulting fees are collected by VSJ. Hardware Fees due pursuant to Section 3.2 shall accrue when VSJ receives an invoice from VSI. Such Royalties and Hardware Fees shall be paid by VSJ to VSI at VSI's address set forth above on or before the thirtieth (30th) day after the close of the calendar quarter during which the fees accrued.

3.5 U.S. CURRENCY. All payments hereunder shall be made in lawful United States currency. For payments received by VSJ in currencies other than United States currency, the amount of VSJ's License and Operations Fees to VSI shall be calculated using the closing TTS exchange rate published in The Wall Street Journal Western Edition on the last business day such journal is published in the calendar quarter immediately preceding the date of payment. To the extent the exchange rate of Japanese yen to U.S. dollars is greater or lesser than 112(Yen) to $1 U.S. at the time a payment amount for License and Operations Fees payable pursuant to Section 3.1.1 is to be calculated, VSI and VSJ agree to split on a fifty-fifty basis the difference between (a) the payment amount calculated at the exchange rate of 112(Yen) to $1 U.S. and (b) the payment amount calculated at the closing TTS exchange rate described in the previous sentence. The exchange rate adjustment set forth in the preceding sentence shall apply only to License and Operations Fees payable pursuant to Section 3.1.1 and not to royalties payable pursuant to Sections 3.1.2, 3.1.3, 3.1.4 or 3.1.5 or to Hardware Fees payable pursuant to Section 3.2.

3.6 LICENSING REPORT. A report in reasonably detailed form setting forth the calculation of royalties due from VSJ pursuant to Sections 3.1.2, 3.1.3, 3.1.4 and 3.1.5 and signed by a responsible officer of VSJ shall be delivered to VSI on or before the thirtieth (30th) day after the close of each calendar quarter during the term of this Agreement, regardless of whether royalty payments are then required to be made pursuant to Sections 3.1.2, 3.1.3, 3.1.4 or 3.1.5. The report shall include, at a minimum, the following information (if applicable to the calculation of such royalties) with respect to the relevant quarter: (i) the total number of Certificates issued and renewed (indicating the number of Public and Private Certificates); (ii) the total End User Price for Certificates, ECAS invoiced to Distributors and End User Customers; (iii) total royalties accrued; (iv) total CPS consulting fees collected by VSJ; and (v) such other information as reasonably requested by VSI.

3.7 AUDIT RIGHTS. VSI shall have the right, at its sole cost and expense, to conduct during normal business hours and not more frequently than annually, an audit of the appropriate records of VSJ to verify the number of Certificates, and copies/units of ECAS, licensed or otherwise distributed by VSJ and Distributors and the End User Price therefor. If such amounts are found to be different than those reported, or the License and Operations Fees and royalties accrued are different than those reported, VSJ will be invoiced or credited for the difference, as applicable. Any additional License and Operations Fees and royalties shall be payable within thirty (30) days of such invoice. If the deficiency in License and Operations Fees and royalties paid by VSJ is greater than five percent (5%) of the License and Operations Fees and royalties reported by VSJ for any quarter, VSJ will pay the reasonable expenses associated with such audit, in addition to the deficiency.

4. OPERATIONS SUPPORT AND MAINTENANCE

4.1 MAINTENANCE. VSI shall provide maintenance for the VSI Software as set forth in Section 4.3 for no charge in addition to the annual License and Operations Fees. VSI shall use reasonable efforts to cause BBN to provide maintenance for the Hardware, and VSI shall liaise with BBN in relation to maintenance on behalf of VSJ. VSI may cease to offer maintenance for any version of any VSI Software by notice delivered to VSJ ninety (90) days before such cessation if VSI generally ceases to offer maintenance to its licensees of the same version or product. The limited warranty in Section 7.1 shall not affect VSI's maintenance obligations under this Section 4.

4.2 ADDITIONAL CHARGES. In the event VSI is required to take actions to correct a difficulty or defect which is traced to VSJ errors, modifications, enhancements, software or hardware, then VSJ shall pay to VSI its time and materials charges at VSI's rates then in effect. In the event VSI's personnel must travel to perform maintenance or on-site support, VSJ shall reimburse VSI for any reasonable out-of-pocket expenses incurred, including travel to and from VSJ's sites, lodging, meals and shipping, as may be necessary in connection with duties performed under this Section 4 by VSI.

4.3 OPERATIONS MAINTENANCE AND SUPPORT PROVIDED BY VSI. For all portions of the VSI Software as to which maintenance is in effect, VSI will provide VSJ with the following services:

4.3.1 On VSJ's request, VSI shall provide in writing within a reasonable time the names of personnel assigned to give general support to VSJ as provided in this Section 4.3. On VSI's request, VSJ will provide a list with the names of the employees designated to receive support from VSI. Either party may change the names on such lists at any time by providing written notice to the other party.

4.3.2 VSI will provide telephone support to VSJ during VSI's normal business hours. VSI shall provide the support specified in this Section 4.3.2 to VSJ's employees responsible for developing Bundled Products, maintaining Bundled Products, and providing support to End User Customers.

4.3.3 VSI shall inform VSJ in writing of current and impending changes in the area of technology relevant to a particular support request by VSJ. VSI will also notify VSJ within a reasonable time of impending actions by VSI that VSI has reason to believe will have a direct impact on VSJ's activities.

4.3.4 In the event VSJ discovers an error in the VSI Software which causes the VSI Software not to operate in material conformance to VSI's published specifications therefor, VSJ shall submit to VSI a written report describing such error in sufficient detail to permit VSI to reproduce such error. Upon receipt of any such written report, VSI will use its reasonable business judgment to classify a reported error as either: (i) a "Level 1 Severity" error, meaning an error that causes the VSI Software to fail to operate in a material manner or to produce materially incorrect results and for which there is no workaround or only a difficult workaround; or (ii) a "Level 2 Severity" error, meaning an error that produces a situation in which the VSI Software is usable but does not function in the most convenient or expeditious manner, and the use or value of the VSI Software suffers no material impact. VSI will

acknowledge receipt of a conforming error report within two (2) business days and (A) will use its continuing best efforts to provide a correction for any Level 1 Severity error to VSJ as early as practicable; and (B) will use its reasonable efforts to include a correction for any Level 2 Severity error in the next release of the VSI Software.

4.3.5 Nothing contained in this Agreement shall obligate VSI to provide, or to incur any cost or expense associated with, the start-up costs for databases, porting of software code, or other cryptography not included in the Licensed Products, the responsibility for all of which shall remain with VSJ at its sole cost and expense unless otherwise agreed by VSI and VSJ, or to the extent provided in Section 2.6.

4.4 TRAINING. At VSJ's request, VSI will provide the training specified in this Section 4.4 to VSJ employees at VSI's facilities. Training will be in the areas of Private Label services engineering, operations, sales and marketing. In order to meet VSJ's local needs, VSJ may, upon reasonable written notice, propose a reasonable number of personnel to participate in training specified in this Section 4.4. Based on availability of resources, VSI in its sole discretion shall have the right to determine the number of VSJ personnel accepted to participate in training at a particular time. To the extent VSJ personnel are provided pursuant to this section, such personnel shall be provided solely at VSJ's cost, and, upon request, VSJ shall provide evidence of satisfaction of all state and federal employment and immigration laws and worker compensation requirements in connection with such personnel. VSJ may request VSI's assistance in obtaining such evidence. Such personnel shall execute confidentiality agreements as VSI shall reasonably request and shall agree to abide by all reasonable VSI visitor regulations. VSJ understands that VSI operates a secure facility and that there are portions of such facility that VSJ's personnel will not be permitted to enter. In the event that VSI determines that any of VSJ's personnel has, without legitimate excuse, breached a VSI visitor regulation, VSI shall advise VSJ of such breach, and VSJ shall immediately cause such person to be removed from VSI's facility, and may provide a replacement.

4.5 NOTIFICATION OF ERRORS. VSI shall notify VSJ of any errors in the VSI Software of which VSI becomes aware on the same basis as it generally so notifies its other licensees of the VSI Software.

4.6 SUPPORT OF CERTIFICATE DIRECTORIES AND CRLS. VSI will establish a support mechanism of Certificate directories and CRLs (Certificate Revocation List) to maintain a global infrastructure for the Public Certificates. VSI will also use reasonable efforts to cause its insurer to cover Public Certificates issued by or under authority of VSJ under its general liability insurance policy maintained in the United States of America.

5. MASTER COPY

As soon as practicable, VSI shall deliver to VSJ one (1) copy of each of the Root Keys, the VSI Object Code, and the User Manual.

6. ADDITIONAL OBLIGATIONS OF VSJ

6.1 BUNDLED PRODUCT MARKETING. VSJ is authorized to represent to Distributors and End User Customers only such facts about the Hardware and Licensed Products as VSI states in its published product descriptions, advertising and promotional materials or as may be stated in other non-confidential written material furnished by VSI. VSJ agrees to concentrate its marketing and sales efforts in the Territory and not to solicit actively any sales of VSI Object Code and Bundled Products outside the Territory.

6.2 CUSTOMER SUPPORT. VSJ shall, at its expense, provide all support for the Bundled Products, VSI Object Code and Hardware to Distributors and End User Customers.

6.3 PROTECTION OF ROOT KEYS. VSJ shall, at its expense, provide proper storage for the Root Keys in CIS Hardware or other secure hardware approved by VSI.
6.3

6.4 LICENSE AGREEMENTS. VSJ shall cause to be delivered to each Distributor and End User Customer a license agreement which shall contain, at a minimum, substantially all of the limitations of rights and the protections for VSI which are contained in Sections 2.2, 6.5.2, 7.2, 7.3 and 9.8 of this Agreement and shall prohibit Distributors and End User Customers pursuant to written agreements from modifying, reverse engineering, decompiling or disassembling the VSI Object Code or any part thereof. VSJ shall use commercially reasonable efforts to ensure that all Distributors and End User Customers abide by the terms of such agreements, and shall indemnify VSI for damages arising out of any failure by a Distributor or End User Customer to comply with the Sections of the Agreement enumerated in this Section. VSJ shall prepare a Translated Version of such license agreement and of the CPS for use in the Territory. VSJ shall be responsible for ensuring that the Japanese language versions accurately convey the provisions of the English language versions thereof.

6.5 CONFIDENTIALITY; PROPRIETARY RIGHTS.

6.5.1 Each party acknowledges that in the performance of its respective duties under this Agreement, each may disclose to the other its confidential and proprietary know-how, technology, techniques or marketing plans, and, in the case of VSI, the Root Keys (collectively, the "PROPRIETARY INFORMATION"). Each party agrees to hold the other's Proprietary Information within its own organization and shall not, without specific written consent of the other party or as expressly authorized herein, utilize in any manner, publish, communicate or disclose any part of the Proprietary Information to third parties. This Section 6.4.1 shall impose no obligation on a party with respect to any Proprietary Information (other than the Root Keys) which such party can establish: (i) at the time of disclosure in writing is not marked or stamped with a legend identifying it as "Company Private," "Proprietary," "Confidential" or a similar legend; (ii) is in the public domain at the time disclosed by the other party; (iii) enters the public domain after disclosure other than by breach of the receiving party's obligations hereunder; (iv) is known by the receiving party prior to its receipt from the other party; (v) is independently developed by the receiving party without breach of this Agreement; or (vi) is disclosed pursuant to a requirement of a court, governmental agency, law or regulation, provided that the receiving party gives the other party prior notice of such disclosure.

6.5.2 VSJ agrees not to remove or destroy any proprietary, trademark or copyright markings or confidentiality legends placed upon or contained within the Root Keys, VSI Object Code, User Manuals or any related materials or documentation. VSJ further agrees to insert and maintain: (i) within every Bundled Product and any related materials or documentation a copyright notice in the name of VSJ and the name of VSI; (ii) within every copy of the VSI Object Code and the User Manual a copyright notice in the name of VSJ and the name of VSI; and (iii) within the splash screens, user documentation, printed product collateral, product packaging and advertisements for the Bundled Product a statement that the Bundled Product contains the Root Keys or VSI Software, as applicable. VSJ shall cease to use the markings, or any similar markings, in any manner on the termination of the license rights granted pursuant to Section 2.

6.5.3 The placement of a copyright notice on any of the VSI Software shall not constitute publication or otherwise impair the confidential or trade secret nature of the VSI Software.

6.5.4 Each party acknowledges that the restrictions contained in this Section 6.5 are reasonable and necessary to protect their legitimate interests and that any violation of these restrictions will cause irreparable damage to them within a short period of time, and each party agrees that the other party will be entitled to injunctive relief against each violation. Each party further agrees that all confidentiality commitments hereunder shall survive the expiration or termination for any reason of the license rights granted pursuant to Section 2.

6.6 DELIVERY OF TRANSLATED VERSION TO VSI. Immediately upon completion of any translation, VSJ will deliver to VSI one (1) complete copy of the Translated Version.

6.7 GOVERNMENT SUBLICENSE. If VSJ proposes to grant or grants any sublicense of any Licensed Products to any government entity, VSJ shall notify VSI and comply with VSI's reasonable requirements.

6.8 NOTICES. VSJ shall immediately advise VSI of any legal notices served on VSJ which might affect VSI, the Root Keys, the VSI Software or any Bundled Products.

6.9 INDEMNITY. VSJ EXPRESSLY INDEMNIFIES AND HOLDS HARMLESS VSI, ITS SUBSIDIARIES, AGENTS AND AFFILIATES FROM: (i) ANY AND ALL LIABILITY OF ANY KIND OR NATURE WHATSOEVER TO VSJ'S END USER CUSTOMERS, DISTRIBUTORS AND THIRD PARTIES WHICH MAY ARISE FROM ACTS OF VSJ, INCLUDING ANY DISCREPANCIES BETWEEN THE ENGLISH LANGUAGE VERSION AND A TRANSLATED VERSION, OR FROM THE LICENSE OF BUNDLED PRODUCTS OR VSI OBJECT CODE BY VSJ OR ANY DOCUMENTATION, SERVICES OR ANY OTHER ITEM FURNISHED BY VSJ TO ITS END USER CUSTOMERS OR DISTRIBUTORS (OTHER THAN LIABILITY ARISING FROM THE UNMODIFIED VSI SOFTWARE); AND (ii) ANY LIABILITY ARISING IN CONNECTION WITH AN UNAUTHORIZED REPRESENTATION OR ANY MISREPRESENTATION OF FACT MADE BY VSJ OR ITS AGENTS, EMPLOYEES OR DISTRIBUTORS TO ANY PARTY WITH RESPECT TO THE VSI SOFTWARE OR ANY BUNDLED PRODUCTS.

7. LIMITED WARRANTY; DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY; INTELLECTUAL PROPERTY INDEMNITIES

7.1 LIMITED WARRANTY. During the initial one (1)-year period of this Agreement, VSI warrants that the VSI Software will operate in material conformance to VSI's published specifications for such VSI Software. VSI does not warrant that the VSI Software or any portion thereof are error-free. VSJ's exclusive remedy, and VSI's entire liability in tort, contract or otherwise for any warranted nonconformity under this Section 7.1, shall be correction of any warranted nonconformity as provided in Section 4.3.2. This limited warranty and any obligations of VSI under Section 4.1 shall not apply to any VSJ Modifications or any nonconformities caused thereby.

7.2 DISCLAIMER. EXCEPT FOR THE EXPRESS LIMITED WARRANTY PROVIDED IN SECTION 7.1, THE LICENSED PRODUCTS ARE PROVIDED "AS IS" WITHOUT ANY WARRANTY WHATSOEVER. EXCEPT FOR THE PASS-THROUGH WARRANTIES PROVIDED IN SECTION 2.5, IF ANY, THE HARDWARE IS PROVIDED "AS IS" WITHOUT ANY WARRANTY WHATSOEVER. VSI DISCLAIMS ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AS TO ANY MATTER WHATSOEVER, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS. VSI DISCLAIMS ANY WARRANTY OR REPRESENTATION TO ANY PERSON OTHER THAN VSJ WITH RESPECT TO THE LICENSED PRODUCTS AND THE HARDWARE. VSJ SHALL NOT, AND SHALL TAKE ALL MEASURES NECESSARY TO INSURE THAT ITS AGENTS AND EMPLOYEES DO NOT, MAKE

OR PASS THROUGH ANY SUCH WARRANTY ON BEHALF OF VSI TO ANY DISTRIBUTOR, END USER CUSTOMER OR OTHER THIRD PARTY.

7.3 LIMITATION OF LIABILITY. EXCEPT WITH RESPECT TO VSI'S OBLIGATIONS UNDER SECTION 7.4, IN NO EVENT WILL VSI BE LIABLE TO VSJ (OR TO ANY PERSON CLAIMING RIGHTS DERIVED FROM VSJ) FOR INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO LOST PROFITS, BUSINESS INTERRUPTION OR LOSS OF BUSINESS INFORMATION, EVEN IF VSI HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. VSI'S TOTAL LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT SHALL NOT EXCEED THE CUMULATIVE AMOUNT OF LICENSE AND OPERATION FEES PAID BY VSJ, REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON WARRANTY, CONTRACT, TORT OR OTHERWISE.

7.4 PROPRIETARY RIGHTS INFRINGEMENT BY VSI.

7.4.1 Subject to the limitations set forth in this Section 7.4, VSI, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against VSJ on the basis of infringement of any Japanese patent, copyright, trade secret or other intellectual property right by the unmodified Licensed Products as delivered by VSI (excluding the VSJ Modifications); and (ii) pay any final judgment entered or settlement against VSJ on such issue in any such suit or proceeding defended by VSI. The maximum aggregate amount of judgments and settlements payable by VSI pursuant to this Section 7.4.1 shall be limited to the cumulative amount of License and Operations Fees paid by VSJ. VSI shall have no obligation to VSJ pursuant to this Section 7.4.1 unless: (A) VSJ gives VSI prompt written notice of the claim; (B) VSI is given the right to control and direct the investigation, preparation, defense and settlement of the claim; and (C) the claim is based on VSJ's use, at the time of its distribution, of the most recent version or the immediately preceding version of the unmodified Licensed Products in accordance with this Agreement.

7.4.2 If VSI receives notice of an alleged infringement described in Section 7.4.1, VSI shall have the right, at its sole option, (i) to obtain the right to continue use of the Licensed Products; (ii) to replace or modify the Licensed Products so that they are no longer infringing; or (iii) to terminate the license rights granted pursuant to Section 2 of this Agreement as to the affected Licensed Products.

7.4.3 THE RIGHTS AND REMEDIES SET FORTH IN SECTION 7.4.1 CONSTITUTE THE ENTIRE OBLIGATION OF VSI AND THE EXCLUSIVE REMEDY OF VSJ CONCERNING PROPRIETARY RIGHTS INFRINGEMENT BY THE LICENSED PRODUCTS OR THE HARDWARE.

7.5 PROPRIETARY RIGHTS INFRINGEMENT BY VSJ.

7.5.1 Subject to the limitations set forth in this Section 7.5, VSJ, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against VSI on the basis of infringement of any Japanese patent, copyright or trade secret by any Bundled Product (except to the extent arising from the unmodified License Products) or the VSJ Modifications; and (ii) pay any final judgment entered or settlement against VSI on such issue in any such suit or proceeding defended by VSJ. The maximum aggregate amount of judgments and settlements payable by VSJ pursuant to this Section 7.5.1 shall be limited to the cumulative amount of License and Operations Fees paid by VSJ. VSJ shall have no obligation to VSI pursuant to this Section 7.5.1 unless: (A) VSI gives VSJ prompt written notice of the claim; and (B) VSJ is given the right to control and direct the investigation, preparation, defense and settlement of the claim.

7.5.2 THE RIGHTS AND REMEDIES SET FORTH IN SECTION 7.5.1 CONSTITUTE THE ENTIRE OBLIGATION OF VSJ AND THE EXCLUSIVE REMEDIES OF VSI CONCERNING VSJ'S PROPRIETARY RIGHTS INFRINGEMENT.

8. TERM AND TERMINATION

8.1 TERM. The license rights granted pursuant to Section 2 shall be effective as of the date hereof and shall continue in full force and effect during the existence of VSJ unless and until terminated pursuant to the terms of this Agreement. VSI shall be entitled to terminate all the license rights granted pursuant to this Agreement at any time on written notice to VSJ in the event of a default by VSJ and a failure to cure such default within a period of one hundred twenty (120) days following receipt of written notice specifying that a default has occurred or, if any such default is incapable of being cured within such period, a failure within such one-hundred-twenty (120)-day period to commence and diligently pursue a cure; provided, however, that in no event shall a defaulting party have more than one hundred eighty (180) days after receipt of written notice of a default to cure such default. In addition, VSI shall have the right to terminate the trademark license rights granted pursuant to Section 2.3 of this Agreement at any time with thirty (30) days' written notice to VSJ if VSI's ownership of the outstanding shares of VSJ's capital stock (calculated on a fully diluted basis after giving effect to the exercise of all options, warrants or other rights to purchase shares of VSJ's capital stock and the conversion of all securities convertible into shares of VSJ's capital stock) has become less than or equal to fifty percent (50%).

8.2 INSOLVENCY. In the event that VSJ is adjudged insolvent or bankrupt, or upon the institution of any proceedings by or against VSJ seeking relief, reorganization or arrangement under any laws relating to insolvency, or upon any assignment for the benefit of creditors, or upon the appointment of a receiver, liquidator or trustee of any of VSJ's property or assets, or upon the liquidation, dissolution or winding up of VSJ's business, then and in any such events all the license rights granted pursuant to this Agreement may immediately be terminated by VSI upon giving written notice.

8.3 DISPOSITION OF LICENSED PRODUCTS AND USER MANUALS ON TERMINATION.

Upon the expiration or termination pursuant to this Section 8 of the license rights granted pursuant to Section 2, the remaining provisions of this Agreement shall remain in full force and effect, and VSJ shall cease making copies of, using or licensing the Licensed Products and Bundled Products, except as provided in the next sentence. Unless the termination pursuant to this Section 8 of the license rights granted pursuant to Section 2 was caused by a default based on breach of the confidentiality obligations of Section 6.4.1, VSJ shall have the right for ninety (90) days thereafter to make the number of copies of Bundled Products and VSI Object Code as are necessary to fill orders placed with VSJ prior to such termination. VSJ shall destroy all tangible and machine-readable copies of the Licensed Products and Bundled Products not covered by the preceding sentence nor subject to any then-effective license agreement with an End User Customer and all information and documentation provided by VSI to VSJ (including all Proprietary Information), other than such copies of the VSI Object Code, the User Manual and the Bundled Products as are necessary to enable VSJ to perform its continuing support obligations in accordance with Section 6.2, if any.

8.4 USE OF TRADE NAME ON TERMINATION. Upon the expiration or termination for any reason pursuant to this Section 8 of the license rights granted pursuant to Section 2, VSJ shall remove "VeriSign" and its Japanese transliteration from its trade name and cease all use of same.

9. MISCELLANEOUS PROVISIONS

9.1 GOVERNING LAWS. IT IS THE INTENTION OF THE PARTIES HERETO THAT THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, U.S.A. (IRRESPECTIVE OF ITS CHOICE OF LAW PRINCIPLES) SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS, AND THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO. THE PARTIES AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT. THE PARTIES HEREBY AGREE THAT ANY SUIT TO ENFORCE ANY PROVISION OF THIS AGREEMENT OR ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE BUSINESS RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA OR THE SUPERIOR OR MUNICIPAL COURT IN AND FOR THE COUNTY OF SANTA CLARA, CALIFORNIA, U.S.A. EACH PARTY HEREBY AGREES THAT SUCH COURTS SHALL HAVE EXCLUSIVE IN PERSONAM JURISDICTION AND VENUE WITH RESPECT TO SUCH PARTY, AND EACH PARTY HEREBY SUBMITS TO THE EXCLUSIVE IN PERSONAM JURISDICTION AND VENUE OF SUCH COURTS.

9.2 BINDING UPON SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, this Agreement shall be binding upon, and inure to the benefit of, the successors, executors, heirs, representatives, administrators and assigns of the parties hereto; provided, however, that this Agreement shall not be assignable by VSJ, by operation of law or otherwise, without the prior written consent of VSI, which shall not be unreasonably withheld except that VSI's consent shall not be required (if VSI is given notice within thirty (30) days after such assignment) for an assignment of this

Agreement resulting from a merger, reorganization, reincorporation or other acquisition of VSJ in which VSI remains the owner of an amount in excess of fifty percent (50%) of the resulting entity. Any purported assignment or delegation in violation of this Section shall be void and of no effect.

9.3 SEVERABILITY. If any provision of this Agreement, or the application thereof, shall for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto. IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER PROVISION AND TO BE ENFORCED AS SUCH.

9.4 ENTIRE AGREEMENT. This Agreement and the exhibits and schedules hereto constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements or understandings between the parties.

9.5 AMENDMENT AND WAIVERS. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived, only by a writing signed by the party to be bound thereby.

9.6 ATTORNEYS' FEES. Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court (including without limitation, costs, expenses and fees on any appeal).

9.7 NOTICES. Whenever any party hereto desires or is required to give any notice, demand, or request with respect to this Agreement, each such communication shall be in writing and shall be effective only if it is delivered by personal service or mailed, certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

VSI: To the address set forth on page 1

If to VSI,
with a copy to: Timothy Tomlinson, Esq.
Tomlinson Zisko Morosoli & Maser LLP
200 Page Mill Road, Second Floor
Palo Alto, California 94306

VSJ: To the address set forth on page 1

Such communications shall be effective when they are received by the addressee thereof; but if sent by certified or registered mail in the manner set forth above, they shall be effective ten (10) days

after being deposited in the mail. Any party may change its address for such communications by giving notice thereof to the other party in conformity with this Section.

9.8 FOREIGN RESHIPMENT LIABILITY. THIS AGREEMENT IS EXPRESSLY MADE SUBJECT TO ANY LAWS, REGULATIONS, ORDERS OR OTHER RESTRICTIONS ON THE EXPORT FROM THE UNITED STATES OF AMERICA OF THE VSI SOFTWARE OR BUNDLED PRODUCTS OR OF INFORMATION ABOUT SUCH VSI SOFTWARE OR BUNDLED PRODUCTS WHICH MAY BE IMPOSED FROM TIME TO TIME BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

VSJ:

VERISIGN JAPAN, KK	VERISIGN, INC.
By: /s/ Koji Kodama	By: /s/ Stratton Sclavos
Printed Name: Koji Kodama	Printed Name: Stratton Sclavos
Title: President and Representative Director	Title: CEO

EXHIBIT A
DEFINITIONS

10. "BUNDLED PRODUCTS" means one or more of the VSJ Products which has been or will be developed by VSJ and in which a Root Key has been or will be embedded or with which VSI Object Code has been or will be bundled.

11. "CERTIFICATES" means Public Certificates and Private Certificates, collectively.

12. "CERTIFICATION AUTHORITY" OR "CA" means VSI and any entity, group, division, department, unit for office which is Certified by VSI to, and has accepted responsibility to, issue certificates to specified subscribers in a Hierarchy in accordance with the CPS or a Protocol.

13. "CERTIFICATION PRACTICE STATEMENT" OR "CPS" means the VeriSign specification of policies, procedures and resources to control the entire Certificate process and transactional use of Certificates within a VeriSign Public Hierarchy.

14. "CIS" means VSI's proprietary software product known as "Certificate Issuing System" included in the VSI Software, the description of which is included in Exhibit D.

15. "CSC CIS" means an enhanced version of the CIS software used internally by VSI to manage certificate services which is not licensed or sold to customers.

16. "CUSTOM PUBLIC CERTIFICATE" means a Public Certificate which is issued under a brand name of an End User Customer or under both VeriSign's name and an End User Customer's name.

17. "DISTRIBUTOR" means a dealer or distributor in the business of reselling or sublicensing Products in the Territory and for use in the Territory by virtue of authority of VSJ.

18. "ECAS" means VSI's proprietary software product known as the "Electronic Commerce Authentication System" included in the VSI Software, the description of which is included in Exhibit D.

19. "END USER CUSTOMER" means a person or entity purchasing or sublicensing Products from VSJ or a Distributor solely for personal or internal use in the Territory and without right to sublicense, assign or otherwise transfer such Products to any other person or entity.

20. "END USER PRICE" means standard price (as listed in VSJ's published price schedule on the date of the grant of the license or the sale in questions) for such Certificates or ECAS. Alternatively, End User Price may mean the actual price VSJ charges to an End User Customer to which VSJ has agreed to provide a discount from the standard price. With respect to Certificates or ECAS which are licensed or otherwise distributed by VSJ or a Distributor as part of a larger group of products or as an integral part of another product, a license fee shall be due as set forth above as though the Certificate or ECAS had been licensed or distributed separately at the standard End User Price by VSJ or such Distributor; provided, however, that if the amount invoiced for the Certificates or ECAS when licensed or distributed in this manner is more than five percent (5%) below the standard End User Price for the

Certificates or ECAS, then the End User Price relating to such invoice shall be deemed to be no less than ninety-five percent (95%) of the standard End User Price, notwithstanding the actual amount of the invoice.

21. "HARDWARE" means the CIS Hardware described in Exhibit B.

22. "HIERARCHY" means a domain consisting of a system of chained Certificates leading from the Primary Certification Authority through one or more Certification Authorities to Subscribers.

23. "INTELLECTUAL PROPERTY RIGHT" means any and all copyrights, moral rights, trademark rights, patent rights, and other intellectual and proprietary rights, title and interests, worldwide.

24. "LICENSED PRODUCTS" means the Root Keys and the VSI Software, collectively.

25. "PRIMARY CERTIFICATION AUTHORITY" OR "PCA" means an entity that establishes policies for all Certification Authorities and Subscribers within its domain.

26. "PRIVATE CERTIFICATE" means a collection of electronic data used to identify the owner in a Private Hierarchy.

27. "PRIVATE HIERARCHY" means a domain consisting of a chained Certificate hierarchy which is entirely self-contained within an organization or network and not designed to be interoperable with or intended to interact through public channels with any external organizations, networks, and Public Hierarchies.

28. "PRIVATE LABEL CERTIFICATE SYSTEM" means a system for issuance and use of Private Certificates in a Private Hierarchy in accordance with a Protocol specified by the entity responsible for the Private Hierarchy.

29. "PRODUCTS" means the Hardware, Bundled Products and VSI Object Code.

30. "PROTOCOL" means a specification of policies, procedures and resources to control the entire Certificate process and transactional use of Certificates within a Private Hierarchy.

31. "PUBLIC CERTIFICATE" means a collection of electronic data used to identify the owner in a Public Hierarchy.

32. "PUBLIC HIERARCHY" means a domain consisting of a system of chained Certificates leading from VSI as the Primary Certification Authority through one or more Certification Authorities to Subscribers in accordance with the VeriSign Certification Practice Statement. Certificates issued in a Public Hierarchy are intended to be interoperable among organizations, allowing Subscribers to interact through public channels with various individuals, organizations, and networks.

33. "ROOT KEYS" means the root keys listed in Exhibit C.

34. "SUBSCRIBER" means an individual, a device or a role/office that has requested a Certifier to issue him, her or it a Certificate.

35. "TERRITORY" means the country of Japan.

36. "TRANSLATED VERSION" means a version of the VSI Object Code, the User Manual, license agreements, or the CPS created by translating the English version into the Japanese language through the efforts of employees or agents of VSJ.

37. "USER MANUAL" means the most current version of one or more user manuals customarily supplied by VSI to end users who license the VSI Software.

38. "VSJ PRODUCT" means any product developed by VSJ into which a Root Key is to be embedded, or with which VSI Object Code is to be bundled, to create a Bundled Product.

39. "VSJ MODIFICATIONS" means all modifications, improvements and enhancements to the VSI Software created by VSJ pursuant to this Agreement.

40. "VSI OBJECT CODE" means the VSI Software in machine-readable, compiled object code form.

41. "VSI SOFTWARE" means VSI proprietary software products listed on Exhibit C. "VSI Software" shall also include all annual updates to such software products provided by VSI generally to its distributors or customers of such software products and all modifications to such software made at VSJ's request to accommodate VSJ's local needs pursuant to Section 2.6 of this Agreement.

EXHIBIT B

Hardware

CIS Hardware	Secure Certificate Signing Unit (CSU) hardware provided by BBN
Datakey Reader(s)	Used for Co-Signing business

EXHIBIT C

Root Keys

Commercial Hierarchy Root Key

Secure Server Hierarchy Root Key

Low Assurance Hierarchy Root Key

Personal Root Key

VeriSign Class 1 Assurance Root Key

VeriSign Class 2 Assurance Root Key

VeriSign Class 3 Assurance Root Key

VeriSign Class 4 Assurance Root Key

EXHIBIT D

VSI Software

CIS	Certificate Issuing Software including the user interface and management of the CIS hardware and certificate database.
CSC CIS	An enhanced version of the CIS software used internally by VSI to manage certificate services which is not licensed or sold to customers.
Persona Responder	Automatic, anonymous certificate issuing for Internet user's testing and play.
Co-Issuer Tool	Software that allows co-issuer customers to preview certificate requests and forward them to VSI.
WinSign	Software utility under development that provides for a digital signature creation and verification capability in the Windows environment.
ECAS	Electronic Commerce Authentication System including user interface, customer management and certificate management software.

EXHIBIT "E"
TRANSLATED VERSIONS

42.. ASSIGNMENT OF RIGHTS IN TRANSLATED VERSIONS. VSJ assigns and transfers exclusively to VSI, its successors and assigns, all Intellectual Property Rights VSJ may now or hereafter have in all Translated Versions, and all portions and copies thereof in any form, including, without limitation, each of the following rights, to the full extent permitted under applicable law:

42.1. COPYRIGHT: The entire copyright in any Translated Version, whether vested, contingent or future, including without limitation all economic rights and all exclusive rights to use any Translated Version, subject to the rights granted in Sections 2.1.2, 2.1.3, 2.1.4 or 2.1.5 of this Agreement.

42.2. PATENT, DESIGN, TRADEMARK RIGHTS: All rights in and to any inventions, designs, and marks embodied in any Translated Version, including without limitation all utility and design patent rights and equivalent rights in and to such inventions and design rights, and all trademark and service mark rights. VSJ also assigns and transfers to VSI all right, title, and interest in and to any documents, magnetically or optically encoded media, and other materials created by VSJ in connection with a Translated Version.

42.3 OTHER RIGHTS: All rights of action and all other rights of whatever nature in and to Translated Version, whether now known or in the future created, to which VSJ is now or may at any time after the date of this Agreement be entitled in any portion of any Translated Version under applicable law, to hold to VSI, its successors and assigns absolutely. VSJ will not take any action, whether judicial or otherwise, that has the purpose or effect of challenging or diminishing the rights of VSI or its successors or assigns in any Translated Version as described herein.

42.4 APPLICATIONS, RENEWALS, FURTHER ASSIGNMENTS AND TRANSFERS: The rights assigned, transferred, and licensed to VSI hereunder shall include (i) the exclusive right to make and secure applications and registration, (ii) the exclusive exercise of such rights for the unlimited, entire period of such rights throughout the world, (iii) the exclusive right to renewals, reversions, and extension of such rights, and (iv) the exclusive right to authorize, transfer, license, sublicense, deal in, dispose of, and assign others to own or exercise such rights, title and interests. Without limitation, VSJ acknowledges that all rights of every kind and nature whatsoever in a Translated Version may be assigned by VSI to such other successors and assigns as it sees fit, subject to the rights granted in Sections 2.1.2, 2.1.3, 2.1.4 or 2.1.5 of this Agreement.

43.. EXCLUSIVE WORLDWIDE LICENSE. In the event that, by operation of law, VSJ is deemed to have retained rights in any portion of a Translated Version, VSJ grants to VSI, its successors and assigns, an exclusive, irrevocable, worldwide, paid-up license to use the Translated Versions, and all inventions, designs, and marks embodied therein.

44.. AGREEMENT NOT TO USE TRANSLATED VERSIONS. VSJ acknowledges that VSI has expended substantial time, financial, and human resources in designing and developing the VSI Software, User Manual and the CPS, that the majority of the Translated Versions shall consist of work created by VSI, and that components prepared by VSJ shall comprise only a limited and inseparable portion of the Translated Versions. Accordingly, VSJ acknowledges and agrees that VSJ and its employees, subcontractors, and other representatives have no right to, and will not, directly or indirectly, use any Translated Version in any way, except as explicitly provided in this Agreement or as otherwise agreed in writing by VSI. Likewise, VSJ agrees not to make any application or registration for any Intellectual Property Right in any Translated Version or in VSI Software, the User Manual or the CPS.

45.. REPRESENTATIONS AND WARRANTIES. VSJ represents and warrants to VSI that:

45.1 NO INFRINGEMENT. Translated Versions, as delivered by VSJ to VSI pursuant to Section 6.6 of this Agreement do not and will not infringe any Intellectual Property Right held by any third party, except to extent the unmodified VSI Object Code or User Manual or license agreement or CPS provided to VSJ by VSI so infringes.

45.2 QUALITY OF TRANSLATION. The translation shall be performed in a professional manner, shall be of a high quality and shall be free from known "bugs," computer viruses, and other material errors or destructive elements.

45.3 ALL NECESSARY RIGHTS. VSJ has all necessary rights, or at its sole expense shall have secured in writing all transfers of rights and other consents necessary to make the assignments, licenses and other transfers of Intellectual Property Rights in the Translated Versions and the warranties set forth in this Exhibit "E", and for VSI and its successors and assigns exclusively to own and exercise all Intellectual Property Rights in Translated Versions as provided in this Agreement. Without limitation, VSJ shall secure all necessary written agreements, consents and transfers of rights from VSJ employees and other persons whose services are used for the translation, including a written agreement with employees that all works created under this Agreement (including Translated Versions) fall within the scope of their employment duties, and that all Intellectual Property Rights in such works vest in VSJ as the employer and are fully transferable.

45.4 WAIVER OF MORAL RIGHTS. VSJ and all employees creating work under this Agreement, and other persons who may have claims of moral rights in any part of a Translated Version have agreed that: (i) they shall have no objection to publication and use of the work in the manner described in this Agreement; (ii) they shall remain anonymous authors; (iii) VSI and its successors and assigns may make future modifications and adaptations to the work, and may make disclosure and disposal of the work (and any modifications or adaptations thereof) in the manner that VSI or its successors or assigns see fit; and (iv) their remuneration for such works is adequate and reasonable.

46.. LIMITATIONS OF LIABILITY.

46.1 LIMITATIONS. VSI shall have no obligation under any provision of this Agreement with respect to any (i) warranty claim, (ii) maintenance obligation, or (iii) claim of infringement of copyright, trade secret, or other intellectual property right, if any such claim or obligation results from the creation of a Translated Version by VSJ or its employees or agents except to the extent the unmodified VSI Object Code or the User Manual or license agreement or CPS provided to VSJ by VSI creates such obligation or claim.

46.2 INDEMNIFICATION. VSJ agrees to indemnify and hold VSI harmless from any and all loss, liability, claims, and damages based on or relating to a Translated Version (including without limitation, as a result of any claim that a Translated Version infringes a patent, copyright trade secret or other intellectual property right of any third party), VSJ's manufacturing, marketing or distribution of a Translated Version, and any services offered or provided by VSJ in connection with a Translated Version, unless such liability, claim or damage arises out of the unmodified VSI Object Code or the User Manual or license agreement or CPS provided to VSJ by VSI.

EXHIBIT 10.21

LOAN AGREEMENT

This LOAN AGREEMENT is entered into as of January 30, 1997, between VeriSign, Inc., a Delaware corporation ("Borrower"), and VENTURE LENDING & LEASING, INC., a Maryland corporation ("VLLI" or "Lender").

WHEREAS, Lender has agreed to make available to Borrower a loan facility upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE 1 - DEFINITIONS

The definitions appearing in this Agreement or any supplement or addendum to this Agreement, shall be applicable to both the singular and plural forms of the defined terms:

"ADDITIONAL INTEREST" means, with respect to each Loan, an amount of interest payable thereon, in addition to Basic Interest, payable on the Maturity Date of such Loan in an amount equal to fifteen percent (15%) of the original principal amount of such Loan.

"AFFILIATE" means any Person which directly or indirectly controls, is controlled by, or is under common control with, Borrower. "Control," "controlled by" and "under common control with" means direct or indirect possession of the power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract or otherwise); provided that control shall be conclusively presumed when any Person or affiliated group directly or indirectly owns five percent or more of the securities having ordinary voting power for the election of directors of a corporation.

"AGREEMENT" means this Loan Agreement as it may be amended or supplemented from time to time.

"BANKRUPTCY CODE" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. (S)101, et seq.), as amended.

"BASIC INTEREST" means the fixed rate of interest payable on the outstanding balance of each Loan at the applicable Designated Rate.

"BORROWING DATE" means the Business Day on which the proceeds of a Loan are disbursed by Lender.

"BUSINESS DAY" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City or San Francisco are authorized or required by law to close.

"CLOSING DATE" means the date of this Agreement.

"COLLATERAL" has the meaning ascribed thereto in the Security Agreement.

"COMMITMENT" means the obligation of Lender to make Loans to Borrower in an aggregate, original principal amount not exceeding three million Dollars ($3,000,000).

"DEFAULT" means an event which with the giving of notice, passage of time, or both would constitute an Event of Default.

"DEFAULT RATE" is defined in Section 2.7.

"DESIGNATED RATE" means a fixed rate of interest per annum applicable to a Loan calculated based on 7.5% interest.

"ENVIRONMENTAL LAWS" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any governmental authorities, in each case relating to environmental, health, or safety matters.

"EQUIPMENT" means all of Debtor's specific equipment identified and described on Schedule 1 attached to the Security Agreement and incorporated
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herein by reference (as such Schedule may be amended or supplemented from time to time) all replacements, parts, accessions and additions thereto, and all proceeds thereof arising from the sale, lease, rental or other use or disposition thereof, including all rights to payment with respect to insurance or condemnation, returned premiums, or any cause of action relating to any of the foregoing.

"EVENT OF DEFAULT" means any event described in Article 7.

"GAAP" means generally accepted accounting principles and practices consistent with those principles and practices promulgated or adopted by the Financial Accounting Standards Board and the Board of the American Institute of Certified Public Accountants, their respective predecessors and successors. Each accounting term used but not otherwise expressly defined herein shall have the meaning given it by GAAP.

"INDEBTEDNESS" of any Person means at any date, without duplication and without regard to whether matured or unmatured, absolute or contingent: (i) all obligations of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments; (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (iv) all obligations of such Person as lessee under capital leases; (v) all obligations of such Person to reimburse or prepay any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance, or similar instrument, whether drawn or undrawn; (vi) all obligations of such Person to purchase securities which arise out of or in connection with the sale of the same or substantially similar securities; (vii) all obligations of such Person in connection with any agreement to purchase, redeem, exchange, convert or otherwise acquire for value any capital stock of such Person or any warrants, rights or options to acquire such capital stock, now or hereafter outstanding, except to the extent that such

obligations remain performable solely at the option of such Person; (viii) all obligations to repurchase assets previously sold (including any obligation to repurchase any accounts or chattel paper under any factoring, receivables purchase, or similar arrangement); (ix) obligations of such Person under interest rate swap, cap, collar or similar hedging arrangements; and (x) all obligations of others of any type described in clause (i) through clause (ix) above guaranteed by such Person.

"INSOLVENCY PROCEEDING" means (a) any case, action or proceeding before any court or other governmental authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"INTERIM PERIOD" with respect to a Loan means the period commencing with the Borrowing Date of such Loan and continuing through the last day of the sixth (6th) full month following the Borrowing Date.

"LIEN" means any voluntary or involuntary security interest, mortgage, pledge, claim, charge, encumbrance, title retention agreement, or third party interest, covering all or any part of the property of Borrower or any other Person.

"LOAN" means an extension of credit by Lender under Section 2 of this Agreement.

"LOAN DOCUMENTS" means, individually and collectively, this Agreement, each Note, the Security Agreement and any other security or pledge agreement(s), and all other contracts, instruments, addenda and documents executed in connection with this Agreement or the extensions of credit which are the subject of this Agreement.

"MATERIAL ADVERSE EFFECT" or "MATERIAL ADVERSE CHANGE" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, or condition (financial or otherwise) of Borrower; (b) a material impairment of the ability of Borrower to perform under any Loan Document and to avoid any Event of Default; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower of any Loan Document.

"MATURITY DATE" means, with regard to each Note, the date on which payment of all outstanding principal and accrued interest, including Additional Interest, is due, whether at stated maturity or by acceleration.

"NOTE" means a promissory note substantially in the form of Exhibit "A" hereto, executed by Borrower evidencing each Loan.

"OBLIGATIONS" means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document, owing by Borrower to Lender, whether direct or

indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"PERSON" means any individual or entity.

"QUALIFIED PUBLIC OFFERING" means the closing of a firmly underwritten public offering of Borrower's common stock with aggregate proceeds of not less than $20,000,000 (prior to underwriting expenses and commissions).

"RELATED PERSON" means any Affiliate of Borrower, or any officer, employee, director or shareholder of Borrower or any Affiliate.

"SECURITY AGREEMENT" means the Security Agreement substantially in the form of Exhibit "C" hereto, executed by Borrower.

"TERMINATION DATE" means the earlier of: (a) the date Lender may terminate making loans or extending the credit pursuant to the rights of the Lender under Article 7, or (b) March 31, 1999.

"UCC" means the Uniform Commercial Code as enacted in the applicable jurisdiction, in effect on the Closing Date and as amended from time to time.

ARTICLE 2 - THE COMMITMENT AND LOANS

2.1 THE COMMITMENT. Subject to the terms and conditions of this Agreement, Lender agrees to make term loans to Borrower from time to time from the Closing Date and to, but not including, the Termination Date in an aggregate principal amount not exceeding the Commitment for purposes of financing Borrower's acquisition of Equipment. The Commitment is not a revolving credit commitment, and Borrower shall not have the right to repay and reborrow hereunder.

2.2 LIMITATION ON LOANS. Each Loan shall be in an amount not to exceed one hundred percent (100%) of the amount paid or payable by Borrower to a non-affiliated manufacturer, vendor or dealer for an item of Equipment as shown on an invoice therefor (excluding any commissions and any portion of the payment which relates to the servicing of the equipment and sales taxes payable by Borrower upon acquisition, and delivery charges). Lender shall not be obligated to make any Loan under its Commitment if at the time of or after giving effect to the proposed Loan Lender would no longer qualify as: (A) a "venture capital operating company" under U.S. Department of Labor Regulations Section 25l0.3-101(d), Title 29 of the Code of Federal Regulations, as amended; and (B) a "business development company" under the provisions of federal Investment Company Act of 1940, as amended; and (C) a "regulated investment company" under the provisions of the Internal Revenue Code of 1986, as amended. Each Loan requested by Borrower to be made on a single Business Day shall be for a principal amount of at least fifty Thousand Dollars ($50,000) or greater, except to the extent the remaining Commitment is a lesser amount.

2.3 NOTES EVIDENCING LOANS; REPAYMENT. Each Loan shall be evidenced by a separate Note payable to the order of Lender substantially in the form of Exhibit "A" to this Agreement, in the total principal amount of the Loan. Each Note shall be payable as follows: During the Interim Period, payments of interest only on the outstanding balance of each Loan shall be paid, monthly in arrears, at the rate of twelve percent (12%) per annum, payable on the Borrowing Date and on the first day of each of the next three succeeding months. Thereafter, Principal and Basic Interest at the Designated Rate shall be paid in forty-two (42) equal and successive monthly payments, in arrears, beginning on the last day of the sixth (6th) full month following the Borrowing Date and continuing on the first Business Day of each month thereafter. Additional interest and all outstanding and unpaid Principal and Basic Interest shall be paid on the Maturity Date.

2.4 PROCEDURES FOR BORROWING.

(a) Borrower shall give Lender at least five (5) Business Days' prior to a proposed Borrowing Date written notice of any request for borrowing hereunder (a "Borrowing Request"). Each Borrowing Request shall be in substantially the form of Exhibit "B" hereto, shall be executed by the chief financial officer of Borrower, and shall state how much is requested, and shall be accompanied by copies of invoices for the Equipment to be financed and such additional information and documentation as Lender may deem reasonably necessary to determine whether the proposed borrowing will comply with the limitations in Section 2.2. To the Borrower's best knowledge after due inquiry of its senior officers, the Borrowing Request shall also certify that all Equipment to be financed thereby is owned by Borrower free and clear of all Liens except in favor of Lender.

(b) No later than 1:00 p.m. Pacific Standard Time on the Borrowing Date, if Borrower has satisfied the conditions precedent in Article 4, Lender shall make the Loan available to Borrower in immediately available funds.

2.5 INTEREST. Basic Interest on the outstanding principal balance of the each Loan shall accrue daily from the Borrowing Date until the Maturity Date at the Designated Rate. On the Maturity Date of a Loan, Borrower shall pay the Additional Interest thereon.

2.6 INTEREST RATE CALCULATION. Basic Interest, along with charges and fees under this Agreement and any Loan Document, shall be calculated for actual days elapsed on the basis of a 360-day year, which results in higher interest, charge or fee payments than if a 365-day year were used. In no event shall Borrower be obligated to pay Lender interest, charges or fees at a rate in excess of the highest rate permitted by applicable law from time to time in effect.

2.7 DEFAULT INTEREST. Any unpaid payments of principal or interest with respect to any Loan shall bear interest from their respective maturities, whether scheduled or accelerated, at the Designated Rate for such Loan plus five percent (5.00%) per annum, until paid in full, whether before or after judgment (the "Default Rate"). Borrower shall pay such interest on demand.

2.8 LENDER'S RECORDS. Principal, Basic Interest, Additional Interest and all other sums owed under any Loan Document shall be evidenced by entries in records maintained by Lender for such purpose. Each payment on and any other credits with respect to principal, Basic Interest, Additional Interest and all other sums outstanding under any Loan Document shall be evidenced by entries in such records. Absent manifest error, Lender's records shall be conclusive evidence thereof.

2.9 SECURITY. As security for all Obligations to Lender, Borrower shall grant concurrently to Lender, or ensure that Lender is concurrently granted, perfected security interests of first priority in all of the Equipment and other Collateral pursuant to the Security Agreement, subject only to Liens disclosed to and approved by Lender prior to the Closing Date to this Agreement.

2.10 ISSUANCE OF WARRANT TO LENDER. As additional consideration for the making of the Loans under this Agreement, upon the making of, and as a condition to, the initial Loan, Lender shall be entitled to receive a warrant to purchase a number of shares of common stock of Borrower ("Warrant Shares") with a value equal to five percent (5%) of the Commitment, determination at the per share price of such Common stock. The warrant issued under this Agreement shall be in substantially the form attached hereto as Exhibit "D"; shall be transferable by Lender, subject to compliance with applicable securities laws; shall expire not earlier than October 10, 2003; and shall include piggy-back registration rights equal to other investors of the Series "C" preferred stock, "net issuance" provisions, and anti-dilution protections reasonably satisfactory to Lender and its counsel.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants that as of the Closing Date and each Borrowing Date:

3.1 DUE ORGANIZATION. Borrower is a corporation duly organized and validly existing in good standing under the laws of Delaware, and is duly qualified to conduct business and is in good standing in each other jurisdiction in which its business is conducted or its properties are located.

3.2 AUTHORIZATION, VALIDITY AND ENFORCEABILITY. The execution, delivery and performance of all Loan Documents executed by Borrower are within Borrower's powers, have been duly authorized, and are not in conflict with Borrower's articles [certificate] of incorporation or by-laws, or the terms of any charter or other organizational document of Borrower, as amended from time to time; and all such Loan Documents constitute valid and binding obligations of Borrower, enforceable in accordance with their terms (except as may be limited by bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights in general, and subject to general principles of equity).

3.3 COMPLIANCE WITH APPLICABLE LAWS. Borrower has complied with all licensing, permit and fictitious name requirements necessary to lawfully conduct the business in which it is engaged, and to any sales, leases or the furnishing of services by Borrower, including without

limitation those requiring consumer or other disclosures, the noncompliance with which would have a Material Adverse Effect.

3.4 COPYRIGHTS, PATENTS, TRADEMARKS AND LICENSES.

(a) Borrower owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of its business, without conflict with the rights of any other Person.

(b) No slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Borrower infringes upon any rights held by any other Person.

(c) No claim or litigation regarding any of the foregoing is pending or threatened, which, in either case, could reasonably be expected to have a Material Adverse Effect.

3.5 NO CONFLICT. The execution, delivery, and performance by Borrower of all Loan Documents are not in conflict with any law, rule, regulation, order or directive, or any indenture, agreement, or undertaking to which Borrower is a party or by which Borrower may be bound or affected other than what has been disclosed.

3.6 NO LITIGATION, CLAIMS OR PROCEEDINGS. There is no litigation, tax claim, proceeding or dispute pending, or, to the knowledge of Borrower, threatened against or affecting Borrower or its property.

3.7 CORRECTNESS OF FINANCIAL STATEMENTS. Borrowers financial statements which have been delivered to Lender fairly and accurately reflect Borrower's financial condition as of November 30, 1996; and, since that date there has been no Material Adverse Change.

3.8 NO SUBSIDIARIES. Borrower is not a majority owner of or in a control relationship with any other business entity.

3.9 ENVIRONMENTAL MATTERS. Borrower has reviewed, or caused to be reviewed on its behalf, all Environmental Laws applicable to its business operations and materials handled therein, and as a result thereof has reasonably concluded that Borrower is in compliance with such Environmental Laws, except to the extent a failure to be in such compliance could not reasonably be expected to have a Material Adverse Effect on Borrower's operations, properties or financial condition.

3.10 NO EVENT OF DEFAULT. No Default or Event of Default has occurred and is continuing.

3.11 FULL DISCLOSURE. None of the representations or warranties made by Borrower in the Loan Documents as of the date such representations and warranties are made or deemed

made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of Borrower in connection with the Loan Documents (including disclosure materials delivered by or on behalf of Borrower to Lender prior to the Closing Date), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

ARTICLE 4 - CONDITIONS PRECEDENT

4.1 CONDITIONS TO FIRST LOAN. The obligation of Lender to make its first Loan hereunder is, in addition to the conditions precedent specified in Section 4.2, subject to the fulfillment of the following conditions and to the receipt by Lender of the documents described below, duly executed and in form and substance satisfactory to Lender and its counsel:

(A) RESOLUTIONS. A certified copy of the resolutions of the Board of Directors of Borrower authorizing the execution, delivery and performance by Borrower of the Loan Documents.

(B) INCUMBENCY AND SIGNATURES. A certificate of the secretary of Borrower certifying the names of the officer or officers of Borrower authorized to sign the Loan Documents, together with a sample of the true signature of each such officer.

(C) ARTICLES AND BY-LAWS. Certified copies of the Certificate of Incorporation and By-Laws of Borrower, as amended through the Closing Date.

(D) THE AGREEMENT. A counterpart of this Agreement with all schedules completed and attached thereto, and disclosing such information as is acceptable to Lender.

(E) SECURITY AGREEMENT. A Security Agreement executed by Borrower, substantially in the form of Exhibit "C", together with filing copies (or other evidenced of filing satisfactory to Lender and its counsel) of such Uniform Commercial Code financing statements, collateral assignments and termination statements, with respect to the Collateral (as defined in such Security Agreement) as Lender shall request.

(F) LIEN SEARCHES. Uniform Commercial Code lien, judgment, bankruptcy and tax lien searches of Borrower from [the California Secretary of State], as of a date reasonably satisfactory to Lender and its counsel.

(G) GOOD STANDING CERTIFICATE. A Certificate of Good Standing as of a date acceptable to Lender with respect to Borrower from the [California Secretary of State].

(H) WARRANT. A warrant issued by Borrower to Lender exercisable for the Warrant Shares, as described in Section 2.11 hereof.

4.2 CONDITIONS TO ALL LOANS. The obligation of Lender to make its initial Loan and each subsequent Loan is subject to the following further conditions precedent that:

(A) NO DEFAULT. No Default or Event of Default has occurred and is continuing or will result from the making of any such Loan, and the representations and warranties of Borrower contained in Article 3 of this Agreement are true and correct as of the Borrowing Date of such Loan.

(B) NO ADVERSE MATERIAL CHANGE. No Material Adverse Change shall have occurred since the date of the most recent financial statements submitted to Lender.

(C) NOTE. Borrower shall have delivered an executed Note evidencing such Loan, in form and substance satisfactory to Lender.

(D) BORROWING REQUEST. Borrower shall have delivered to Lender a Borrowing request for such Loan.

(E) VCOC LIMITATION. The making of the Loan will not result in a violation of the condition applicable to Lender described in Section 2.2.

ARTICLE 5 - AFFIRMATIVE COVENANTS

During the term of this Agreement and until its performance of all obligations to Lender, Borrower will:

5.1 NOTICE TO LENDER. Promptly give written notice to each Lender of:

(a) Any litigation or administrative or regulatory proceeding affecting Borrower where the amount claimed against Borrower is Fifty Thousand Dollars ($50,000) or more, or where the granting of the relief requested would have a Material Adverse Effect.

(b) Any substantial dispute which may exist between Borrower or any governmental or regulatory authority.

(c) The occurrence of any Event of Default or any event which with the giving of notice, the passage of time, or both, would constitute an Event of Default.

(d) Any change in the location of any of Borrower's places of business at least thirty (30) days in advance of such change, or of the establishment of any new, or the discontinuance of any existing, place of business.

(e) Any other matter which has resulted or might result in a Material Adverse Change.

5.2 FINANCIAL STATEMENTS. Deliver to each Lender or cause to be delivered to Lender, in form and detail satisfactory to Lender the following financial information, which Borrower warrants shall be accurate and complete in all material respects:

(A) QUARTERLY FINANCIAL STATEMENTS. As soon as available but no later than forty-five (45) days after the end of each month, Borrower's balance sheet as of the end of such

period, and Borrower's income statement for such period and for that portion of Borrower's financial reporting year ending with such period, prepared and attested by a responsible financial officer of Borrower as being complete and correct and fairly presenting Borrower's financial condition and the results of Borrower's operations.

(B) YEAR-END FINANCIAL STATEMENTS. As soon as available but no later than ninety (90) days after and as of the end of each financial reporting year, a complete copy of Borrower's audit report, which shall include balance sheet, income statement, statement of changes in equity and statement of cash flows for such year, prepared and certified by an independent certified public accountant selected by Borrower and reasonably satisfactory to Lender (the "Accountant"). The Accountant's certification shall not be qualified or limited due to a restricted or limited examination by the Accountant of any material portion of Borrower's records or otherwise.

(C) COMPLIANCE CERTIFICATES. Simultaneously with the delivery of each set of financial statements referred to in paragraphs (a) and (b) above, a certificate of the chief financial officer of Borrower stating whether any Default or Event of Default exists on the date of such certificate, and if so, setting forth the details thereof and the action which Borrower is taking or proposes to take with respect thereto.

(D) GOVERNMENT REQUIRED REPORTS; PRESS RELEASES. Promptly after sending, issuing, making available, or filing, copies of all statements released to any news media for publication, all reports, proxy statements, and financial statements that Borrower sends or makes available to its stockholders, and, not later than five (5) days after actual filing or the date such filing was first due, all registration statements and reports that Borrower files or is required to file with the Securities and Exchange Commission.

(E) OTHER INFORMATION. Such other statements, lists of property and accounts, budgets, forecasts, reports, or other information as any Lender may reasonably from time to time request.

5.3 MANAGERIAL ASSISTANCE FROM LENDER. Permit Lender, as a "venture capital operating company" to participate in, and influence the conduct of management of Borrower through the exercise of "management rights," as such terms are defined in 29 C.F.R. (S) 2510.3-101(d), and:

(a) Permit Lender to make available to Borrower, at no cost to Borrower, "significant managerial assistance", as defined in Section 2(a)(47) of the Investment Company Act of 1940, as amended, either in the form of: (i) consulting arrangements with Lender or any of its officers, directors, employees or affiliates, (ii) Borrower's allowing Lender to provide recommendations of prospective candidates for election to Borrower's Board of Directors, or (iii) Lender, at Borrower's request, seeking the services of third-party consultants to aid Borrower with respect to its management and operations;

(b) Permit Lender to make available consulting and advisory services to officers of Borrower regarding Borrower's equipment acquisition and financing plans, and such

other matters affecting the business, financial condition and prospects of Borrower as Lender shall reasonably deem relevant at no cost to borrower; and

(c) If Lender reasonably believes that financial or other developments affecting Borrower have impaired or are likely to impair Borrower's ability to perform its obligations under this Agreement, permit Lender reasonable access to Borrower's management and/or Board of Directors and opportunity to present Lender's views with respect to such developments.

5.4 EXISTENCE. Maintain and preserve Borrower's existence, present form of business, and all rights and privileges necessary or desirable in the normal course of its business.

5.5 ACCOUNTING RECORDS. Maintain adequate books, accounts and records, and prepare all financial statements in accordance with GAAP, and in compliance with the regulations of any governmental or regulatory authority having jurisdiction over Borrower or Borrower's business; and permit employees or agents of Lender at such reasonable times as Lender may request, at Borrower's expense, to inspect Borrower's properties, and to examine, and make copies and memoranda of Borrower's books, accounts and records.

5.6 COMPLIANCE WITH LAWS. Comply with all laws (including Environmental Laws), rules, regulations applicable to, and all orders and directives of any governmental or regulatory authority having jurisdiction over, Borrower or Borrower's business, and with all material agreements to which Borrower is a party.

5.7 TAXES AND OTHER LIABILITIES. Pay all Borrower's obligations when due; pay all taxes and other governmental or regulatory assessments before delinquency or before any penalty attaches thereto, except as may be contested in good faith by the appropriate procedures and for which Borrower shall maintain appropriate reserves; and timely file all required tax returns.

5.8 FINANCIAL COVENANTS. Comply with the terms of all financial covenants contained in any addendum to this Agreement.

5.9 USE OF PROCEEDS. Use the proceeds of Loans only as set forth in Article 2 of this Agreement; and not directly or indirectly to purchase or carry any margin stock, as defined from time to time by the Board of Governors of the Federal Reserve System in Federal Regulation U.

ARTICLE 6 - NEGATIVE COVENANTS

During the term of this Agreement and until the performance of all obligations to Lender, Borrower will not, other than ordinary course of business:

6.1 DIVIDENDS. Except after a Qualified Public Offering, pay any dividends or purchase, redeem or otherwise acquire or make any other distribution with respect to any of Borrower's capital stock, except dividends or other distributions solely of capital stock of Borrower.

6.2 CHANGES/MERGERS. Liquidate or dissolve, or enter into any consolidation, merger, partnership, joint venture or other combination except for joint ventures, strategic alliances, licensing and similar arrangements customary in Borrower's industry for businesses in the development stage of Borrower and which do not require Borrower to assume or otherwise become liable for the obligations of any third party not directly related to or arising out of such arrangement or, without the prior written consent of Lender, require Borrower to transfer ownership of assets to such joint venture or other entity; prepay any subordinated debt, debt for borrowed money, or debt secured by any permitted Lien, or enter into or modify any agreement as a result of which the terms of payment of any such debt are waived or modified.

6.3 SALES OF ASSETS. Sell, transfer, lease or otherwise dispose of any of Borrower's assets except for fair consideration and in the ordinary course of its business; or enter into any sale or leaseback agreement covering any of Borrower's fixed or capital assets.

ARTICLE 7 - EVENTS OF DEFAULT

7.1 EVENTS OF DEFAULT. Upon the occurrence and during the continuation of any Default, the obligation of Lender to make any additional Loan shall be suspended. The occurrence of any of the following shall terminate any obligation of Lender to make any additional Loan; and shall, at the option of Lender (1) make all sums of Basic Interest, principal, Additional Interest and any other amounts owing under any Loan Documents immediately due and payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or any other notices or demands, and (2) give Lender the right to exercise any other right or remedy provided by contract or applicable law:

(a) Borrower shall fail to make any payment of principal or interest under this Agreement, or to pay any fees or other charges when due under any Loan Document, and such failure continues for three (3) Business Days or more after the same first becomes due; or an Event of Default as defined in any other Loan Document shall have occurred and not cured within thirty (30) days.

(b) Any representation or warranty made, or financial statement, certificate or other document provided, by Borrower shall prove to have been false or misleading in any material respect when made or deemed made herein.

(c) Borrower shall fail to pay its debts generally as they become due or shall commence any Insolvency Proceeding with respect to itself; an involuntary Insolvency Proceeding shall be filed against Borrower, or a custodian, receiver, trustee, assignee for the benefit of creditors, or other similar official, shall be appointed to take possession, custody or control of the properties of Borrower, and such involuntary Insolvency Proceeding, petition or appointment is acquiesced to by Borrower or is not dismissed within sixty (60) days; or the dissolution or termination of the business of Borrower.

(d) Borrower shall be in default beyond any applicable period of grace or cure under any other agreement involving the borrowing of money, the purchase of property, the advance of credit or any other monetary liability of any kind to Lender or to any Person which

results in the acceleration of payment of such obligation in an amount in excess of One Hundred Thousand Dollars ($100,000).

(e) Any governmental or regulatory authority shall take any judicial or administrative action, or any defined benefit pension plan maintained by Borrower shall have any unfunded liabilities, any of which, in the reasonable judgment of Lender, might have a Material Adverse Effect.

(f) Any sale, transfer or other disposition of all or a substantial or material part of the assets of Borrower, including without limitation to any trust or similar entity, shall occur.

(g) Any judgment(s) singly or in the aggregate in excess of One Hundred Thousand Dollars ($100,000) shall be entered against Borrower which remain unsatisfied, unvacated or unstayed pending appeal for ten (10) or more days after entry thereof.

(h) Borrower shall fail to perform any of its duties or obligations under any Loan Document not specifically referenced in this Article 7.

ARTICLE 8 - GENERAL PROVISIONS

8.1 NOTICES. Any notice given by any party under any Loan Document shall be in writing and personally delivered, sent by overnight courier, or United States mail, postage prepaid, or sent by facsimile, to be promptly confirmed in writing, or other authenticated message, charges prepaid, to the other party's or parties' addresses shown on the signature pages hereto. Each party may change the address or facsimile number to which notices, requests and other communications are to be sent by giving written notice of such change to each other party. Notice given hand delivery shall be deemed received on the date delivered; if sent by overnight courier, on the next business day after delivery to the courier service; if by first class mail, on the third business day after deposit in the U.S. Mail; and if by telecopy, on the date of transmission.

8.2 BINDING EFFECT. The Loan Documents shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns; provided, however, that Borrower may not assign or transfer Borrower's rights or obligations under any Loan Document without each Lender's prior written consent. Lender reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, Lender's rights and obligations under the Loan Documents. In connection with any of the foregoing, Lender may disclose all documents and information which Lender now or hereafter may have relating to the Loans, Borrower, or its business.

8.3 NO WAIVER. Any waiver, consent or approval by Lender of any Event of Default or breach of any provision, condition, or covenant of any Loan Document must be in writing and shall be effective only to the extent set forth in writing. No waiver of any breach or default shall be deemed a waiver of any later breach or default of the same or any other provision of any Loan Document. No failure or delay on the part of Lender in exercising any power, right, or privilege under any Loan Document shall operate as a waiver thereof, and no single or partial exercise of

any such power, right, or privilege shall preclude any further exercise thereof or the exercise of any other power, right or privilege. Lender has the right at its sole option to continue to accept interest and/or principal payments due under the Loan Documents after default, and such acceptance shall not constitute a waiver of said default or an extension of the Maturity Date unless Lender agrees otherwise in writing.

8.4 RIGHTS CUMULATIVE. All rights and remedies existing under the Loan Documents are cumulative to, and not exclusive of, any other rights or remedies available under contract or applicable law.

8.5 UNENFORCEABLE PROVISIONS. Any provision of any Loan Document executed by Borrower which is prohibited or unenforceable in any jurisdiction, shall be so only as to such jurisdiction and only to the extent of such prohibition or unenforceability, but all the remaining provisions of any such Loan Document shall remain valid and enforceable.

8.6 ACCOUNTING TERMS. Except as otherwise provided in this Agreement, accounting terms and financial covenants and information shall be determined and prepared in accordance with GAAP.

8.7 INDEMNIFICATION; EXCULPATION. Borrower shall pay and protect, defend and indemnify Lender and Lender's employees, officers, directors, shareholders, affiliates, correspondents, agents and representatives (other than Lender, collectively "Agents") against, and hold Lender and each such Agent harmless from, all claims, actions, proceedings, liabilities, damages, losses, expenses (including, without limitation, attorneys' fees and costs) and other amounts incurred by Lender and each such Agent, arising from (i) the matters contemplated by this Agreement or any other Loan Documents or (ii) any contention that Borrower has failed to comply with any law, rule, regulation, order or directive applicable to Borrower's business; provided, however, that this indemnification shall not apply to any of the foregoing incurred solely as the result of Lender's or any Agent's gross negligence or willful misconduct or breach of this agreement. This indemnification shall survive the payment and satisfaction of all of Borrower's Obligations to Lender.

8.8 REIMBURSEMENT. Borrower shall reimburse Lender for all costs and expenses, including without limitation reasonable attorneys' fees and disbursements expended or incurred by Lender in any arbitration, mediation, judicial reference, legal action or otherwise in connection with (a) the preparation, negotiation, amendment, interpretation and enforcement of the Loan Documents, including without limitation during any workout, attempted workout, and/or in connection with the rendering of legal advice as to Lender's rights, remedies and obligations under the Loan Documents, (b) collecting any sum which becomes due Lender under any Loan Document, (c) any proceeding for declaratory relief, any counterclaim to any proceeding, or any appeal, or (d) the protection, preservation or enforcement of any rights of Lender. For the purposes of this section, attorneys' fees shall include, without limitation, fees incurred in connection with the following: (1) contempt proceedings; (2) discovery; (3) any motion, proceeding or other activity of any kind in connection with an Insolvency Proceeding; (4) garnishment, levy, and debtor and third party examinations; and (5) postjudgment motions

and proceedings of any kind, including without limitation any activity taken to collect or enforce any judgment. All of the foregoing costs and expenses shall be payable upon demand by Lender, and if not paid within forty-five (45) days of presentation of invoices shall bear interest at the highest applicable Default Rate.

8.9 EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts which, when taken together, shall constitute but one agreement.

8.10 ENTIRE AGREEMENT. The Loan Documents are intended by the parties as the final expression of their agreement and therefore contain the entire agreement between the parties and supersede all prior understandings or agreements concerning the subject matter hereof. This Agreement may be amended only in a writing signed by Borrower and Lender.

8.11 GOVERNING LAW AND JURISDICTION.

(a) THIS AGREEMENT AND THE LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF CALIFORNIA OR OF THE UNITED STATES FOR THE NORTHERN, CENTRAL OR SOUTHERN DISTRICT OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF BORROWER AND LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF BORROWER AND LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENT, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. BORROWER AND LENDER EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY CALIFORNIA LAW.

8.12 WAIVER OF JURY TRIAL. BORROWER AND LENDER EACH WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. BORROWER AND LENDER EACH AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY

OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEMS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement as of the date set forth in the preamble.

Addresses for Notices: - ----------	VeriSign, Inc.
VeriSign, Inc. 2593 Coast Avenue	By: /s/ Dana Evan ---
Mountain View, CA 94043	Name: Dana Evan
Attn: Dana Evan, CFO	Its: Chief Financial Officer
Fax: 415-961-8853	
Venture Lending L Leasing, Inc. 2010 North First Street, Suite 310 San Jose, CA 95131	VENTURE LENDING & LEASING, INC.
Attn: Salvador O. Gutierrez	By:/s/ Salvador O. Gutierrez ---
President	Name: Salvador O. Gutierrez
Fax No. 408-436-8625	Its: President

[Note No. X-XXX]

EXHIBIT A

FORM OF PROMISSORY NOTE

$_____ _____, 199__
San Jose, California

The undersigned ("Borrower") jointly and severally promises to pay to the order of VENTURE LENDING & LEASING, INC., a Maryland corporation ("Lender") at its office at 2010 North First Street, Suite 310, San Jose, California 95131, or at such other place as Lender may designate in writing, in lawful money of the United States of America, the principal sum of _____ Dollars ($_____), with Basic Interest thereon from the date hereof until maturity, whether scheduled or accelerated, at a fixed rate per annum equal to the Designated Rate, and with Additional Interest in the sum of [15% of face amount] Dollars ($_____) payable on the Maturity Date. The Designated Rate for this Note, after the Interim Period, shall be seven and one-half percent (7.5%).

This Note is one of the Notes referred to in, and is entitled to all the benefits of, a Loan Agreement dated as of October 10, 1996, between Borrower and Lender. Each capitalized term not otherwise defined herein shall have the meaning set forth in the Loan Agreement. The Loan Agreement contains provisions for the acceleration of the maturity of this Note upon the happening of certain stated events.

Principal of and interest on this Note shall be payable as follows:

During the Interim Period, Basic Interest shall accrue on the outstanding principal balance at twelve percent (12%) per annum, and shall be paid monthly, in arrears, commencing on the Borrowing Date and continuing on the last day of each of the five (5) months immediately following the Borrowing Date.

Commencing on the first day of the sixth (6th) full month after the Borrowing Date, and continuing on the first day of each consecutive month thereafter, principal and Basic Interest shall be payable, in arrears, in forty-one (41) equal consecutive installments of _____ Dollars ($_____) each, plus a final, 42nd installment equal to the entire unpaid principal balance and all accrued and unpaid Basic Interest and the Additional Interest amount on _____, 199__.

Any unpaid payments of principal or interest on this Note shall bear interest from their respective maturities, whether scheduled or accelerated, at a rate per annum equal to the DeRatesignated Rate plus 3%, until paid in full, whether before or after judgment. Borrower shall pay such interest on demand.

Interest, charges and fees shall be calculated for actual days elapsed on the basis of a 360-day year, which results in higher interest, charge or fee payments than if a 365-day year were used. In no event shall Borrower be obligated to pay interest, charges or fees at a rate in excess of the highest rate permitted by applicable law from time to time in effect.

This Note shall be governed by, and construed in accordance with, the laws of the State of California.

VeriSign, Inc.

By:_____
Name:_____
Its:_____

EXHIBIT B

BORROWER REQUEST

_____, 1996

Venture Lending & Leasing, Inc.
2010 North First Street, Suite 310
San Jose, CA 95131

Re:_____

Gentlemen:

Reference is made to the Loan Agreement dated as of _____ (as it has been and may be amended from time to time, the "Loan Agreement", the capitalized terms used herein as defined therein), between Venture Lending & Leasing, Inc. and _____ (the "Company").

The undersigned is the Chief Financial Officer of the Company, and hereby requests a Loan under the Loan Agreement, and in that connection certifies as follows:

1. The amount of the proposed Loan is $_____ . The Business Day of the proposed Loan is _____, 1996.

2. As of this date, no Default or Event of Default has occurred and is continuing, or will result from the making of the proposed Loan, and the representations and warranties of the Company contained in Article 3 of the Loan Agreement are true and correct.

3. No Material Adverse Change has occurred since the date of the most recent financial statements submitted to you by the Company.

The Company agrees to notify you promptly before the funding of the Loan if any of the matters to which I have certified above shall not be true and correct on the Borrowing Date.

Very Truly Yours,

_____
Chief Financial Officer

EXHIBIT C

SECURITY AGREEMENT
(EQUIPMENT)

This Agreement is made as of January 30, 1997, by VeriSign, Inc., a Delaware corporation ("Debtor") in favor of VENTURE LENDING & LEASING, INC., a Maryland corporation ("Secured Party").

ARTICLE 1 - DEFINITIONS

The following definitions shall be applicable to both the singular and plural forms of the defined terms:

"AGREEMENT" means this Security Agreement, as it may be amended from time to time.

"COLLATERAL" means all Debtor's Equipment and Fixtures now owned or hereafter acquired, wherever located, and whether held by Debtor or any third party, and all proceeds and products thereof, including all insurance and condemnation proceeds ("Proceeds"), and all Records relating or useful to, or used in connection with any of the foregoing.

"EQUIPMENT" means all of Debtor's specific equipment identified and described on Schedule 1 attached to this Agreement and incorporated herein by
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reference (as such Schedule may be amended or supplemented from time to time), all replacements, parts, accessions and additions thereto, and all proceeds thereof arising from the sale, lease, rental or other use or disposition thereof, including all rights to payment with respect to insurance or condemnation, returned premiums, or any cause of action relating to any of the foregoing.

"EVENT OF DEFAULT" means an event described in Article 6.

"FIXTURES" means all items of Equipment that are so related to the real property upon which they are located that an interest in them arises under real property law, and all proceeds thereof arising from the sale, lease, rental or other use or disposition thereof.

"INDEBTEDNESS" means all debts, obligations and liabilities of Debtor to Secured Party currently existing or now or hereafter made, incurred or created, whether pursuant to the Loan Documents, whether voluntary or involuntary and however arising or evidenced, whether direct or acquired by Secured Party by assignment or succession, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Debtor may be liable individually or jointly, or whether recovery upon such debt may be or become barred by any statute of limitations or otherwise unenforceable and all renewals, extensions and modifications thereof, and all attorneys' fees and costs incurred by Secured Party in connection with the collection and enforcement thereof.

"LIEN" means any voluntary or involuntary security interest, mortgage, pledge, claim, charge, encumbrance, title retention agreement, or third party interest covering all or any part of the property of Debtor or any other Person.

"LOAN AGREEMENT" means that certain Loan Agreement between Debtor and Secured Party of even date herewith, as amended from time to time.

"PERSON" means any individual or entity, including without limitation Secured Party where the context so permits and in Secured Party's sole discretion.

"RECORDS" means all Debtor's computer programs, software, hardware, source codes and data processing information, all written documents, books, invoices, ledger sheets, financial information and statements, and all other writings concerning collateral.

"UNIFORM COMMERCIAL CODE" means the California Uniform Commercial Code, as amended from time to time.

Terms not specifically defined in this Agreement have the meanings prescribed in the Loan Agreement, and if not defined therein then the meanings prescribed in the Uniform Commercial Code.

ARTICLE 2 - GRANT OF SECURITY INTEREST

To secure the timely payment of the Indebtedness and performance of all obligations of Debtor to Secured Party, Debtor grants to Secured Party a security interest in the Collateral.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

Debtor represents and warrants that, at all times during the term of this Agreement:

3.1 GOVERNMENTAL ACTIONS. Debtor has obtained all consents and actions of, and has performed all filings with, any governmental or regulatory authority required to authorize the execution, delivery or performance of this Agreement. Debtor has, at the time Lender makes a Loan with respect to an item of equipment in accordance with Section 2.2 of the Loan Agreement, and at all times thereafter while such Loan is outstanding, obtained all consents and actions of, and has performed all filings with, any governmental or regulatory authority required to grant and perfect Secured Party's security interest in such item of equipment which is part of the Collateral.

3.2 TITLE. Except for the security interests created by this Agreement, Debtor is and will be the unconditional legal and beneficial owner of the Collateral. The Collateral is subject to no Liens, rights or defenses of others, except Liens permitted under the Loan Agreement.

3.3 NO MISREPRESENTATION. No representation, warranty or statement by Debtor contained in this Agreement, in any Loan Document or certificate or other writing furnished by Debtor to Secured Party in connection with any Loan Document contains any untrue statement of

material fact necessary to make the statements made therein not misleading in any material respect.

3.4 COLLATERAL NOT INVENTORY. Debtor is not in the business of selling goods of the kind included within the Collateral subject to this Agreement.

3.5 CHIEF EXECUTIVE OFFICE. Debtor's chief executive office is located at:

2593 Coast Avenue
Mountain View, CA 94043

3.6 RECORDS LOCATION. Other than as set forth in Section 3.5, Records are maintained at:

2593 Coast Avenue
Mountain View, CA 94043

3.7 EQUIPMENT OR FIXTURES LOCATION. Other than as set forth in Section 3.5, Equipment or Fixtures are located at:

Same as below.

3.8 OTHER PLACES OF BUSINESS. In addition to the locations set forth in Sections 3.5 through 3.7, Debtor maintains the following place(s) of business:

East Coast Office

One Alewife Center
Cambridge, MA 02140
617-492-2816

3.9 BUSINESS NAMES. Debtor has conducted business in the following names other than as stated in the preamble to this Agreement:

Digital Certificates, Inc. or DCI

3.10 FINANCING STATEMENTS. Copies of all financing statements and all other documents publicly recorded or filed naming Debtor as debtor or obligor have been delivered to Secured Party, prior to the date of this Agreement.

ARTICLE 4 - AFFIRMATIVE COVENANTS

During the term of this Agreement and until payment of all the Indebtedness and performance of all obligations to Secured Party, Debtor will, unless Secured Party otherwise consents in writing:

4.1 USE OF PROCEEDS. Use the proceeds of any credit extended by Secured Party to Debtor only in accordance with the terms of the Loan Documents.

4.2 DELIVERY OF CERTAIN ITEMS. Deliver to Secured Party promptly (a) after an Event of Default, all Proceeds; (b) such specific acknowledgments, assignments or other agreements as Secured Party may reasonably request relating to the Collateral; and (c) copies of such Records and other reports in such form and detail and at such times as Secured Party may reasonably require relating to the Collateral.

4.3 MAINTENANCE OF COLLATERAL; INSPECTION. Do all things necessary to maintain, preserve, protect and keep all Collateral in good working order and saleable condition, dealing with the Collateral in all ways as are considered good practice by owners of like property, and use the Collateral lawfully and only as permitted by Debtor's insurance policies. Debtor hereby authorizes Secured Party's officers, employees, representatives and agents, upon reasonable notice, at reasonable times and with reasonable frequency, to inspect the Collateral and to discuss the Collateral and the Records relating thereto with Debtor's officers.

4.4 MAINTENANCE OF RECORDS; INSPECTION. Maintain, or cause to be maintained, complete and accurate Records relating to the Collateral. Secured Party, its officers, employees, agents and representatives, upon reasonable notice, shall have the right, from time to time, to examine the Records relating to the Collateral and to make copies or extracts therefrom.

4.5 DEBTORES DUTY TO GIVE NOTICE. Give prompt notice to Secured Party of: (a) any decrease in the value of any Collateral and the amount of such decrease (other than depreciation calculated in the ordinary course of business under applicable tax laws and regulations and in accordance with generally accepted accounting principles); (b) any threatened or asserted dispute or claim with respect to the Collateral; (c) any litigation or administrative or regulatory proceeding which is reasonably likely to have a material adverse effect on Debtor or its business; (d) any change in ownership of any property on which any Collateral is located; and (e) the occurrence of any Event of Default or of any other development, financial or otherwise, which is reasonably likely to materially adversely affect the Collateral or Debtor's ability to pay the indebtedness or perform its obligations to Secured Party.

4.6 FINANCING STATEMENTS AND OTHER ACTIONS. Execute and deliver to Secured Party, and file or record at Debtor's expense all financing statements, notices and other documents from time to time requested by Secured Party to maintain a first perfected security interest in the Collateral in favor of Secured Party, all in form and substance satisfactory to Secured Party, perform such other acts and execute and deliver to Secured Party such additional conveyances, assignments, agreements and instruments, as Secured Party may at any time reasonably request in connection with the administration and enforcement of this Agreement or Secured Party's rights, powers and remedies hereunder.

4.7 DECALS, MARKINGS. At the request of Secured Party, firmly affix a decal, stencil or other marking to designated items of Collateral, indicating thereon the security interest of Secured Party.

4.8 AGREEMENT WITH REAL PROPERTY OWNER/LANDLORD. Obtain and maintain such acknowledgments, consents, waivers and agreements from the owner, lienholder, mortgagee and

landlord with respect to any real property on which Collateral is located as Secured Party may require, all in form and substance satisfactory to Secured Party.

ARTICLE 5 - NEGATIVE COVENANTS

During the term of this Agreement and until payment of all the Indebtedness and performance of all obligations to Secured Party, Debtor will not, without Secured Party's prior written consent:

5.1 LIENS. Create, incur, assume or permit to exist any Lien on any Collateral, except Liens permitted under the Loan Agreement.

5.2 DOCUMENTS OF TITLE. Sign or authorize the signing of any financing statement or other document naming Debtor as debtor or obligor, except those which do not relate to the Collateral or which, with respect to the Collateral are permitted under the Loan Agreement, or acquiesce or cooperate in the issuance of any warehouse receipt or other document of title with respect to any Collateral, except those negotiated to Secured Party or those naming Secured Party as secured party.

5.3 DISPOSITION OF COLLATERAL. Sell, transfer, lease or otherwise dispose of any Collateral.

5.4 CHANGE IN LOCATION, NAME, LEGAL STRUCTURE. If and to the extent the same would in any manner impair the creation, perfection or priority of Secured Party's security interest in the Collateral, (a) maintain Records, its chief executive office or residence, or a place of business at a location other than as specified in Article 3; or (b) change its name, mailing address, the nature of its business, or its legal structure.

ARTICLE 6 - EVENTS OF DEFAULT

6.1 Events of Default. The occurrence of any of the following shall constitute an Event of Default:

(A) Any "Event of Defaults' as defined in the Loan Agreement.

(B) Secured Party shall not have a first perfected security interest in any Collateral for ten (10) or more days after notice to Debtor;

(C) Secured Party reasonably determines, in good faith, that its security interest in the Collateral is materially impaired for ten (10) or more days after notice to Debtor;

(D) Secured Party reasonably determines, in good faith, that any or all of the Collateral, including any proceeds, is in danger of dissipation, loss, theft, damage or destruction, or otherwise in jeopardy such as would materially impair the value of the Collateral (with due consideration to applicable insurance coverage);

(E) Debtor shall fail to perform any of its duties or obligations under this Agreement not specifically referenced in this Article 6 and such failure remains uncured for ten (10) or more days after notice to Debtor;

6.2 ACCELERATION AND REMEDIES. Upon the occurrence of any Event of Default Secured Party shall be entitled to, at Secured Party's option, without notice or demand of any kind, (a) declare all or any part of the Indebtedness immediately due and payable; (b) exercise any or all of the rights and remedies available to a secured party under the Uniform Commercial Code or any other applicable law; and (c) exercise any or all of Secured Party's rights and remedies provided for in this Agreement and in any other Loan Document. The obligations of Debtor under this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any Indebtedness is rescinded or must otherwise be returned by Secured Party upon, on account of, or in connection with, the insolvency, bankruptcy or reorganization of Debtor, or otherwise, all as though such payment had not been made.

6.3 SALE OF COLLATERAL. After the occurrence of an Event of Default Secured Party may sell all or any part of the Collateral, at public or private sales, to itself, a wholesaler, retailer or investor, for cash, upon credit or for future delivery, and at such price or prices as Secured Party may deem commercially reasonable. To the extent permitted by law, Debtor hereby specifically waives all rights of redemption and any rights of stay or appraisal which it has or may have under any applicable law in effect from time to time. Any such public or private sales shall be held at such times and at such place(s) as Secured Party may determine. In case of the sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Secured Party until the selling price is paid by the purchaser, but Secured Party shall not incur any liability in case of the failure of such purchaser to pay for the Collateral and, in case of any such failure, such Collateral may be resold. Secured Party may, instead of exercising its power of sale, proceed to enforce its security interest in the Collateral by seeking a judgment or decree of a court of competent jurisdiction.

6.4 DEBTOR'S OBLIGATION UPON DEFAULT. Upon the request of Secured Party after the occurrence of an Event of Default Debtor will:

(A) Assemble and make available to Secured Party the Collateral at such place(s) as Secured Party shall designate, segregating all Collateral so that each item is capable of identification; and

(B) Permit Secured Party, by Secured Party's officers, employees, agents and representatives, to enter any premises where any Collateral is located, to take possession of the Collateral and to remove the Collateral or to conduct any public or private sale of the Collateral, all without any liability of Secured Party for rent or other compensation for the use of Debtor's premises.

ARTICLE 7 - SPECIAL COLLATERAL PROVISIONS

7.1 PERFORMANCE OF DEBTOR'S OBLIGATIONS. Without having any obligation to do so, Secured Party may perform or pay any obligation which Debtor has agreed to perform or pay

obligation which Debtor has agreed to perform or pay under this Agreement, including, without limitation, the payment or discharge of taxes or Liens levied or placed on or threatened against the Collateral. In so performing or paying, Secured Party shall determine the action to be taken and the amount necessary to discharge such obligations. Debtor shall reimburse Secured Party on demand for any amounts paid by Secured Party pursuant to this Section, which amounts shall constitute Indebtedness secured by the Collateral and shall bear interest from the date of demand at the rate applicable to overdue payments under the Loan Agreement.

7.2 POWER OF ATTORNEY. For the purpose of protecting, preserving and enforcing the Collateral and Secured Party's rights under this Agreement, Debtor hereby irrevocably appoints Secured Party, with full power of substitution, as its attorney-in-fact with full power and authority to do any act which Debtor is obligated to do, or Secured Party has the right to do, hereunder; to exercise such rights with respect to the Collateral as Debtor might exercise; to use such Equipment, Fixtures or other property as Debtor might use; to enter Debtor's premises; to give notice of Secured Party's security interest in and to collect the Collateral and the Proceeds; and to execute and file in Debtor's name any financing statements, amendments and continuation statements necessary or desirable to perfect or continue the perfection of Secured Party's security interests in the Collateral. Debtor hereby ratifies all that Secured Party shall lawfully do or cause to be done by virtue of this appointment.

7.3 AUTHORIZATION FOR SECURED PARTY TO TAKE CERTAIN ACTION. The power of attorney created in Section 7.3 is a power coupled with an interest and shall be irrevocable. The powers conferred on Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon Secured Party to exercise such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and in no event shall Secured Party or any of its directors, officers, employees, agents or representatives be responsible to Debtor for any act or failure to act, except for gross negligence or willful misconduct. Secured Party may exercise this power of attorney without notice to or assent of Debtor, in the name of Debtor, or in Secured Party's own name, from time to time in Secured Party's sole discretion and at Debtor's expense. To further carry out the terms of this Agreement, Secured Party may upon the occurrence of an Event of Default:

(A) Execute any statements or documents to take possession of, and endorse and collect and receive delivery or payment of, any checks, drafts, notes, acceptances or other instruments and documents constituting the payment of amounts due and to become due or any performance to be rendered with respect to the Collateral;

(B) Sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts; drafts, certificates and statements under any commercial or standby letter of credit, assignments, leases, bills of sale, or any other documents relating to the Collateral, including without limitation the Records;

(C) Use or operate Collateral or any other property of Debtor for the purpose of preserving or liquidating Collateral;

(D) File any claim or take any other action or proceeding in any court of law or equity or as otherwise deemed appropriate by Secured Party for the purpose of collecting any and all monies due or securing any performance to be rendered with respect to the Collateral;

(E) Commence, prosecute or defend any suits, actions or proceedings or as otherwise deemed appropriate by Secured Party for the purpose of protecting or collecting the Collateral. In furtherance of this right, upon the occurrence of an Event of Default Secured Party may apply for the appointment of a receiver or similar official to operate Debtor's business, and, to the fullest extent permitted by law, Debtor hereby waives any right to oppose such appointment;

(F) Prepare, adjust, execute, deliver and receive payment under insurance claims, and collect and receive payment of and endorse any instrument in payment of loss or returned premiums or any other insurance refund or return, and apply such amounts, at Secured Party's sole discretion, toward repayment of the Indebtedness or replacement of the Collateral.

7.4 APPLICATION OF PROCEEDS. Any Proceeds and other monies or property received by Secured Party pursuant to the terms of this Agreement or any Loan Document may be applied by Secured Party first to the payment of expenses of collection, including without limitation to reasonable attorneys' fees, and then to the payment of the Indebtedness in such order of application as Secured Party may elect. Notwithstanding the rights given to Debtor pursuant to California Civil Code sections 1479 and 2822 or equivalent provisions in the laws of the state specified in the governing law clause of this document (and any amendments or successors thereto), to designate how payments will be applied, Debtor hereby waives such rights and Secured Party shall have the right in its sole discretion to determine the order and method of the application of payments received from Debtor or from the sale or disposition of the Collateral and to revise such application prospectively or retroactively at its discretion.

7.5 DEFICIENCY. If the proceeds of any sale of the Collateral are insufficient to cover all costs and expenses of such sale and the payment in full of all Indebtedness, plus all other sums required to be expended or distributed by Secured Party, then Debtor shall be liable for any such deficiency.

7.6 SECURED PARTY TRANSFER. Upon the transfer of all or any part of the Indebtedness, Secured Party may transfer all or any part of its interest in the Collateral and shall be fully discharged thereafter from all liability and responsibility with respect to such interest in the Collateral so transferred, and the transferee shall be vested with all the rights and powers of Secured Party hereunder with respect to such interest in the Collateral so transferred.

ARTICLE 8 - GENERAL PROVISIONS

8.1 NOTICES. Any notice given by any party under this Agreement shall be given in the manner prescribed in the Loan Agreement.

8.2 BINDING EFFECT. This Agreement shall be binding upon Debtor, its permitted successors, representatives and assigns, and shall inure to the benefit of Secured Party and its

successors, representatives and assigns; provided however that Debtor may not assign or transfer Debtor's obligations under this Agreement without Secured Party's prior written consent. Secured Party reserves the right to sell, assign, or transfer its rights and powers under this Agreement in whole or in part without notice to Debtor. In that connection, Secured Party may disclose all documents and information which Secured Party now or hereafter may have relating to this Agreement, Debtor or Debtor's business.

8.3 NO WAIVER. Any waiver, consent or approval by Secured Party of any Event of Default or breach of any provision, condition or covenant of this Agreement or any Loan Document must be in writing and shall be effective only to the extent set forth in writing. No waiver or any breach of default shall be deemed a waiver of any later breach or default of the same or any other provision of this Agreement or any of the Loan Documents. No failure or delay on the part of Secured Party in exercising any power, right or privilege under this Agreement or any Loan Document shall operate as a waiver thereof, and no single or partial exercise of any such power, right or privilege shall preclude any further exercise thereof, or the exercise of any further power, right or privilege.

8.4 RIGHTS CUMULATIVE. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any other rights or remedies available under contract or applicable law.

8.5 UNENFORCEABLE PROVISIONS. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be so only as to such jurisdiction and only to the extent of such prohibition or unenforceability, but all the remaining provisions of this Agreement shall remain valid and enforceable.

8.6 GOVERNING LAW, WAIVER OF NOTICE. Except as may be otherwise provided by the Uniform Commercial Code or in any addendum hereto, this Agreement shall be governed by and construed in accordance with the laws of the State of California. To the fullest extent permitted by law, Debtor hereby waives presentment, demand, protest, notice of dishonor and all other notices and demands as well as any applicable statute of limitations.

8.7 ENTIRE AGREEMENT. This Agreement, together with the other Loan Documents, is intended by Debtor and Secured Party as the final expression of Debtor's obligations to Secured Party in connection with the Collateral and supersedes all prior understandings or agreements concerning the subject matter hereof. This Agreement may be amended only by a writing signed by Debtor and accepted by Secured Party in writing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth in the preamble.

VeriSign, Inc.	VENTURE LENDING & LEASING, INC.
By: _____	By: _____
DANA EVAN	SALVADOR O. GUTIERREZ
Chief Financial Officer	President

EXHIBIT D

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

WARRANT TO PURCHASE A MAXIMUM OF

17,500 SHARES OF COMMON STOCK OF
VeriSign, Inc.
(Void after October 10, 2003)

This certifies that VENTURE LENDING & LEASING, INC., a Maryland corporation, or assigns (the "Holder"), for value received, is entitled to purchase from VeriSign, Inc., a Delaware corporation (the "Company"), 17,500 fully paid and nonassessable shares of the Company's Common Stock ("Common Stock") at $8.00 per share (the "Stock Purchase Price") at any time or from time to time up to and including 5:00 p.m. (Pacific time) on October 10, 2003 (the "Expiration Date"), upon surrender to the Company at its principal office at 2593 Coast Avenue, Mountain View, California 94043 (or at such other location as the Company may advise Holder in writing) of this Warrant properly endorsed with the Form of Subscription attached hereto duly filled in and signed and upon payment in cash or by check of the aggregate Stock Purchase Price for the number of shares for which this Warrant is being exercised determined in accordance with the provisions hereof. The Stock Purchase Price and the number of shares purchasable hereunder are subject to adjustment as provided in Section 4 of this Warrant.

This Warrant is subject to the following terms and conditions:

1. Exercise; Issuance of Certificates; Payment for Shares.

(a) Unless an election is made pursuant to clause (b) of this Section 1, this Warrant shall be exercisable at the option of the Holder, at any time or from time to time, on or before the Expiration Date for all or any portion of the shares of Common Stock (but not for a fraction of a share) which may be purchased hereunder for $8.00 per share. The Company agrees that the shares of Common Stock purchased under this Warrant shall be and are deemed to be issued to the holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares. Subject to the provisions of Section 2, certificates for the shares of Common Stock so purchased, together with any other securities or property to which the Holder hereof is entitled upon such exercise, shall be delivered to the Holder hereof by the Company at the Company's expense within a reasonable time after the rights represented by this Warrant have been so exercised. Except as provided in clause (b) of this Section 1, in case of a purchase of less than all the shares which may be purchased under this Warrant, the Company shall cancel this Warrant and execute

and deliver a new Warrant or Warrants of like tenor for the balance of the shares purchasable under the Warrant surrendered upon such purchase to the Holder hereof within a reasonable time. Each stock certificate so delivered shall be in such denominations of Common Stock as may be requested by the Holder hereof and shall be registered in the name of such Holder or such other name as shall be designated by such Holder, subject to the limitations contained in Section 2.

(b) The Holder, in lieu of exercising this Warrant by the payment of the Stock Purchase Price pursuant to clause (a) of this Section 1, may elect, at any time on or before the Expiration Date, to receive that number of shares of Common Stock equal to the quotient of: (i) the difference between (A) the Per Share Price (as hereinafter defined) of the Common Stock, less (B) the Stock Purchase Price then in effect, multiplied by the number of shares of Common Stock the Holder would otherwise have been entitled to purchase hereunder pursuant to clause (a) of this Section 1 (or such lesser number of shares as the Holder may designate in the case of a partial exercise of this Warrant); over (ii) the Per Share Price.

(c) For purposes of clause (b) of this Section 1, "Per Share Price" means the product of: (i) the greater of (A) the average of the closing bid and asked prices of the Company's Common Stock as quoted by NASDAQ or listed on any exchange, whichever is applicable, as published in the Western Edition of The Wall Street Journal for the ten (10) trading days prior to the date of the Holder's election hereunder or, (B) if applicable at the time of or in connection with the exercise under clause (b) of this Section 1, the gross sales price of one share of the Company's Common Stock pursuant to a registered public offering or that amount which shareholders of the Company will receive for each share of Common Stock pursuant to a merger, reorganization or sale of assets; and (ii) that number of shares of Common Stock into which each share of Common Stock is convertible. If the Company's Common Stock is not quoted by NASDAQ or listed on an exchange, the Per Share Price of the Common Stock (or the equivalent number of shares of Common Stock into which such Common Stock is convertible) shall be the price per share which the Company would obtain from a willing buyer for shares sold by the Company from authorized but unissued shares as such price shall be agreed upon by the Holder and the Company or, if agreement cannot be reached within ten (10) business days of the Holder's election hereunder, as such price shall be determined by a panel of three (3) appraisers, one (1) to be chosen by the Company, one (1) to be chosen by the Holder and the third to be chosen by the first two (2) appraisers. If the appraisers cannot reach agreement within 30 days of the Holder's election hereunder, then each appraiser shall deliver its appraisal and the appraisal which is neither the highest nor the lowest shall constitute the Per Share Price. In the event either party fails to choose an appraiser within 30 days of the Holder's election hereunder, then the appraisal of the sole appraiser shall constitute the Per Share Price. Each party shall bear the cost of the appraiser selected by such party and the cost of the third appraiser shall be borne one-half by each party. In the event either party fails to choose an appraiser, the cost of the sole appraiser shall be borne one-half by each party.

2. Limitation on Transfer.

(a) The Warrant and the Common Stock shall not be transferable except upon the conditions specified in this Section 2, which conditions are intended to insure compliance

with the provisions of the Securities Act. Each holder of this Warrant or the Common Stock issuable hereunder will cause any proposed transferee of the Warrant or Common Stock to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Section 2.

(b) Each certificate representing (i) this Warrant, (ii) the Common Stock, (iii) shares of the Company's Common Stock issued upon conversion of the Common Stock and (iv) any other securities issued in respect of the Common Stock or Common Stock issued upon conversion of the Common Stock upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event, shall (unless otherwise permitted by the provisions of this Section 2 or unless such securities have been registered under the Securities Act or sold under Rule 144) be stamped or otherwise imprinted with a legend substantially in the following form (in addition to any legend required under applicable state securities laws):

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

(c) The Holder of this Warrant and each person to whom this Warrant is subsequently transferred represents and warrants to the Company (by acceptance of such transfer) that it will not transfer the Warrant (or securities issuable upon exercise hereof unless a registration statement under the Securities Act was in effect with respect to such securities at the time of issuance thereof) except pursuant to (i) an effective registration statement under the Securities Act, (ii) Rule 144 under the Securities Act (or any other rule under the Securities Act relating to the disposition of securities), or (iii) an opinion of counsel, reasonably satisfactory to counsel for the Company, that an exemption from such registration is available.

3. Shares to be Fully Paid; Reservation of Shares. The Company covenants and agrees that all shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable and free from all preemptive rights of any shareholder and free of all taxes, liens and charges with respect to the issue thereof. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved, for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of authorized but unissued Common Stock, or other securities and property, when and as required to provide for the exercise of the rights represented by this Warrant. The Company will take all such action as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any domestic securities exchange upon which the Common Stock may be listed. The Company will not take any action which would result in any adjustment of the Stock Purchase Price (as defined in Section 4 hereof) (i) if the total number of shares of Common Stock issuable after

such action upon exercise of all outstanding warrants, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon exercise of all options and upon the conversion of all convertible securities then outstanding, would exceed the total number of shares of Common Stock then authorized by the Company's Articles of Incorporation, or (ii) if the total number of shares of Common Stock issuable after such action upon the conversion of all such shares of Common Stock together with all shares of Common Stock then outstanding and then issuable upon exercise of all options and upon the conversion of all convertible securities then outstanding would exceed the total number of shares of Common Stock then authorized by the Company's Articles of Incorporation.

4. Adjustment of Stock Purchase Price Number of Shares. The Stock Purchase Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 4. Upon each adjustment of the Stock Purchase Price, the Holder of this Warrant shall thereafter be entitled to purchase, at the Stock Purchase Price resulting from such adjustment, the number of shares obtained by multiplying the Stock Purchase Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment, and dividing the product thereof by the Stock Purchase Price resulting from such adjustment.

4.1 Subdivision or Combination of Stock. In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the Stock Purchase Price in effect immediately prior to such subdivision shall be proportionately reduced, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the Stock Purchase Price in effect immediately prior to such combination shall be proportionately increased.

4.2 Dividends in Common Stock Other Stock, Property, Reclassification. If at any time or from time to time the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefor,

(a) Common Stock, or any shares of stock or other securities whether or not such securities are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution, or

(b) any cash paid or payable otherwise than as a cash dividend, or

(c) Common Stock or other or additional stock or other securities or property (including cash) by way of spinoff, split-up, reclassification, combination of shares or similar corporate rearrangement, (other than shares of Common Stock issued as a stock split, adjustments in respect of which shall be covered by the terms of Section 4.1 above), then and in each such case, the Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefore, the amount of stock and other securities and

property (including cash in the cases referred to in clauses (b) and (c) above) which such Holder would hold on the date of such exercise had he been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares and/or all other additional stock and other securities and property.

4.3 Reorganization, Reclassification, Consolidation, Merger or Sale.

If any capital reorganization of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock, then, as a condition of such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provisions shall be made whereby the holder hereof shall thereafter have the right to purchase and receive(in lieu of the shares of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any such case, appropriate provision shall be made with respect to the rights and interests of the holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Stock Purchase Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) shall thereafter be applicable, as nearly as may be possible, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof. The Company will not effect any such consolidation, merger or sale unless, prior to the consummation thereof, the successor corporation (if other than the Company) resulting from such consolidation or the corporation purchasing such assets shall assume by written instrument, executed and mailed or delivered to the registered Holder hereof at the last address of such Holder appearing on the books of the Company, the obligation to deliver to such Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to purchase.

4.4 Sale or Issuance Below Purchase Price. If the Company shall at any time or from time to time issue or sell any of its Common Stock, Common Stock, options to acquire (or rights to acquire such options), or any other securities convertible into or exercisable for Common Stock, for a consideration per share less than the Stock Purchase Price in effect immediately prior to the time of such issue or sale, the Stock Purchase Price then in effect and then applicable for any subsequent period or periods shall be adjusted to a price determined by dividing (i) an amount equal to the sum of (x) the number of shares of Common Stock outstanding immediately prior to such issue or sale multiplied by the Stock Purchase Price then in effect and (y) the consideration, if any, received by the Company upon such issue or sale, by (ii) the total number of shares of Common Stock outstanding immediately after such issue or sale. For purposes of this Section 4.4, all shares of Common Stock issuable upon the exercise and/or conversion of all outstanding warrants (including this Warrant), options and convertible securities shall be deemed to be outstanding. The foregoing notwithstanding, no adjustment shall be made pursuant to this Section 4.4 on account of a given sale to the extent that (a) the Stock

Purchase Price is adjusted pursuant to any other Section of this Warrant or (b) the conversion price of the Common Stock is decreased pursuant to the terms thereof.

4.5 Notice of Adjustment. Upon any adjustment of the Stock Purchase Price, and/or any increase or decrease in the number of shares purchasable upon the exercise of this Warrant the Company shall give written notice thereof, by first class mail, postage prepaid, addressed to the registered holder of this Warrant at the address of such holder as shown on the books of the Company. The notice shall be signed by the Company's chief financial officer and shall state the Stock Purchase Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

4.6 Other Notices. If at any time:

(a) the Company shall declare any cash dividend upon its Common Stock;

(b) the Company shall declare any dividend upon its Common Stock payable in stock or make any special dividend or other distribution to the holders of its Common Stock;

(c) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

(d) there shall be any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation;

(e) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company; or

(f) the Company shall take or propose to take any other action, notice of which is actually provided to holders of the Common Stock;

then, in any one or more of said cases, the Company shall give, by first class mail, postage prepaid, addressed to the holder of this Warrant at the address of such holder as shown on the books of the Company, (i) at least 20 day's prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, or other action and (ii) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or windingup, or other action, at least 20 day's written notice of the date when the same shall take place. Any notice given in accordance with the foregoing clause (i) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with the

foregoing clause (ii) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, or other action as the case may be.

4.7 Certain Events. If any change in the outstanding Common Stock of the Company or any other event occurs as to which the other provisions of this Section 4 are not strictly applicable or if strictly applicable would not fairly protect the purchase rights of the Holder of the Warrant in accordance with the essential intent and principles of such provisions, then the Board of Directors of the Company shall make an adjustment in the number and class of shares available under the Warrant, the Stock Purchase Price and/or the application of such provisions, in accordance with such essential intent and principles, so as to protect such purchase rights as aforesaid. The adjustment shall be such as will give the Holder of the Warrant upon exercise for the same aggregate Stock Purchase Price the total number, class and kind of shares as he would have owned had the Warrant been exercised prior to the event and had he continued to hold such shares until after the event requiring adjustment.

5. Issue Tax. The issuance of certificates for shares of Common Stock upon the exercise of the Warrant shall be made without charge to the Holder of the Warrant for any issue tax in respect thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

6. Closing of Books. The Company will at no time close its transfer books against the transfer of any Warrant or of any shares of Common Stock issued or issuable upon the exercise of any warrant in any manner which interferes with the timely exercise of this Warrant.

7. No Voting or Dividend Rights; Limitation of Liability. Nothing contained in this Warrant shall be construed as conferring upon the Holder hereof the right to vote or to consent as a shareholder in respect of meetings of shareholders for the election of directors of the Company or any other matters or any rights whatsoever as a shareholder of the Company. No dividends or interest shall be payable or accrued in respect of this Warrant or the interest represented hereby or the shares purchasable hereunder until, and only to the extent that, this Warrant shall have been exercised. No provisions hereof, in the absence of affirmative action by the holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of such Holder for the Stock Purchase Price or as a shareholder of the Company, whether such liability is asserted by the Company or by its creditors.

8. Amendment of Articles of Incorporation. Unless the holder of this Warrant consents thereto in writing, the Company shall not amend its Articles of Incorporation prior to the exercise of this Warrant if the Common Stock would be adversely affected by such amendment.

9. Registration Rights. The Holder hereof shall be entitled, with respect to the shares of Common Stock issued upon exercise hereof or the shares of Common Stock or other

securities issued upon conversion of such Common Stock as the case may be, to all of the registration rights set forth in the Registration Rights Agreement/Stock Purchase Agreement dated as of _____ to the same extent and on the same terms and conditions as possessed by the [class of Investors/Purchasers thereunder]. The company shall take such action as may be reasonably necessary to assure that the granting of such registration rights to the Holder does not violate the provisions of such agreement or any of the Company's charter documents or rights of prior Grantees of registration rights.

10. Rights and Obligations Survive Exercise of Warrant. The rights and obligations of the Company, of the Holder of this Warrant and of the holder of shares of Common Stock issued upon exercise of this Warrant, contained in Sections 6, 8 and 9 shall survive the exercise of this Warrant.

11. Modification and Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

12. Notices. Any notice, request or other document required or permitted to be given or delivered to the holder hereof or the Company shall be deemed to have been given (i) upon receipt if delivered personally or by courier (ii) upon confirmation of receipt if by telecopy or (iii) three business days after deposit in the US mail, with postage prepaid and certified or registered, to each such holder at its address as shown on the books of the Company or to the Company at the address indicated therefor in the first paragraph of this Warrant.

13. Binding Effect on Successors. This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets. All of the obligations of the Company relating to the Common Stock issuable upon the exercise of this Warrant shall survive the exercise and termination of this Warrant. All of the covenants and agreements of the Company shall inure to the benefit of the successors and assign of the holder hereof. The Company will, at the time of the exercise of this Warrant, in whole or in part, upon request of the Holder hereof but at the Company's expense, acknowledge in writing its continuing obligation to the Holder hereof in respect of any rights (including, without limitation, any right to registration of the shares of Common Stock) to which the holder hereof shall continue to be entitled after such exercise in accordance with this Warrant; provided, that the failure of the holder hereof to make any such request shall not affect the continuing obligation of the Company to the Holder hereof in respect of such rights.

14. Descriptive Headings and Governing Law. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California.

15. Lost Warrants or Stock Certificates. The Company represents and warrants to the Holder hereof that upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of any Warrant or stock certificate and, in the case of any such

loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or stock certificate, the Company at its expense will make and deliver a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

16. Fractional Shares. No fractional shares shall be issued upon exercise of this Warrant. The Company shall, in lieu of issuing any fractional share, pay the holder entitled to such fraction a sum in cash equal to such fraction multiplied by the then effective Stock Purchase Price.

17. Representations of Holder. With respect to this Warrant, Holder represents and warrants to the Company as follows:

17.1 Experience. It is experienced in evaluating and investing in companies engaged in businesses similar to that of the Company; it understands that investment in the Warrant involves substantial risks; it has made detailed inquiries concerning the Company, its business and services, its officers and its personnel; the officers of the Company have made available to Holder any and all written information it has requested; the officers of the Company have answered to Holder's satisfaction all inquiries made by it; in making this investment it has relied upon information made available to it by the Company; and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the Company and it is able to bear the economic risk of that investment.

17.2 Investment. It is acquiring the Warrant for investment for its own account and not with a view to, or for resale in connection with, any distribution thereof. It understands that the Warrant, the shares of Common Stock issuable upon exercise thereof and the shares of Common Stock issuable upon conversion of the Common Stock, have not been registered under the Securities Act of 1933, as amended, nor qualified under applicable state securities laws.

17.3 Rule 144. It acknowledges that the Warrant, the common Stock and the Common Stock must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. It has been advised or is aware of the provisions of Rule 144 promulgated under the Securities Act.

17.4 Access to Data. It has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management and has had the opportunity to inspect the Company's facilities.

18. Additional Representations and Covenants of the Company. The Company hereby represents, warrants and agrees as follows:

18.1 Corporate Power. The Company has all requisite corporate power and corporate authority to issue this Warrant and to carry out and perform its obligations hereunder.

18.2 Authorization. All corporate action on the part of the Company, its directors and shareholders necessary for the authorization, execution, delivery and performance

by the Company of this has been taken. This Warrant is a valid and binding obligation of the Company, enforceable in accordance with its terms.

18.3 Offering. Subject in part to the truth and accuracy of Holder's representations set forth in Section 17 hereof, the offer, issuance and sale of the Warrant is, and the issuance of Common Stock upon exercise of the Warrant and the issuance of Common Stock upon conversion of the Common Stock will be exempt from the registration requirements of the Securities Act, and are exempt from the qualification requirements of any applicable state securities laws; and neither the Company nor anyone acting on its behalf will take any action hereafter that would cause the loss of such exemptions.

18.4 Stock Issuance. Upon exercise of the Warrant, the Company will use its best efforts to cause stock certificates representing the shares of Common Stock purchased pursuant to the exercise to be issued in the individual names of Holder, its nominees or assignees, as appropriate at the time of such exercise. Upon conversion of the shares of Common Stock to shares of Common Stock, the Company will issue the Common Stock in the individual names of Holder, its nominees or assignees, as appropriate.

18.5 Articles and By-Laws. The Company has provided Holder with true and complete copies of the Company's Articles or Certificate of Incorporation, By-Laws, and each Certificate of Determination or other charter document setting, forth any rights, preferences and privileges of Company's capital stock, each as amended and in effect on the date of issuance of this Warrant.

18.6 Conversion of Common Stock. As of the date hereof, each share of the Common Stock is convertible into one share of the Common Stock.

18.7 Financial and Other Reports. From time to time up to the earlier of the Expiration Date or the complete exercise of this Warrant, the Company shall furnish to Holder (i) within 90 days after the close of each fiscal year of the Company an audited balance sheet and statement of changes in financial position at and as of the end of such fiscal year, together with an audited statement of income for such fiscal year; (ii) within 45 days after the close of each fiscal quarter of the Company, an unaudited balance sheet and statement of cash flows at and as of the end of such quarter, together with an unaudited statement of income for such quarter; and (iii) promptly after sending, making available, or filing, copies of all reports, proxy statements, and financial statements that the Company sends or makes available to its shareholders and all registration statements and reports that the Company files with the SEC or any other governmental or regulatory authority.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its officers, thereunto duly authorized this 30th day of January, 1997.

VeriSign, Inc.

By:_____
Dana Evan

Title: Chief Financial Officer

EXHIBIT 10.22

SECURITY AGREEMENT
(EQUIPMENT)

This Agreement is made as of January 30, 1997, by VeriSign, Inc., a Delaware corporation ("Debtor") in favor of VENTURE LENDING & LEASING, INC., a Maryland corporation ("Secured Party").

ARTICLE 1 - DEFINITIONS

The following definitions shall be applicable to both the singular and plural forms of the defined terms:

"AGREEMENT" means this Security Agreement, as it may be amended from time to time.

"COLLATERAL" means all Debtor's Equipment and Fixtures now owned or hereafter acquired, wherever located, and whether held by Debtor or any third party, and all proceeds and products thereof, including all insurance and condemnation proceeds ("Proceeds"), and all Records relating or useful to, or used in connection with any of the foregoing.

"EQUIPMENT" means all of Debtor's specific equipment identified and described on Schedule 1 attached to this Agreement and incorporated herein by reference (as such Schedule may be amended or supplemented from time to time), all replacements, parts, accessions and additions thereto, and all proceeds thereof arising from the sale, lease, rental or other use or disposition thereof, including all rights to payment with respect to insurance or condemnation, returned premiums, or any cause of action relating to any of the foregoing.

"EVENT OF DEFAULT" means an event described in Article 6.

"FIXTURES" means all items of Equipment that are so related to the real property upon which they are located that an interest in them arises under real property law, and all proceeds thereof arising from the sale, lease, rental or other use or disposition thereof.

"INDEBTEDNESS" means all debts, obligations and liabilities of Debtor to Secured Party currently existing or now or hereafter made, incurred or created, whether pursuant to the Loan Documents, whether voluntary or involuntary and however arising or evidenced, whether direct or acquired by Secured Party by assignment or succession, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Debtor may be liable individually or jointly, or whether recovery upon such debt may be or become barred by any statute of limitations or otherwise unenforceable and all renewals, extensions and modifications thereof, and all attorneys' fees and costs incurred by Secured Party in connection with the collection and enforcement thereof.

"LIEN" means any voluntary or involuntary security interest, mortgage, pledge, claim, charge, encumbrance, title retention agreement, or third party interest covering all or any part of the property of Debtor or any other Person.

"LOAN AGREEMENT" means that certain Loan Agreement between Debtor and Secured Party of even date herewith, as amended from time to time.

"PERSON" means any individual or entity, including without limitation Secured Party where the context so permits and in Secured Party's sole discretion.

"RECORDS" means all Debtor's computer programs, software, hardware, source codes and data processing information, all written documents, books, invoices, ledger sheets, financial information and statements, and all other writings concerning collateral.

"UNIFORM COMMERCIAL CODE" means the California Uniform Commercial Code, as amended from time to time.

Terms not specifically defined in this Agreement have the meanings prescribed in the Loan Agreement, and if not defined therein then the meanings prescribed in the Uniform Commercial Code.

ARTICLE 2 - GRANT OF SECURITY INTEREST

To secure the timely payment of the Indebtedness and performance of all obligations of Debtor to Secured Party, Debtor grants to Secured Party a security interest in the Collateral.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

Debtor represents and warrants that, at all times during the term of this Agreement:

3.1 GOVERNMENTAL ACTIONS. Debtor has obtained all consents and actions of, and has performed all filings with, any governmental or regulatory authority required to authorize the execution, delivery or performance of this Agreement. Debtor has, at the time Lender makes a Loan with respect to an item of equipment in accordance with Section 2.2 of the Loan Agreement, and at all times thereafter while such Loan is outstanding, obtained all consents and actions of, and has performed all filings with, any governmental or regulatory authority required to grant and perfect Secured Party's security interest in such item of equipment which is part of the Collateral.

3.2 TITLE. Except for the security interests created by this Agreement, Debtor is and will be the unconditional legal and beneficial owner of the Collateral. The Collateral is subject to no Liens, rights or defenses of others, except Liens permitted under the Loan Agreement.

3.3 NO MISREPRESENTATION. No representation, warranty or statement by Debtor contained in this Agreement, in any Loan Document or certificate or other writing furnished by Debtor to Secured Party in connection with any Loan Document contains any untrue statement of

material fact, or omits to state a material fact necessary to make the statements made therein not misleading in any material respect.

3.4 COLLATERAL NOT INVENTORY. Debtor is not in the business of selling goods of the kind included within the Collateral subject to this Agreement.

3.5 CHIEF EXECUTIVE OFFICE. Debtor's chief executive office is located at:

2593 Coast Avenue
Mountain View, CA 94043

3.6 RECORDS LOCATION. Other than as set forth in Section 3.5, Records are maintained at:

2593 Coast Avenue
Mountain View, CA 94043

3.7 EQUIPMENT OR FIXTURES LOCATION. Other than as set forth in Section 3.5, Equipment or Fixtures are located at:

Same as below.

3.8 OTHER PLACES OF BUSINESS. In addition to the locations set forth in Sections 3.5 through 3.7, Debtor maintains the following place(s) of business:

East Coast Office

One Alewife Center
Cambridge, MA 02140
617-492-2816

3.9 BUSINESS NAMES. Debtor has conducted business in the following names other than as stated in the preamble to this Agreement:

Digital Certificates, Inc. or DCI

3.10 FINANCING STATEMENTS. Copies of all financing statements and all other documents publicly recorded or filed naming Debtor as debtor or obligor have been delivered to Secured Party, prior to the date of this Agreement.

ARTICLE 4 - AFFIRMATIVE COVENANTS

During the term of this Agreement and until payment of all the Indebtedness and performance of all obligations to Secured Party, Debtor will, unless Secured Party otherwise consents in writing:

4.1 USE OF PROCEEDS. Use the proceeds of any credit extended by Secured Party to Debtor only in accordance with the terms of the Loan Documents.

4.2 DELIVERY OF CERTAIN ITEMS. Deliver to Secured Party promptly (a) after an Event of Default, all Proceeds; (b) such specific acknowledgments, assignments or other agreements as Secured Party may reasonably request relating to the Collateral; and (c) copies of such Records and other reports in such form and detail and at such times as Secured Party may reasonably require relating to the Collateral.

4.3 MAINTENANCE OF COLLATERAL; INSPECTION. Do all things necessary to maintain, preserve, protect and keep all Collateral in good working order and saleable condition, dealing with the Collateral in all ways as are considered good practice by owners of like property, and use the Collateral lawfully and only as permitted by Debtor's insurance policies. Debtor hereby authorizes Secured Party's officers, employees, representatives and agents, upon reasonable notice, at reasonable times and with reasonable frequency, to inspect the Collateral and to discuss the Collateral and the Records relating thereto with Debtor's officers.

4.4 MAINTENANCE OF RECORDS; INSPECTION. Maintain, or cause to be maintained, complete and accurate Records relating to the Collateral. Secured Party, its officers, employees, agents and representatives, upon reasonable notice, shall have the right, from time to time, to examine the Records relating to the Collateral and to make copies or extracts therefrom.

4.5 DEBTORES DUTY TO GIVE NOTICE. Give prompt notice to Secured Party of: (a) any decrease in the value of any Collateral and the amount of such decrease (other than depreciation calculated in the ordinary course of business under applicable tax laws and regulations and in accordance with generally accepted accounting principles); (b) any threatened or asserted dispute or claim with respect to the Collateral; (c) any litigation or administrative or regulatory proceeding which is reasonably likely to have a material adverse effect on Debtor or its business; (d) any change in ownership of any property on which any Collateral is located; and (e) the occurrence of any Event of Default or of any other development, financial or otherwise, which is reasonably likely to materially adversely affect the Collateral or Debtor's ability to pay the indebtedness or perform its obligations to Secured Party.

4.6 FINANCING STATEMENTS AND OTHER ACTIONS. Execute and deliver to Secured Party, and file or record at Debtor's expense all financing statements, notices and other documents from time to time requested by Secured Party to maintain a first perfected security interest in the Collateral in favor of Secured Party, all in form and substance satisfactory to Secured Party, perform such other acts and execute and deliver to Secured Party such additional conveyances, assignments, agreements and instruments, as Secured Party may at any time reasonably request in connection with the administration and enforcement of this Agreement or Secured Party's rights, powers and remedies hereunder.

4.7 DECALS, MARKINGS. At the request of Secured Party, firmly affix a decal, stencil or other marking to designated items of Collateral, indicating thereon the security interest of Secured Party.

4.8 AGREEMENT WITH REAL PROPERTY OWNER/LANDLORD. Obtain and maintain such acknowledgments, consents, waivers and agreements from the owner, lienholder, mortgagee and

landlord with respect to any real property on which Collateral is located as Secured Party may require, all in form and substance satisfactory to Secured Party.

ARTICLE 5 - NEGATIVE COVENANTS

During the term of this Agreement and until payment of all the Indebtedness and performance of all obligations to Secured Party, Debtor will not, without Secured Party's prior written consent:

5.1 LIENS. Create, incur, assume or permit to exist any Lien on any Collateral, except Liens permitted under the Loan Agreement.

5.2 DOCUMENTS OF TITLE. Sign or authorize the signing of any financing statement or other document naming Debtor as debtor or obligor, except those which do not relate to the Collateral or which, with respect to the Collateral are permitted under the Loan Agreement, or acquiesce or cooperate in the issuance of any warehouse receipt or other document of title with respect to any Collateral, except those negotiated to Secured Party or those naming Secured Party as secured party.

5.3 DISPOSITION OF COLLATERAL. Sell, transfer, lease or otherwise dispose of any Collateral.

5.4 CHANGE IN LOCATION, NAME, LEGAL STRUCTURE. If and to the extent the same would in any manner impair the creation, perfection or priority of Secured Party's security interest in the Collateral, (a) maintain Records, its chief executive office or residence, or a place of business at a location other than as specified in Article 3; or (b) change its name, mailing address, the nature of its business, or its legal structure.

ARTICLE 6 - EVENTS OF DEFAULT

6.1 EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an Event of Default:

(A) Any "Event of Defaults' as defined in the Loan Agreement.

(B) Secured Party shall not have a first perfected security interest in any Collateral for ten (10) or more days after notice to Debtor;

(C) Secured Party reasonably determines, in good faith, that its security interest in the Collateral is materially impaired for ten (10) or more days after notice to Debtor;

(D) Secured Party reasonably determines, in good faith, that any or all of the Collateral, including any proceeds, is in danger of dissipation, loss, theft, damage or destruction, or otherwise in jeopardy such as would materially impair the value of the Collateral (with due consideration to applicable insurance coverage);

(E) Debtor shall fail to perform any of its duties or obligations under this Agreement not specifically referenced in this Article 6 and such failure remains uncured for ten (10) or more days after notice to Debtor;

6.2 ACCELERATION AND REMEDIES. Upon the occurrence of any Event of Default Secured Party shall be entitled to, at Secured Party's option, without notice or demand of any kind, (a) declare all or any part of the Indebtedness immediately due and payable; (b) exercise any or all of the rights and remedies available to a secured party under the Uniform Commercial Code or any other applicable law; and (c) exercise any or all of Secured Party's rights and remedies provided for in this Agreement and in any other Loan Document. The obligations of Debtor under this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any Indebtedness is rescinded or must otherwise be returned by Secured Party upon, on account of, or in connection with, the insolvency, bankruptcy or reorganization of Debtor, or otherwise, all as though such payment had not been made.

6.3 SALE OF COLLATERAL. After the occurrence of an Event of Default Secured Party may sell all or any part of the Collateral, at public or private sales, to itself, a wholesaler, retailer or investor, for cash, upon credit or for future delivery, and at such price or prices as Secured Party may deem commercially reasonable. To the extent permitted by law, Debtor hereby specifically waives all rights of redemption and any rights of stay or appraisal which it has or may have under any applicable law in effect from time to time. Any such public or private sales shall be held at such times and at such place(s) as Secured Party may determine. In case of the sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Secured Party until the selling price is paid by the purchaser, but Secured Party shall not incur any liability in case of the failure of such purchaser to pay for the Collateral and, in case of any such failure, such Collateral may be resold. Secured Party may, instead of exercising its power of sale, proceed to enforce its security interest in the Collateral by seeking a judgment or decree of a court of competent jurisdiction.

6.4 DEBTOR'S OBLIGATION UPON DEFAULT. Upon the request of Secured Party after the occurrence of an Event of Default Debtor will:

(A) Assemble and make available to Secured Party the Collateral at such place(s) as Secured Party shall designate, segregating all Collateral so that each item is capable of identification; and

(B) Permit Secured Party, by Secured Party's officers, employees, agents and representatives, to enter any premises where any Collateral is located, to take possession of the Collateral and to remove the Collateral or to conduct any public or private sale of the Collateral, all without any liability of Secured Party for rent or other compensation for the use of Debtor's premises.

ARTICLE 7 - SPECIAL COLLATERAL PROVISIONS

7.1 PERFORMANCE OF DEBTOR'S OBLIGATIONS. Without having any obligation to do so, Secured Party may perform or pay any obligation which Debtor has agreed to perform or pay

under this Agreement, including, without limitation, the payment or discharge of taxes or Liens levied or placed on or threatened against the Collateral. In so performing or paying, Secured Party shall determine the action to be taken and the amount necessary to discharge such obligations. Debtor shall reimburse Secured Party on demand for any amounts paid by Secured Party pursuant to this Section, which amounts shall constitute Indebtedness secured by the Collateral and shall bear interest from the date of demand at the rate applicable to overdue payments under the Loan Agreement.

7.2 POWER OF ATTORNEY. For the purpose of protecting, preserving and enforcing the Collateral and Secured Party's rights under this Agreement, Debtor hereby irrevocably appoints Secured Party, with full power of substitution, as its attorney-in-fact with full power and authority to do any act which Debtor is obligated to do, or Secured Party has the right to do, hereunder; to exercise such rights with respect to the Collateral as Debtor might exercise; to use such Equipment, Fixtures or other property as Debtor might use; to enter Debtor's premises; to give notice of Secured Party's security interest in and to collect the Collateral and the Proceeds; and to execute and file in Debtor's name any financing statements, amendments and continuation statements necessary or desirable to perfect or continue the perfection of Secured Party's security interests in the Collateral. Debtor hereby ratifies all that Secured Party shall lawfully do or cause to be done by virtue of this appointment.

7.3 AUTHORIZATION FOR SECURED PARTY TO TAKE CERTAIN ACTION. The power of attorney created in Section 7.3 is a power coupled with an interest and shall be irrevocable. The powers conferred on Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon Secured Party to exercise such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and in no event shall Secured Party or any of its directors, officers, employees, agents or representatives be responsible to Debtor for any act or failure to act, except for gross negligence or willful misconduct. Secured Party may exercise this power of attorney without notice to or assent of Debtor, in the name of Debtor, or in Secured Party's own name, from time to time in Secured Party's sole discretion and at Debtor's expense. To further carry out the terms of this Agreement, Secured Party may upon the occurrence of an Event of Default:

(A) Execute any statements or documents to take possession of, and endorse and collect and receive delivery or payment of, any checks, drafts, notes, acceptances or other instruments and documents constituting the payment of amounts due and to become due or any performance to be rendered with respect to the Collateral;

(B) Sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts; drafts, certificates and statements under any commercial or standby letter of credit, assignments, leases, bills of sale, or any other documents relating to the Collateral, including without limitation the Records;

(C) Use or operate Collateral or any other property of Debtor for the purpose of preserving or liquidating Collateral;

(D) File any claim or take any other action or proceeding in any court of law or equity or as otherwise deemed appropriate by Secured Party for the purpose of collecting any and all monies due or securing any performance to be rendered with respect to the Collateral;

(E) Commence, prosecute or defend any suits, actions or proceedings or as otherwise deemed appropriate by Secured Party for the purpose of protecting or collecting the Collateral. In furtherance of this right, upon the occurrence of an Event of Default Secured Party may apply for the appointment of a receiver or similar official to operate Debtor's business, and, to the fullest extent permitted by law, Debtor hereby waives any right to oppose such appointment;

(F) Prepare, adjust, execute, deliver and receive payment under insurance claims, and collect and receive payment of and endorse any instrument in payment of loss or returned premiums or any other insurance refund or return, and apply such amounts, at Secured Party's sole discretion, toward repayment of the Indebtedness or replacement of the Collateral.

7.4 APPLICATION OF PROCEEDS. Any Proceeds and other monies or property received by Secured Party pursuant to the terms of this Agreement or any Loan Document may be applied by Secured Party first to the payment of expenses of collection, including without limitation to reasonable attorneys' fees, and then to the payment of the Indebtedness in such order of application as Secured Party may elect. Notwithstanding the rights given to Debtor pursuant to California Civil Code sections 1479 and 2822 or equivalent provisions in the laws of the state specified in the governing law clause of this document (and any amendments or successors thereto), to designate how payments will be applied, Debtor hereby waives such rights and Secured Party shall have the right in its sole discretion to determine the order and method of the application of payments received from Debtor or from the sale or disposition of the Collateral and to revise such application prospectively or retroactively at its discretion.

7.5 DEFICIENCY. If the proceeds of any sale of the Collateral are insufficient to cover all costs and expenses of such sale and the payment in full of all Indebtedness, plus all other sums required to be expended or distributed by Secured Party, then Debtor shall be liable for any such deficiency.

7.6 SECURED PARTY TRANSFER. Upon the transfer of all or any part of the Indebtedness, Secured Party may transfer all or any part of its interest in the Collateral and shall be fully discharged thereafter from all liability and responsibility with respect to such interest in the Collateral so transferred, and the transferee shall be vested with all the rights and powers of Secured Party hereunder with respect to such interest in the Collateral so transferred.

ARTICLE 8 - GENERAL PROVISIONS

8.1 NOTICES. Any notice given by any party under this Agreement shall be given in the manner prescribed in the Loan Agreement.

8.2 BINDING EFFECT. This Agreement shall be binding upon Debtor, its permitted successors, representatives and assigns, and shall inure to the benefit of Secured Party and its

successors, representatives and assigns; provided however that Debtor may not assign or transfer Debtor's obligations under this Agreement without Secured Party's prior written consent. Secured Party reserves the right to sell, assign, or transfer its rights and powers under this Agreement in whole or in part without notice to Debtor. In that connection, Secured Party may disclose all documents and information which Secured Party now or hereafter may have relating to this Agreement, Debtor or Debtor's business.

8.3 NO WAIVER. Any waiver, consent or approval by Secured Party of any Event of Default or breach of any provision, condition or covenant of this Agreement or any Loan Document must be in writing and shall be effective only to the extent set forth in writing. No waiver or any breach of default shall be deemed a waiver of any later breach or default of the same or any other provision of this Agreement or any of the Loan Documents. No failure or delay on the part of Secured Party in exercising any power, right or privilege under this Agreement or any Loan Document shall operate as a waiver thereof, and no single or partial exercise of any such power, right or privilege shall preclude any further exercise thereof, or the exercise of any further power, right or privilege.

8.4 RIGHTS CUMULATIVE. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any other rights or remedies available under contract or applicable law.

8.5 UNENFORCEABLE PROVISIONS. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be so only as to such jurisdiction and only to the extent of such prohibition or unenforceability, but all the remaining provisions of this Agreement shall remain valid and enforceable.

8.6 GOVERNING LAW, WAIVER OF NOTICE. Except as may be otherwise provided by the Uniform Commercial Code or in any addendum hereto, this Agreement shall be governed by and construed in accordance with the laws of the State of California. To the fullest extent permitted by law, Debtor hereby waives presentment, demand, protest, notice of dishonor and all other notices and demands as well as any applicable statute of limitations.

8.7 ENTIRE AGREEMENT. This Agreement, together with the other Loan Documents, is intended by Debtor and Secured Party as the final expression of Debtor's obligations to Secured Party in connection with the Collateral and supersedes all prior understandings or agreements concerning the subject matter hereof. This Agreement may be amended only by a writing signed by Debtor and accepted by Secured Party in writing.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth in the preamble.

VeriSign, Inc.	VENTURE LENDING & LEASING, INC.
By: /s/ Dana Evan	By: /s/ Salvador O. Gutierrez
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DANA EVAN	SALVADOR O. GUTIERREZ
Chief Financial Officer	President

EXHIBIT 10.23

[CONFIDENTIAL TREATMENT REQUESTED]

PLA Number:_____
Date of Agreement: _____

VERISIGN PRIVATE LABEL AGREEMENT
(Customer Root Key)

Customer:	VISA International Service Association, a Delaware corporation
Customer Address:	900 Metro Center Boulevard, Foster City California 94404 or P.O. Box 8999, San Francisco, California 94128-8999
Customer Contact:	Peter R. Hill
Effective Date:	April 2. 1996
Term of Agreement:	Two and one half (2.5) years from the earlier of the Commencement of Pilot Program or April 1, 1997.
Exhibits Attached:	Exhibit "A": Definitions Exhibit "B": Fees Exhibit "C": Logo Usage Guide Exhibit "D": Project Plan Elements Exhibit "E": System Design Specifications Exhibit "F": Customer Requirements for ECS Exhibit "G": Acceptance Test Procedures Exhibit "H": VeriSign Marketing Rights and Royalty Obligations Exhibit "I": Escrow Agreement Exhibit "J": License Agreement Exhibit "K": Service Level Specification Exhibit "L": Support Levels Exhibit "M": Timetable for Resolution of Outstanding Issues

THIS VERISIGN PRIVATE LABEL AGREEMENT ("AGREEMENT"), effective as of the Effective Date set forth above, is entered into by and between VeriSign, Inc., a Delaware corporation, having its principal place of business at 2593 Coast Avenue, Mountain View, California 94043 ("VERISIGN"), and the party identified above ("CUSTOMER"), having a principal address as set forth above.

RECITAL

VeriSign provides Certificate-issuing and certain other services to members of both public and private hierarchies. Customer wishes VeriSign to design, build and operate a Private Label Certificate System based on Customer's Root Key for the use by Customer to provide certificate registration, issuing and management functions to its member banks, all on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

AGREEMENT

1. DEFINITIONS

Capitalized terms shall have the meanings shown in Exhibit "A" hereto.

2. VERISIGN SERVICES TO CUSTOMER

2.1 DEVELOPMENT OF PRIVATE LABEL CERTIFICATE SYSTEM. VeriSign will design and develop a Private Label Certificate System based on Customer's Root Keys, a Protocol specified by Customer and specifications agreed upon by VeriSign and Customer in accordance with Section 4.1 below. The Private Label Certificate System will include Certificate servers, custom enrollment and verification processes for each Certificate type specified for use by Subscribers, management of the Certificate repository and renewal process, and procedures for operation of the system.

2.2 OWNERSHIP AND LICENSE OF PRIVATE LABEL CERTIFICATE SYSTEM. VeriSign will acquire and assemble the components of the Private Label Certificate System, consisting of hardware, software and telecommunications equipment. All right, title and interest to the Private Label Certificate System shall belong solely and exclusively to VeriSign, and Customer shall have no right, title or ownership interest therein. VeriSign shall have the right to obtain and hold in its name copyrights, registrations, patents and any similar protection which may be available for the Private Label Certificate System or components thereof and any derivative works thereof. In the event that any technology included in the VSE as delivered to Customer by VeriSign (the "VSE Technology") is hereafter covered by a claim of a patent issued to or assigned to VeriSign, VeriSign shall grant to Customer a nonexclusive, worldwide, perpetual, irrevocable, royalty-free license under the relevant claim(s) to make, use, have made and sell any product incorporating technology included in the VSE as delivered by VeriSign, provided that such license shall extend only to the VSE Technology and not to any other technology incorporated in any such product. In the event that any technology included in the Private Label Certificate System as delivered to Customer by VeriSign is hereafter covered by a claim of a patent issued to or assigned to VeriSign, VeriSign shall grant to Customer a nonexclusive, worldwide, royalty-free license under the relevant claim(s) to the extent necessary for Customer to use the Private Label Certificate System as provided in this Agreement.

Commencing April 1, 1998, Customer on ninety (90) days' prior written notice shall have the right to license the Private Label Certificate System pursuant to a license agreement substantially in the form of Exhibit "J". To the extent portions of the Private Label Certificate System are not owned by VeriSign, VeriSign will arrange to obtain the right to use such items by Customer or arrange for Customer to obtain the right to purchase or otherwise license such items.

2.3 ASSISTANCE IN DEFINING PROTOCOL. VeriSign will assist Customer in defining a workable Protocol for secure management and handling of Certificates in Customer's Private Hierarchy. VeriSign will provide Customer with a copy of VeriSign's Certification Practice Statement which governs Certificate operations in the VeriSign Public Hierarchies and a copy of the VeriSign Public Key Infrastructure (PKI) specification, which details management and

handling of Certificates under a policy-based delegation of operating authority. VeriSign will also recommend a set of operating and security practices and procedures to mitigate risks associated with Private Key compromise and Root Key distribution and to protect Customer's confidential authorization information.

2.4 MAINTENANCE OF PRIVATE LABEL CERTIFICATE SYSTEM AT VERISIGN SITE. VeriSign will provide a high-security facility on VeriSign's premises in Mountain View, California for operation of the Certificate server(s) and for storage of Certificate Signing Units containing Customer's Private Keys when not in use in a secure vault. VeriSign shall be responsible for maintaining the security on its premises and shall be liable for any damages that arise out of a breach of its security. VeriSign may move the Private Label Certificate System to another location under VeriSign's control which provides a comparable level of security, and VeriSign shall provide notice to Customer in advance of such relocation. VeriSign shall establish a secure backup site at a mutually agreeable location that ensures continued operation in the event of a technical failure, natural disaster or any other event that disables the Mountain View (or relocated) facility.

2.5 CERTIFICATE MANAGEMENT SERVICES. VeriSign will provide to Customer the following services for Certificate management and operations:

2.5.1 SCOPE OF SERVICES. In accordance with Customer's specified Protocol, VeriSign will provide the following services with respect to the Certificate server(s): maintain adequate Certificate-issuing capacity to meet Customer's reasonable forecast requirements, provide firewall security for all appropriate portions of the Private Label Certificate System, maintain such firewall security for the portion of the Private Label Certificate System located on VeriSign premises, maintain a Certificate repository. renew, revoke and suspend Certificates. and provide Certificate status services.

2.5.2 ENROLLMENT AND RENEWAL SERVICES. Using an enrollment process based on security-enhanced HTML or e-mail with interfaces to Certificate Signing Units and authorization systems, VeriSign will issue Certificates under Customer's name and containing Customer's Root Keys to Subscribers in Customer's Private Hierarchy in accordance with the Protocol. VeriSign will process renewals of Certificates in accordance with the Protocol. Within ten (10) days after the end of each month, VeriSign will provide Customer with a monthly report on the number of Certificates issued and renewed.

2.5.3 CERTIFICATE REPOSITORY, REVOCATION AND STATUS SERVICES. VeriSign will maintain a repository of Certificates issued in Customer's Private Hierarchy. VeriSign will revoke and suspend Certificates in accordance with the Protocol

2.6 CUSTOMER SUPPORT. During the term of this Agreement, VeriSign will supply maintenance for the Private Label Certificate System as described in this Section 2.6 without additional charge to Customer.

2.6.1 TELEPHONE SUPPORT. VeriSign will provide telephone support as is reasonably necessary for Customer to meet the performance criteria for the Private Label

Certificate System as provided in Exhibit "K". VeriSign will also provide telephone support for a reasonable volume of calls to Customer-related entities as provided in Exhibit "L". VeriSign shall provide the support specified in this Section 2.6.1 to Customer's employees responsible for developing and maintaining Customer Products. VeriSign will provide the names of employees who will serve as primary points of contact for technical support for Customer. VeriSign may change the names of designated employees at any time by providing written notice to Customer. On VeriSign's request, Customer will provide a list with the names of the employees designated to receive support from VeriSign. Customer may change the names on the list at any time by providing written notice to VeriSign.

2.6.2 ESCALATION PROCEDURES. Customer and VeriSign shall agree upon a procedure for resolution of operating problems in the Private Label Certificate System which provides for escalation of effort based on the problem severity.

2.6.3 REIMBURSEMENT FOR CORRECTION OF CUSTOMER ERRORS. In the event VeriSign is required to take actions to correct an error which is caused by Customer errors, modifications, enhancements, software or hardware, then VeriSign may charge Customer for the correction or repair on a time-and-materials basis at VeriSign's rates then in effect, plus reimbursement for reasonable travel to and from Customer's sites and out-of-pocket expenses. as may be necessary in connection with duties performed under this Section 2.6 by VeriSign.

2.6.4 SYSTEM RELEASES. In the event operating problems in the Private Label Certificate System are not resolved by the escalation procedures, Customer and VeriSign agree to evaluate the desirability of changing to a later available release version of ECS, ECAS, and other applications employed by VeriSign in provision of the Private Label Certificate System. A change to release level in the Private Label Certificate System will also be evaluated at the time new releases are tested.

2.7 ESCROW AGREEMENT. VeriSign will place in escrow pursuant to the Escrow Agreement set forth at Exhibit "I" all information necessary to build. support. maintain and operate the Private Label Certificate System. This information will be released to Customer upon occurrence of the events specified in such Escrow Agreement.

2.8 CUSTOMER MARKETING RIGHTS. VeriSign acknowledges and understands that Customer will be marketing Certificates and Certificate services using the Private Label Certificate Service being produced by VeriSign to Customer hereunder. VeriSign will be entitled to market Customer to Members as a Certification Authority and to sell Certificates issued in Customer's Private Hierarchy at royalty rates specified on Exhibit "H". All pricing of Certificates to Customer Members under the Certificate Authority Service marketed by Customer shall be determined by Customer, independent of any obligation to support and operate the Private Label Certificate Service by VeriSign hereunder. Customer shall charge its Members directly for use of the Private Label Certificate System.

2.9 CUSTOMER PERSONNEL. Customer may, at its own cost, upon reasonable notice and for the purpose of problem resolution, provide personnel to monitor or participate in the

operation of the Private Label Certificate Service and provision of Customer service pursuant to Section 2.6. VeriSign agrees to cooperate with Customer personnel to permit them to assist in establishing appropriate levels of Customer service, participate in problem verification and determination, and prepare to transfer operation of the Private Label Certificate Service to Customer pursuant to the license set forth in Exhibit "J".

2.10 FINANCIAL DATA. In the event Customer ceases to have access to financial information concerning VeriSign pursuant to its rights under that certain Investors' Rights Agreement dated February 20, 1996, or pursuant to filings made in accordance with the Securities Exchange Act of 1934, VeriSign shall make available to Customer on a quarterly basis, an unaudited balance sheet and statement of operations. Such information shall be kept confidential by Customer in accordance with Section 6.

3. CUSTOMER OBLIGATIONS TO VERISIGN

3.1 PROTOCOL. In addition to specifying SET-based functionality as incorporated in the Customer Requirements for ECS and the System Design Specifications, Customer will specify a Protocol, consisting of policies, procedures and resources to control the entire Certificate process for its Private Hierarchy and the transactional use of Certificates within the Private Hierarchy. The Protocol is not required to be consistent with the requirements of VeriSign's Certification Practice Statement for operation of VeriSign Public Hierarchies.

3.2 VERIFICATION OF SUBSCRIBER INFORMATION. Customer will provide VeriSign with verification of enrollment information submitted by a Subscriber who wishes to become a member of Customer's Private Hierarchy prior to VeriSign's issuance of a Certificate to such Subscriber. Customer will provide VeriSign with verification of a Subscriber's identity to the extent required by the Protocol.

3.3 FORECAST. Customer agrees to provide VeriSign on a confidential basis at the end of each calendar quarter with an updated forecast of the volume of Certificates it expects to be required for Customer's Private Hierarchy for the next six (6) months. The forecasts shall be by product line and based upon good faith estimates and assumptions believed by Customer to be reasonable at the time made.

3.4 CUSTOMER PERSONNEL. To the extent Customer personnel are provided or take action pursuant to Sections 2.9, 4.1.5, or 4.2, such personnel shall be provided solely at Customer's cost, and, upon request, Customer shall provide evidence of satisfaction of all state and federal employment laws and worker compensation requirements in connection with such personnel. Such personnel shall execute confidentiality agreements as VeriSign shall reasonably request, and shall agree to abide by all reasonable VeriSign visitor regulations. Customer understands that VeriSign operates a secure facility and that there are portions of such facility that Customer's personnel will not be permitted to enter. In the event that VeriSign determines that any of Customer's personnel has breached a VeriSign visitor regulation, Customer shall immediately cause such person to be removed from VeriSign's facility, and may provide a replacement.

4. DEVELOPMENT

4.1 DEVELOPMENT OF PROJECT PLAN. Attached as Exhibit D is the Project Plan that specifies the major phases of the development of the Customer's Private Label Certificate System, the major tasks to be completed, the deliverables to be produced and their scheduled completion dates.

4.1.1 DEVELOPMENT OF INTERFACE SPECIFICATIONS. In accordance with the Project Plan. Customer will create Interface Specifications for software interface of the Private Label Certificate System to Customer's Subscriber enrollment and authorization information and deliver the Interface Specifications to VeriSign for review and approval. VeriSign shall deliver written acceptance or rejection of the Interface Specifications within fourteen (14) days. VeriSign shall promptly notify Customer of any deficiencies in the Interface Specifications. Such notification shall be in writing and shall contain sufficient detail to allow Customer to resolve such deficiencies. If VeriSign fails to respond within the fourteen (14) days, Customer may submit written notice of such failure. If VeriSign does not respond with written notice of deficiencies as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by VeriSign. Customer shall respond to deficiencies identified by VeriSign by either making modifications or refuting VeriSign's arguments regarding the deficiency. Any modification to the Interface Specifications shall be resubmitted to VeriSign for review and approval in accordance with the procedures outlined in this Section 4.1.1 .

4.1.2 DEVELOPMENT OF PROTOCOL. In accordance with the Project Plan, Customer will create the Protocol and deliver it to VeriSign for review and approval. VeriSign shall deliver written acceptance or rejection of the Protocol within fourteen (14) days. VeriSign shall promptly notify Customer of any deficiencies in the Protocol. Such notification shall be in writing and shall contain sufficient detail to allow Customer to resolve such deficiencies. If VeriSign fails to respond within the fourteen (14) days, Customer may submit written notice of such failure. If VeriSign does not respond with written notice of deficiencies as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by VeriSign. Customer shall respond to deficiencies identified by VeriSign by either making modifications or refuting VeriSign's arguments regarding the deficiency. Any modification to the Protocol shall be resubmitted to VeriSign for review and approval in accordance with the procedures outlined in this Section 4.1.2.

4.1.3 DEVELOPMENT OF SYSTEM DESIGN SPECIFICATIONS. In accordance with the Project Plan, VeriSign will create System Design Specifications for the Private Label Certificate System and deliver the System Design Specifications to Customer to determine material conformity to Exhibit "F" and the Protocol and for Customer acceptance. Customer shall deliver written acceptance or rejection of the System Design Specifications within fourteen (14) days. Customer shall promptly notify VeriSign of any deficiencies in the System Design Specifications. Such notification shall be in writing and shall contain sufficient detail to allow VeriSign to resolve such deficiencies. If Customer fails to respond within the fourteen (14) days, VeriSign may submit written notice of such failure. If Customer does not respond with written

notice of deficiencies as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by Customer. VeriSign shall respond to deficiencies identified by Customer by either making modifications or refuting Customer' s arguments regarding the deficiency. Any modification to the System Design Specifications shall be resubmitted to Customer for review and approval in accordance with the procedures outlined in this Section 4.1.3.

4.1.4 DEVELOPMENT OF ACCEPTANCE TEST PROCEDURES. In accordance with the Project Plan, Customer shall create the Acceptance Test Procedures and deliver them to VeriSign for review and approval. VeriSign shall deliver written acceptance or rejection of the Acceptance Test Procedures within fourteen (14) days. VeriSign shall promptly notify Customer of any deficiencies in the Acceptance Test Procedures. Such notification shall be in writing and shall contain sufficient detail to allow Customer to resolve such deficiencies. If VeriSign tails to respond within the fourteen (14) days, Customer may submit written notice of such failure. If VeriSign does not respond with written notice of deficiencies as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by VeriSign. Customer shall respond to deficiencies identified by VeriSign by either making modifications or refuting VeriSign's arguments regarding the deficiency. Any modification to the Acceptance Test Procedures shall be resubmitted to VeriSign for review and approval in accordance with the procedures outlined in this Section 4.1.4.

4.1.5 DEVELOPMENT OF PRIVATE LABEL CERTIFICATE SYSTEM. In accordance with the Project Plan, VeriSign will develop the Private Label Certificate System in material conformity to the Interface Specifications and the System Design Specifications. Development of the Private Label Certificate System will take place at VeriSign's facility located in Mountain View, California or such other place as VeriSign shall reasonably select. VeriSign will deliver notice to Customer that the Private Label Certificate System is in material conformity to the Interface Specifications and the System Design Specifications and ready for acceptance testing on or before the date set forth in the Project Plan. Customer shall have the option to place two Customer employees on VeriSign's development team for the Private Label Certificate System. Such Customer personnel will be fully integrated into the development process and have access to all project information. Such personnel shall be subject to Sections 3.4 and 6 of this Agreement.

4.1.6 DEVELOPMENT OF SERVICE LEVEL SPECIFICATION. Customer and VeriSign have specified a preliminary set of performance criteria against which to measure the adequacy of the Private Label Certificate System in Exhibit "K" hereto, which is acceptable at the Effective Date of this Agreement. Customer and VeriSign recognize that after completion of the major phases of development of the Private Label Certificate System some modification of the Service Level Specification may be desirable. After the Acceptance Test Procedures have been approved by VeriSign, Customer and VeriSign shall cooperate in evaluating whether the Service Level Specification should be amended by Change Order in accordance with Section 4.1.8 and shall negotiate in good faith with respect to this Exhibit K.

4.1.7 ACCEPTANCE. Acceptance testing of the Private Label Certificate System in accordance with the Acceptance Test Procedures shall take place at VeriSign's facility located in Mountain View, California, or such other place as VeriSign shall reasonably select, using test data supplied by Customer and supplemented and approved by VeriSign, and shall establish material conformity of the Private Label Certificate System with the Interface Specifications and the System Design Specifications. VeriSign shall be entitled, but not obligated, to have a representative present at all such tests. Customer shall promptly notify VeriSign of any failure of the Private Label Certificate System discovered in testing, and any retesting required will be performed after redelivery of a modified version of the Private Label Certificate System to Customer by VeriSign. Customer shall deliver written acceptance of the Private Label Certificate System after establishment of material conformance to the Interface Specifications and the System Design Specifications and material satisfaction of the Acceptance Test Procedures within fourteen (14) days of the completion of the testing. Such notification acceptance shall be in writing. If Customer fails to respond within the fourteen (14) days, VeriSign may submit written notice of such failure. If Customer does not respond with written notice of acceptance as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by Customer.

4.1.8 CHANGE ORDERS. Any amendment to a Program Document after its acceptance, shall only be effected by a change order ("CHANGE ORDER") approved as follows:

4.1.8.1 CUSTOMER INITIATED. Customer may initiate a Change Order by delivering to VeriSign a writing signed by Customer's Program Manager requesting VeriSign to prepare a proposed Change Order. Such writing shall specify the requested change and cross-reference to Sections of the Program Documents that are proposed to be amended.

4.1.8.2 VERISIGN INITIATED. VeriSign may initiate a Change Order by delivering to Customer a proposed Change Order meeting the requirements of Section 4.1.8.3.

4.1.8.3 PREPARATION. Upon receipt of a written request as set forth above in this Section 4. 1.8, VeriSign shall, on or before fifteen (15) days after receipt of such request, prepare for Customer's review a proposed Change Order. Such proposed Change Order shall contain:

(i) a detailed description of the proposed amendments to the Program Documents;

(ii) the change, if any, to scheduled delivery of any item;

(iii) change in amounts due VeriSign under Exhibit "B" as a result of such Change Order. It is the expectation of the parties that enhancements, over and above the work initially specified in the Program Documents, which both parties deem necessary to permit reasonable implementation of the Private Label Certificate System, will be jointly funded in a spirit of cooperation between VeriSign and Customer. Those changes specifically requested by Customer, which are considered out of the scope of the original Program Documents, will be provided by VeriSign at its then-current time and materials rates.

4.1.8.4 EVALUATION. Customer shall evaluate, and respond to VeriSign with respect to, any proposed Change Order on or before the fifteenth (15) business day after receipt.

4.1.8.5 APPROVAL. Change Orders shall become effective and shall act as amendments to this Agreement and to portions of the Program Documents specified in such Change Orders only upon their execution by an officer or the Program Manager of VeriSign and by an officer or the Program Manager of Customer.

4.1.8.6 TECHNICAL SERVICES. In the event that a Change Order alters the scope of the project as originally defined, VeriSign will provide the following technical services to Customer at VeriSign's then standard rates:

4.1.8.6.1 Engineering assistance in developing interfaces for Certificate services to Customer's proprietary databases containing authorization and enrollment information regarding Subscribers.

4.1.8.6.2 Training of up to five (5) days for Customer's employee responsible for training other employees in customer technical support, marketing, and sales. Training shall occur at VeriSign's facility in Mountain View, California, or at such other location as the parties may agree.

4.2 PROJECT AUDITS. Customer shall have the right to perform a project audit to ensure adherence by VeriSign to this Agreement subject to limitations set forth below. Customer shall give reasonable prior notice to VeriSign of its desire to audit VeriSign's performance under this Agreement. Customer shall have the right to review VeriSign's progress on development of the Private Label Certificate System and after implementation of such system, Customer shall have the right to audit operational performance and execution of VeriSign in connection with the Private Label Certificate System. VeriSign agrees to cooperate with Customer personnel to permit them to assure themselves that VeriSign is performing its obligations in a reasonable manner under this Agreement. Such Customer personnel shall be subject to the requirements of Sections 3.4 and 6 of this Agreement. Customer shall perform such audits only at reasonable intervals.

5. FEES AND PENALTIES

5.1 DEVELOPMENT FEES. As consideration for the development of a Private Label Certificate System for Customer, provision of the hardware and software components of the system, and assistance in developing a Protocol for operation of the Private Label Certificate System as set forth in Sections 2.1, 2.2 and 2.3 above, Customer shall pay to VeriSign the amount set forth as Development Fees on Exhibit "B" according to the terms contained therein.

5.2 SET-UP FEES. As consideration for operation of the Private Label Certificate System as set forth in Sections 2.4, 2.5, 2.6 and 2.7 above Customer shall pay to VeriSign the amount set forth as Set-Up Fees on Exhibit "B" according to the terms contained therein.

5.3 SUBSCRIBER FEES. Customer will pay to VeriSign as Subscriber Fees amounts for each Subscriber initially enrolled or renewed in Customer's Private Hierarchy through Customer the prices set forth on Exhibit "B".

5.4 TERMS OF PAYMENT. Subscriber Fees shall accrue upon issuance. VeriSign will furnish Customer with a monthly invoice accompanied by the report required by Section 2.5.2 above of the number and type of Certificates requested and the number and type of Certificates issued and renewed during the prior month. Customer will pay Subscriber Fees as set forth in Exhibit "B" for the period therein. Subscriber Fees due VeriSign hereunder shall be paid by Customer to VeriSign's address set forth on Page 1 above on or before the thirtieth (30th) day after the invoice date. A late payment penalty on any undisputed Subscriber Fees not paid when due shall be assessed at the rate of one percent (1%) per thirty (30) days, beginning on the thirty-first (31st) day after the day the unpaid Subscriber Fees are due.

5.5 TAXES. All taxes, duties, fees and other governmental charges of any kind (including sales and use taxes, but excluding taxes based on the gross revenues or net income of VeriSign) which are imposed by or under the authority of any government or any political subdivision thereof on the Development Fees or Set-Up Fees, Subscriber Fees or any aspect of this Agreement shall be borne by Customer and shall not be considered a part of, a deduction from or an offset against such fees.

5.6 DELAY PENALTY. In the event VeriSign does not operate on Visa's behalf a Private Label Certificate System materially meeting the System Design Specifications within four (4) weeks after the date specified as the "Commencement of Pilot" in the Project Plan ("Penalty Date"), Customer shall be entitled to liquidated delay damages as follows: One Thousand Dollars ($1,000) per day for each day past the Penalty Date. VeriSign shall be entitled to an automatic extension for any deadline that is equal in length to that of any delay caused by any party other than VeriSign or entities controlled by VeriSign.

5.7 DEGRADATION PENALTY. After thirty (30) days prior notice of failure to meet the minimum service standard set forth in Exhibit "K" Service Level Specifications, Customer shall be entitled to degradation penalties as defined in Exhibit K.

5.8 INCENTIVE FOR EARLY COMPLETION. Both parties agree to work in good faith to complete all tasks necessary to offer the Private Label Certificate System as soon as possible. To provide an incentive for completion, Customer agrees to pay VeriSign a bonus of One Thousand Dollars ($1,000) per day for every day that it is operating a Private Label Certificate System for the Pilot before the date of the Commencement Pilot currently listed in Project Plan. In the event that VeriSign operates a Private Label Certificate System for Customer on or before January 1, 1997, Customer shall pay VeriSign a bonus of Fifty Thousand Dollars ($50,000), this bonus shall be in lieu of the One Thousand Dollars ($1,000) per day bonus.

6. CONFIDENTIALITY

6.1 CONFIDENTIALITY. The parties acknowledge that in their performance of their duties hereunder either party may communicate to the other (or its designees) certain confidential

and proprietary information concerning the Customer Products, VeriSign products, the know-how, technology, techniques or marketing plans related thereto (collectively, the "Proprietary Information") all of which are confidential and proprietary to, and trade secrets of, the disclosing party. Each party agrees to hold all Proprietary Information within its own organization and shall not, without specific written consent of the other party or as expressly authorized herein, utilize in any manner, publish, communicate or disclose any part of the Proprietary information to third parties. This Section 6.1 shall impose no obligation on either party with respect to any Proprietary Information which: (i) is in the public domain at the time disclosed by the disclosing party; (ii) enters the public domain after disclosure other than by breach of the receiving party's obligations hereunder or by breach of another party's confidentiality obligations; or (iii) is shown by documentary evidence to have been known by the receiving party prior to its receipt from the disclosing party. Each party will take such steps as are consistent with its protection of its own confidential and proprietary information (but will in no event exercise less than reasonable care) to ensure that the provisions of this Section 6.1 are not violated by its end user customers, distributors, employees, agents or any other person.

6.2 INJUNCTIVE RELIEF. Both parties acknowledge that the restrictions contained in this Section 6 are reasonable and necessary to protect their legitimate interests and that any violation of these restrictions will cause irreparable damage to the other party within a short period of time, and each party agrees that the other party will be entitled to injunctive relief against each violation.

7. OBLIGATIONS OF CUSTOMER

7.1 PROPRIETARY MARKINGS; COPYRIGHT NOTICES. The Customer agrees not to remove or destroy any proprietary, trademark or copyright markings or notices placed upon or contained within any VeriSign materials or documentation. The Customer further agrees to insert and maintain: (i) within every Customer Product and any related materials or documentation a copyright notice in the name of VeriSign; and (ii) within the splash screens, user documentation, printed product collateral, product packaging and advertisements for the Customer Product, a statement that the Customer Product contains the VeriSign technology. The Customer shall not take any action which might adversely affect the validity of VeriSign's proprietary, trademark or copyright markings or ownership by VeriSign thereof, and shall cease to use the markings, or any similar markings, in any manner on the expiration of this Agreement. The placement of a copyright notice on any of the VeriSign materials or documentation shall not constitute publication or otherwise impair the confidential or trade secret nature of the VeriSign materials or documentation.

7.2 VERISIGN'S INDEMNITY. CUSTOMER EXPRESSLY INDEMNIFIES AND HOLDS HARMLESS VERISIGN, ITS SUBSIDIARIES, AGENTS AND AFFILIATES FROM: (i) ANY AND ALL LIABILITY OF ANY KIND OR NATURE WHATSOEVER TO SUBSCRIBERS IN CUSTOMER'S PRIVATE HIERARCHY AND TO THIRD PARTIES WHICH MAY ARISE FROM ACTS OF CUSTOMER OR FROM THE USE OF CERTIFICATES IN CUSTOMER'S PRIVATE HIERARCHY, USE OF ANY CUSTOMER PRODUCT, OR ANY DOCUMENTATION, SERVICES OR ANY OTHER ITEM

FURNISHED BY THE CUSTOMER TO SUBSCRIBERS IN CUSTOMER'S PRIVATE HIERARCHY, OTHER THAN LIABILITY ARISING FROM THE VERISIGN PRODUCTS AND VERISIGN DOCUMENTATION (UNLESS SUCH LIABILITY WOULD NOT HAVE ARISEN IN THE ABSENCE OF MODIFICATIONS TO ANY OF THE FOREGOING BY THE CUSTOMER OR ITS EMPLOYEES, AGENTS OR CONTRACTORS) OR FROM THE ACTS OF VERISIGN; AND (ii) ANY LIABILITY ARISING IN CONNECTION WITH AN UNAUTHORIZED REPRESENTATION OR ANY MISREPRESENTATION OF FACT MADE BY THE CUSTOMER OR ITS AGENTS, EMPLOYEES OR DISTRIBUTORS TO ANY PARTY WITH RESPECT TO THE VERISIGN PRODUCTS OR VERISIGN DOCUMENTATION.

7.3 CUSTOMER'S INDEMNITY. VERISIGN EXPRESSLY INDEMNIFIES AND HOLDS HARMLESS CUSTOMER, ITS SUBSIDIARIES, AGENTS AND AFFILIATES FROM: (i) ANY AND ALL LIABILITY OF ANY KIND OR NATURE WHATSOEVER TO ANY THIRD PARTIES THAT MAY ARISE FROM ACTS OF VERISIGN OR FROM USE OF VERISIGN SOURCE CODE, VERISIGN'S OBJECT CODE OR VERISIGN'S USER MANUALS (UNLESS SUCH LIABILITY WOULD NOT HAVE ARISEN IN THE ABSENCE OF MODIFICATIONS TO ANY OF THE FOREGOING BY CUSTOMER OR ITS EMPLOYEES, AGENTS OR CONTRACTORS); AND (ii) ANY LIABILITY ARISING IN CONNECTION WITH AN UNAUTHORIZED REPRESENTATION OR ANY MISREPRESENTATION OF FACT MADE BY VERISIGN OR ITS AGENTS OR EMPLOYEES TO ANY PARTY WITH RESPECT TO CUSTOMER PRODUCTS, OR ANY VERISIGN SOFTWARE.

7.4 NOTICES. The Customer shall immediately advise VeriSign of any legal notices served on the Customer which might affect VeriSign.

8. LIMITED WARRANTY: DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY; INDEMNITIES

8.1 Limited Warranty. During the term of this Agreement, VeriSign warrants that

8.1.1 to VeriSign's knowledge, Customer's Private Keys have not been compromised so long as VeriSign has not provided notice to Customer to the contrary,

8.1.2 VeriSign has used best efforts to maintain the security at its facilities and to maintain the security of any of Customer's private keys in its possession or control,

8.1.3 VeriSign has substantially complied with the Protocol in issuing a Certificate to a Subscriber in Customer's Private Hierarchy,

8.1.4 VeriSign has substantially complied with the Protocol in renewing, revoking or suspending a Certificate, and

8.1.5 the Private Label Certificate System materially conforms to the Interface Specifications and the System Design Specifications.

8.2 DISCLAIMER. EXCEPT FOR THE EXPRESS LIMITED WARRANTY PROVIDED IN SECTION 8.1, VERISIGN'S PRODUCTS AND SERVICES ARE PROVIDED "AS IS" WITHOUT ANY WARRANTY WHATSOEVER. VERISIGN DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AS TO ANY MATTER WHATSOEVER, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY VERISIGN OR ITS EMPLOYEES OR REPRESENTATIVES SHALL CREATE A WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF VERISIGN'S OBLIGATIONS.

CUSTOMER IS RESPONSIBLE FOR THE SECURITY, COMMUNICATION OR USE OF ITS PRIVATE KEY, EXCEPT TO THE EXTENT SUCH PRIVATE KEY IS IN THE CUSTODY OR CONTROL OF VERISIGN. VERISIGN SHALL NOT BE RESPONSIBLE FOR THE THEFT OR ANY OTHER FORM OF COMPROMISE OF CUSTOMER'S PRIVATE KEY, WHICH MAY OR MAY NOT BE DETECTED EXCEPT WHEN SUCH PRIVATE KEY IS IN THE CUSTODY OR CONTROL OF VERISIGN. VERISIGN SHALL NOT BE LIABLE FOR ANY USE OF A KEY STOLEN OR COMPROMISED WHILE IN CUSTOMER'S CUSTODY OR CONTROL UNLESS CUSTOMER HAS PROVIDED NOTICE TO VERISIGN IN ACCORDANCE WITH THE PROTOCOL, AND VERISIGN HAS FAILED SUBSTANTIALLY TO COMPLY WITH THE PROTOCOL OR UNLESS CUSTOMER CAN ESTABLISH THAT SUCH THEFT OR KEY COMPROMISE OCCURRED WHILE THE SOLE COPY OF THE KEY WAS IN THE CUSTODY OR CONTROL OF VERISIGN OR WHILE THE KEY WAS IN THE CUSTODY OR CONTROL OF VERISIGN AND THAT THE COPY OF THE KEY IN VERISIGN'S CUSTODY OR CONTROL WAS STOLEN OR COMPROMISED.

EACH SUBSCRIBER IS RESPONSIBLE FOR THE SECURITY, COMMUNICATION OR USE OF HIS, HER OR ITS PRIVATE KEY. VERISIGN SHALL NOT BE RESPONSIBLE FOR THE THEFT OR ANY OTHER FORM OF COMPROMISE OF ANY SUBSCRIBER'S PRIVATE KEY, WHICH MAY OR MAY NOT BE DETECTED. VERISIGN SHALL NOT BE LIABLE FOR ANY USE OF A STOLEN OR COMPROMISED KEY TO FORGE A SUBSCRIBER'S DIGITAL SIGNATURE TO A DOCUMENT UNLESS THE SUBSCRIBER OR CUSTOMER HAS PROVIDED NOTICE TO VERISIGN IN ACCORDANCE WITH THE PROTOCOL AND VERISIGN HAS FAILED TO COMPLY WITH THE PROTOCOL.

8.3 LIMITATION OF LIABILITY. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY, TO A SUBSCRIBER OR TO ANY THIRD PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, INCIDENTAL OR EXEMPLARY DAMAGES WHETHER FORESEEABLE OR UNFORESEEABLE (INCLUDING, BUT NOT LIMITED TO, GOODWILL. PROFITS, INVESTMENTS, USE OF MONEY OR USE OF FACILITIES; INTERRUPTION IN USE OR AVAILABILITY OF DATA; STOPPAGE OF OTHER WORK OR IMPAIRMENT OF OTHER ASSETS; OR LABOR CLAIMS, EVEN IF VERISIGN HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), ARISING OUT OF BREACH OF ANY EXPRESS OR IMPLIED WARRANTY, BREACH OF CONTRACT,

NEGLIGENCE, EXCEPT ONLY IN THE CASE OF DEATH OR PERSONAL INJURY WHERE AND TO THE EXTENT THAT APPLICABLE LAW REQUIRES SUCH LIABILITY. UNDER NO CIRCUMSTANCES SHALL EITHER PARTY'S LIABILITY TO THE OTHER PARTY OR ANY SUBSCRIBER OR ANY THIRD PARTY ARISING OUT OF OR RELATED TO THIS AGREEMENT, EXCLUDING LIABILITY FOR MONEY ACTUALLY OWED TO A PARTY AS ROYALTY FEES, DEVELOPMENT FEES, SET-UP FEES, OR SUBSCRIBER FEES, EXCEED $100,000.00 WITH RESPECT TO A SINGLE OCCURRENCE OR $1,000,000.00 IN THE AGGREGATE REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON WARRANTY, CONTRACT, TORT OR OTHERWISE. THE LIMITATION SET FORTH IN THIS SECTION 8.3 SHALL NOT APPLY TO INDEMNITIES OR RIGHTS GRANTED BY SECTION 8.5 OR 8.6.

8.4 INDEMNITIES. Subject to the limitations set forth below and the limitations in Section 8.3, VeriSign, at its own expense, shall (i) defend, or at its option settle, any claim, suit or proceeding against Customer on the basis of VeriSign's breach of any limited warranty in this Agreement in connection with use of a Certificate in Customer's Private Hierarchy; and (ii) pay any final judgment entered or settlement against company on such issue in any such suit or proceedings defended by VeriSign. VeriSign shall have no obligation to Customer pursuant to this Section 8.4 unless (a) Customer gives VeriSign prompt written notice of the claim; (b) VeriSign is given the right to control and direct the investigation, preparation, defense and settlement of the claim; and (c) Customer has complied with the Protocol.

8.5 PROPRIETARY RIGHTS INFRINGEMENT BY VERISIGN.

8.5.1 Subject to the limitations set forth in this Section 8.5, VeriSign, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against Customer on the basis of infringement of any United States copyright, patent, trade secret or any other intellectual property right ("Proprietary Rights") by the unmodified Private Label Certificate System as delivered by VeriSign or any claim that VeriSign has no right to provide the Private Label Certificate System hereunder; and (ii) pay any final judgment entered or settlement against Customer on such issue in any such suit or proceeding defended by VeriSign. VeriSign shall have no obligation to Customer pursuant to this Section 8.5.1 unless: (A) Customer gives VeriSign prompt written notice of the claim; (B) VeriSign is given the right to control and direct the investigation, preparation, defense and settlement of the claim; and (C) the claim is based on Customer's use of the most recent version of the Relatively Unmodified Private Label Certificate System in accordance with this Agreement. A Relatively Unmodified Private Label Certificate System shall mean a wholly unmodified Private Label Certificate System or a Private Label Certificate System that has been modified but such modifications are not relevant to the claim.

8.5.2 If VeriSign receives notice of an alleged infringement described in Section 8.5.1, VeriSign shall have the right, at its sole option, to obtain the right to continue use of the Private Label Certificate System or to replace or modify the Private Label Certificate System so that it is no longer infringing. If neither of the foregoing options is reasonably available to VeriSign, then use of the Private Label Certificate System may be terminated at the option of VeriSign without further obligation or liability except as provided in Sections 8.5.1 and 9.3 and

in the event of such termination, VeriSign shall refund the Development Fees paid by Customer hereunder less depreciation for use assuming straight line depreciation over a five (5)-year useful life.

8.5.3 THE RIGHTS AND REMEDIES SET FORTH IN SECTIONS 8.5.1 AND 8.5.2 CONSTITUTE THE ENTIRE OBLIGATION OF VERISIGN AND THE EXCLUSIVE REMEDIES OF CUSTOMER CONCERNING PROPRIETARY RIGHTS INFRINGEMENT BY THE VERISIGN SOFTWARE.

8.6 PROPRIETARY RIGHTS INFRINGEMENT BY CUSTOMER.

8.6.1 Subject to the limitations set forth in this Section 8.6, Customer, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against VeriSign on the basis of infringement of any Proprietary Right by the Customer Product (except to the extent arising from a Relatively Unmodified Private Label Certificate System); and (ii) pay any final judgment entered or settlement against VeriSign on such issue in any such suit or proceeding defended by Customer. Customer shall have no obligation to VeriSign pursuant to this Section 8.6.1 unless: (A) VeriSign gives Customer prompt written notice of the claim; and (B) Customer is given the right to control and direct the investigation, preparation, defense and settlement of the claim.

8.6.2 If Customer receives notice of an alleged infringement described in Section 8.6.1, Customer shall have the right, at its sole option, to obtain the right to continued use of the Private Label Certificate System or the Customer Product or to replace or modify the Private Label Certificate System or the Customer Product so that they are no longer infringing. If neither of the foregoing options in this Section 8.6.2 is reasonably available to Customer, then use of the Private Label Certificate System or the Customer Product may be terminated at the option of Customer without further obligation or liability except as provided in Sections 8.6.1 and 9.3, and in the event of such termination, VeriSign shall retain all Development Fees, Set-Up Fees and Subscriber Fees paid by Customer hereunder.

8.6.3 THE RIGHTS AND REMEDIES SET FORTH IN SECTIONS 8.6.1 AND 8.6.2 CONSTITUTE THE ENTIRE OBLIGATION OF CUSTOMER AND THE EXCLUSIVE REMEDIES OF VERISIGN CONCERNING CUSTOMER'S PROPRIETARY RIGHTS INFRINGEMENT.

9. TERM AND TERMINATION

9.1 TERMINATION. This Agreement shall terminate on the earliest of:

9.1.1 The end of the term set forth on the first page hereof;

9.1.2 Failure by either party to perform any of its material obligations under this Agreement and the Exhibits hereto if such breach is not cured within sixty (60) days after receipt of written notice thereof from the other party;

9.1.3 Notice from VeriSign to the Customer after the occurrence of a purported assignment of this Agreement in violation of Section 10.2; or

9.1.4 Notice from either party to the other if the other party is adjudged insolvent or bankrupt, or the institution of any proceedings by or against the other party seeking relief, reorganization or arrangement under any laws relating to insolvency, or any assignment for the benefit of creditors, or the appointment of a receiver, liquidator or trustee of any of the other party's property or assets, or the liquidation, dissolution or winding up of the other party's business.

9.1.5 Customer shall have the right to terminate this Agreement upon sixty (60) days notice if the Customer support obligations provided by VeriSign pursuant to Section 2.6 are consistently not provided, or if agreement cannot be reached on the cost of service at the time of any annual review.

9.1.6 Upon Customer's execution of the License Agreement set forth at Exhibit "J".

9.2 EXTENSION OF TERM. This Agreement may be renewed by the written consent of the parties for an additional term upon expiration of the term provided in Section 9.1.1, under VeriSign's then-current standard terms and conditions. Subscriber Fees and Set-Up Fees shall be renegotiated annually during any extended term.

9.3 EFFECT OF TERMINATION. Upon expiration or termination of this Agreement for any reason except for VeriSign's breach pursuant to Section 9.1.2 or if VeriSign fulfills any of the conditions stated in Section 9.1.4, all use of the Private Label Certificate System by Customer shall cease, and Customer shall pay to VeriSign any Subscriber Fees which have accrued in accordance with Section 5.4 unless the termination occurred pursuant to Section 9.1.2 because of breach by VeriSign. Such expiration or termination shall not affect Sections 6, 7, 8, and 10 of this Agreement which shall continue in full force and effect to the extent necessary to permit the complete fulfillment thereof.

10. MISCELLANEOUS PROVISIONS

10.1 GOVERNING LAWS; VENUE; WAIVER OF JURY TRIAL. THE LAWS OF THE STATE OF CALIFORNIA, U.S.A. (IRRESPECTIVE OF ITS CHOICE OF LAW PRINCIPLES) SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS, AND THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO. THE PARTIES AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT. THE PARTIES HEREBY AGREE THAT ANY SUIT TO ENFORCE ANY PROVISION OF THIS AGREEMENT OR ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE BUSINESS RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA OR THE SUPERIOR OR MUNICIPAL COURT IN AND FOR THE COUNTY OF SANTA CLARA,

CALIFORNIA, U.S.A. Each party hereby agrees that such courts shall have exclusive in personam jurisdiction and venue with respect to such party, and each party hereby submits to the exclusive in personam jurisdiction and venue of such courts. The parties hereby waive any right to jury trial with respect to any action brought in connection with this Agreement.

10.2 BINDING UPON SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, this Agreement shall be binding upon, and inure to the benefit of, the successors, executors, heirs, representatives, administrators and assigns of the parties hereto. This Agreement shall not be assignable by either party, by operation of law (including as a result of a merger involving a party or a transfer of a controlling interest in a party's voting securities) or otherwise without the prior written authorization of the nonassigning party, except that either party may assign its rights and obligations under this Agreement to its Affiliates, provided that the assigning party receives the nonassigning party's prior written consent, which shall not be unreasonably withheld. Any such purported assignment or delegation shall be void and of no effect and shall permit non-assigning party to terminate this Agreement pursuant to Section 9.1.3.

10.3 SEVERABILITY. If any provision of this Agreement, or the application thereof, shall for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto. IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER PROVISION AND TO BE ENFORCED AS SUCH.

10.4 ENTIRE AGREEMENT. This Agreement, the Appendices hereto and all agreements referred to therein constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements or understandings between the parties.

10.5 AMENDMENT AND WAIVERS. Except as otherwise expressly provided in this Agreement, any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived, only by a writing signed by the party to be bound thereby.

10.6 ATTORNEYS' FEES. Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court (including without limitation, costs, expenses and fees on any appeal).

10.7 NOTICES. Whenever any party hereto desires or is required to give any notice, demand, or request with respect to this Agreement, each such communication shall be in writing and shall be effective only if it is delivered sent by a courier service that confirms delivery in writing or mailed, certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

VeriSign: To the address set forth on page 1
Attention: Stratton Sclavos, President & CEO

The Customer: To the address set forth on page 1
Attention: Peter R. Hill

Such communications shall be effective when they are received. Any party may change its address for such communications by giving notice thereof to the other party in conformity with this Section.

10.8 FOREIGN RESHIPMENT LIABILITY. THIS AGREEMENT IS EXPRESSLY MADE SUBJECT TO ANY LAWS, REGULATIONS, ORDERS OR OTHER RESTRICTIONS ON THE EXPORT FROM THE UNITED STATES OF AMERICA OF TECHNICAL INFORMATION, SOFTWARE OR INFORMATION ABOUT SUCH SOFTWARE WHICH MAY BE IMPOSED FROM TIME TO TIME BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, THE CUSTOMER SHALL NOT EXPORT OR RE-EXPORT, DIRECTLY OR INDIRECTLY, ANY TECHNICAL INFORMATION, SOFTWARE OR INFORMATION ABOUT SUCH SOFTWARE TO ANY COUNTRY FOR WHICH SUCH GOVERNMENT OR ANY AGENCY THEREOF REQUIRES AN EXPORT LICENSE OR OTHER GOVERNMENTAL APPROVAL AT THE TIME OF EXPORT OR RE-EXPORT WITHOUT FIRST OBTAINING SUCH LICENSE OR APPROVAL.

10.9 PUBLICITY. Neither party will disclose to third parties, other than its agents and representatives on a need-to-know basis, the terms of this Agreement or any exhibits hereto without the prior written consent of the other party, except (i) either party may disclose such terms to the extent required by law; and (ii) either party may disclose the existence of this Agreement.

10.10 NO WAIVER. Failure by either party to enforce any provision of this Agreement will not be deemed a waiver of future enforcement of that or any other provision.

10.11 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but which collectively will constitute one and the same instrument.

10.12 HEADINGS AND REFERENCES. The headings and captions used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

10.13 DUE AUTHORIZATION. The Customer hereby represents and warrants to VeriSign that the individual executing this Agreement on behalf of the Customer is duly authorized to execute this Agreement on behalf of the Customer and to bind the Customer hereby.

10.14 INDEPENDENT CONTRACTOR. The relationship of VeriSign and the Customer is that of independent contractors. Neither the Customer nor the Customer's employees, consultants,

contractors or agents are agents, employees or joint venturers of VeriSign, nor do they have any authority to bind VeriSign by contract or otherwise to any obligation. They will not represent to the contrary, either expressly, implicitly, by appearance or otherwise

10.15 PUBLICITY. VeriSign grants Customer the right to disclose that VeriSign is a vendor of Customer and to name publicly-announced Customer Products that provide access to Certificates issued by VeriSign. VeriSign also grants the Company the right to display VeriSign's logo on the Customer's WWW site in one of the forms shown on Exhibit "C" attached to this Agreement. Customer shall not acquire any other rights of any kind in VeriSign's trade names, trademarks, product name or logo by use authorized in this Section. Customer grants VeriSign the right to disclose that Customer is a vendee of VeriSign and to name publicly announced Customer Products that provide access to Certificates issued by VeriSign. Customer also grants VeriSign the right to display Customer's logo on VeriSign's WWW site. VeriSign shall not acquire any other rights of any kind in Customer's trade names, trademarks, product name or logo by use authorized in this Section.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

CUSTOMER:

VISA INTERNATIONAL SERVICE ASSOCIATION

By: /s/ F. Dutray

Its: Group Executive Vice President

VERISIGN, INC.

By: /s/ Stratton Sclavos

Its: President and CEO

EXHIBIT "A"

DEFINITIONS

1. ACCEPTANCE means that the Acceptance Test Procedures have been performed to demonstrate that the Private Label Certificate System conforms to the Interface Specifications and the System Design Specifications. ACCEPTED means that Acceptance has occurred.

2. ACCEPTANCE TEST PROCEDURES means the acceptance test procedures to be created by Customer and approved by VeriSign pursuant to Section 4.1.4. The Acceptance Test Procedures shall include (1) the criteria against which the Private Label Certificate System is to be measured in order to verify conformance to the Interface Specifications and the System Design Specifications and (2) the testing procedures to be used to establish conformance of the Private Label Certificate System to the Interface Specifications and the System Design Specifications. Upon approval by Customer, the Acceptance Test Procedures shall be attached as Exhibit "G".

3. ACQUIRER means a Member financial institution that establishes an account with a Merchant and processes bank card authorizations and payments.

4. CARDHOLDER means a consumer or corporate purchaser who uses a bank card issued by an Issuer to make a purchase from a Merchant.

5. CERTIFICATE means a collection of electronic data consisting of a Public Key, identifying information which contains information about the owner of the Public Key, and validity information, which (or a string of bits derived from the Public Key) has been encrypted by a third party who is the issuer of the Certificate with such third party Certificate issuer's Private Key. This collection of electronic data collectively serves the function of identifying the owner of the Public Key and verifying the integrity of the electronic data. "CERTIFY" or "CERTIFICATION" means the act of generating a Certificate. "CERTIFIED" means the condition of having been issued a valid Certificate by a Certifier, which Certificate has not been revoked.

6. CERTIFICATE SIGNING UNIT ("CSU") means a hardware unit or software designed for use in signing Certificates and key storage. The BBN SafeKeyper(TM) manufactured by BBN Communications, Inc. is one hardware implementation of a CSU.

7. CERTIFICATION AUTHORITY ("CA") means VeriSign and any entity, group, division, department, unit or office which is Certified by VeriSign to, and has accepted responsibility to, issue Certificates to specified Subscribers in a Hierarchy in accordance with the CPS or a Protocol.

8. CERTIFICATION PRACTICE STATEMENT ("CPS") means the VeriSign specification of policies, procedures and resources to control the entire Certificate process and transactional use of Certificates within the VeriSign Public Hierarchies.

9. CHANGE ORDER has the meaning set forth in Section 4.1.8.

10. CUSTOMER AFFILIATES shall mean Visa's Subsidiaries and Related Entities. A "Subsidiary" shall mean a company in which on a class-by-class basis, more than fifty percent (50%) of the stock entitled to vote for the election of directors is owned or controlled by Customer, but only so long as such ownership or control exists. A "Related Entity" shall mean an entity (A) at least fifty percent (50%) of whose stock or other equity is owned by Customer's member banks and that has the authority to process Visa payment transactions, but only so long as such ownership exists; (B) has an equity interest in Customer and is owned in whole by Member banks or financial institutions (e.g., national or regional group Members); or (C) is exclusively managed by Visa or a national or group Member of Visa for the purpose of processing Visa payment transactions, but only so long as such exclusive management exists. Notwithstanding anything to the contrary set forth above, however, Subsidiaries or Related Entities do not include any Acquirer, Issuer or individual bank or like financial institution. Customer Affiliates include, for example, without limitation, Visa USA, Inc, ViTAL, Inc, Plus and Interlink.

11. CUSTOMER BRAND KEY means the set of key pairs for signature and exchange that are used by the Customer in its capacity of CA. The Customer Brand Keys will be used as the "Root" for portions of the Private Label Certificate System.

12. CUSTOMER PRODUCT means any product developed by Customer for use by a Subscriber in Customer's Private Hierarchy with a Certificate issued by VeriSign which incorporates Customer's Root Keys.

13. DIGITAL SIGNATURE means information encrypted with a Private Key which is appended to information to identify the owner of the Private Key and to verify the integrity of the information. "DIGITALLY SIGNED" shall refer to electronic data to which a Digital Signature has been appended.

14. ELECTRONIC CERTIFICATION SYSTEM ("ECS") means the Customer's name for the Private Label Certification System.

15. ELECTRONIC COMMERCE AUTHENTICATION SYSTEM ("ECAS") means VeriSign's proprietary software product marketed and developed under the name "Electronic Commerce Authentication System" providing secure on-line Certificate issuance as presently in existence and as developed and enhanced in the future by VeriSign.

16. FULLY AUTOMATED MERCHANT CERTIFICATE ISSUANCE means merchant authentication is achieved by passing the authentication information to either Visa or a Visa Member who will then respond electronically with a confirmation or rejection of the authentication. This method does not require human intervention.

17. HIERARCHY means a domain consisting of a system of chained Certificates leading from the Primary Certification Authority through one or more Certification Authorities to Subscribers.

18. INTERFACE SPECIFICATIONS means the interface specifications to be created by Customer and approved by VeriSign pursuant to Section 4.1.1.

19. INTERNET means the global computer network.

20. ISSUER means a Member financial institution that establishes an account for a Cardholder, issues a bank card to the Cardholder, and guarantees payment for authorized transactions using the bank card in accordance with association regulations and local laws.

21. MEMBER means a member of the VISA International Service Association. All Issuers and Acquirers are Members.

22. MERCHANT means one who offers goods or services in exchange for payment, who accepts bank cards for payment, and who has a relationship with an Acquirer.

23. PAYMENT GATEWAY shall mean the computer system as further defined in SET that provides an interface between open networks, such as the Internet, and existing payment systems, such as VisaNet.

24. PRIMARY CERTIFICATION AUTHORITY "PCA" means an entity that establishes policies for all Certification Authorities and Subscribers within its domain.

25. PRIVATE HIERARCHY means a domain consisting of a chained Certificate hierarchy which is entirely self-contained within an organization or network and not designed to be interoperable with or intended to interact through public channels with any external organizations, networks, and public hierarchies.

26. PRIVATE KEY means a mathematical key which is kept private to the owner and which is used through public key cryptography to encrypt electronic authenticity data and create a Digital Signature which will be decrypted with the corresponding Public Key.

27. PRIVATE LABEL CERTIFICATE SYSTEM means the system developed by VeriSign for Customer as more fully described in Section 2, which incorporates the SET Module and VSE.

28. PROCESSOR means a third party which has been assigned the processing of bank card transactions by one or more Issuers or Acquirers.

29. PROGRAM DOCUMENTS means each of the Project Plan, Interface Specifications, Protocol, System Design Specifications, Acceptance Test Procedures, and Service Level Specification.

30. PROTOCOL means Customer's specification of policies, procedures and resources to control the entire Certificate process and transactional use of Certificates within Customer's Private Hierarchy.

31. PUBLIC HIERARCHY means a domain consisting of a system of chained Certificates leading from VeriSign as the Primary Certification Authority through one or more Certification

Authorities to Subscribers in accordance with the VeriSign Certification Practice Statement. Certificates issued in a Public Hierarchy are intended to be interoperable among organizations, allowing Subscribers to interact through public channels with various individuals, organizations, and networks.

32. PUBLIC KEY means a mathematical key which is available publicly and which is used through public key cryptography to decrypt electronic authenticity data which was encrypted using the matched Private Key and to verify Digital Signatures created with the matched Private Key.

33. PUBLIC KEY INFRASTRUCTURE ("PKI") means the VeriSign specification for the architecture, techniques, practices, and procedures that collectively support the implementation and operation of Certificate-based public key cryptographic systems.

34. ROOT KEY means one or more public root key(s) published by the organization which generated and is entitled to use such keys as the public components of its key pair(s) in issuing Certificates in a hierarchy over which such organization has responsibility.

35. SECOND TIER CA means an entity in the business of selling or issuing Certificates in Customer's Private Hierarchy Digitally Signed by such Second Tier CA to Subscribers using the Private Label Certificate System as operated by VeriSign directly or by sublicensing the Private Label Certificate System from VeriSign.

36. SECURE ELECTRONIC TRANSACTIONS ("SET") means the specification published by Customer and MasterCard International and made available to all developers wishing to implement secure payments over the Internet and other public and private networks.

37. SEMI-AUTOMATED MERCHANT CERTIFICATE ISSUANCE means Merchant authentication is achieved by comparing information provided electronically by the Customer or Member to information provided electronically by a Merchant where human intervention is substantially reduced as compared with the Manual Merchant Certificate Issuance method.

38. SERVICE LEVEL SPECIFICATION means the specification attached hereto as Exhibit "K" approved by Customer and VeriSign pursuant to Section 4.1.6.

39. SET MODULE shall mean the software module created by VeriSign in connection with this Agreement to implement the SET. The SET Module shall include all software elements necessary to implement all aspects of the SET specification, but shall not include the VISA SET Enhancements.

40. SUBSCRIBER means an individual, a device or a role/office that has requested a Certifier to issue him, her or it a Certificate.

41. SYSTEM DESIGN SPECIFICATIONS means the system design specifications to be created by VeriSign in connection with the Private Label Certificate System for acceptance testing in accordance with Section 4.1.3. The System Design Specifications shall contain, at

minimum, the items listed on the outline presently attached as Exhibit "E" and the Requirements Documents attached as Exhibit "F". Upon acceptance by Customer, the System Design Specifications shall be attached, in lieu of such outline, as Exhibit "E".

42. "VERISIGN AFFILIATES" shall mean a company in which, on a class by class basis, more than fifty percent (50%) of the stock entitled to vote for the election of directors is owned or controlled by VeriSign, but only so long as such ownership or control exists.

43. VISA SET ENHANCEMENTS ("VSE") shall mean the software module created by VeriSign under this Agreement which interfaces with the SET Module to provide enhanced functionality and features unique to Customer as specified in the Requirements Document, a current copy of which is attached as Exhibit "F," but not necessary to fully implement the SET.

44. WWW means the system currently referenced as the "World Wide Web" for organizing multi-media information distributed across network(s) such that it can be navigated and accessed via cross linking mechanisms, and any successor to such system, and any parallel system which uses at least all the same communication protocols as the system currently referenced as the "World Wide Web" or to the successor to such system, even if the administrators of such systems choose to call them by different names.

EXHIBIT "B"

FEES

1. DEVELOPMENT FEES.

Customer shall pay as Development Fees the amount of_____ _____ ($_____)* for development and testing, less the $100,000.00 already paid pursuant to the Consulting Services Agreement between VeriSign and Customer dated _____, will be payable in four equal installments due at the execution of this Agreement, Test I, Test II, and Pilot as detailed in Exhibit "D".

2. SET-UP FEES.

A one-time Set-up Fee of _____ ($_____)*will be paid by Customer for operation and set-up of redundant dedicated sites of the Private Label Certificate System. The Set-up Fee shall be in two portions: an Operation Fee of _____ ($_____)* and a Back-Up Site Operations Fee of _____ ($_____)*. One half of the Operation Fee will be payable October 1, 1996 and the other half shall be payable on December 31, 1996. The Back-Up Site Operations Fee shall be payable upon implementation of the back-up system specified pursuant to the Project Plan, but not earlier than January 1, 1997.

3. SUBSCRIBER FEES. For the initial Term of this Agreement, Prepaid Subscriber Fees shall be as follows:

Prepaid Subscriber Fee*	Period*

Prepaid Subscriber Fees for 1997 and 1998 shall be paid on a quarterly basis and shall be due within thirty (30) days of the end of the calendar quarter. Prepaid Subscriber Fees for 1999 shall be made in two equal installments, payable within thirty (30) days after the end of the first two (2) calendar quarters of 1999. One hundred percent (100%) of the Fees accrued and payable on a monthly basis under this Section 3 shall be offset against such Prepaid Subscriber Fees until the total annual prepayment is exhausted. All Subscriber Fees from every type of Certificate shall be offset in the specified manner, whether Cardholder, Merchant, Payment Gateway or Member.

Prepaid Subscriber Fees in a year not offset in such year shall be earned by VeriSign and shall not be subject to future offset, however, Prepaid Subscriber Fees for 1997 shall be used as an offset for Subscriber Fees incurred in the first year commencing on the First Date of Operations, as defined below. Similarly, Prepaid Subscriber Fees for 1998 and 1999 shall be used as an

_____

* Confidential treatment has been requested with respect to certain portions of this exhibit. Confidential portions have been omitted from the public filing and have been separately filed with the Securities and Exchange Commission.

offset for Subscriber Fees for the second year and the first half of the third year respectively from the First Date of Operation. The "First Date of Operation" shall be either the actual date that VeriSign operates the Private Label Certificate System on behalf of Customer in the Pilot, as defined in the Project Plan, or April 1, 1997, whichever comes first.

FEES PER CERTIFICATE REQUEST:

Issuer CA Certificates*	
Acquirer Certificates*	
Payment Gateway CA Certificates*	
	Quantity
Cardholder Certificates*	

	Quantity
Manual Merchant Certificates*	
Semi-Automated Merchant Certificates	
Manual Payment Gateway Certificates	
Semi-Automated Payment Gateway Certificates	

The parties intend to create a Fully Automated Merchant Certificate. Parties agree to negotiate in good faith lower pricing for Fully Automated Merchant Certificates when such Certificates are made available.

4.*

5. U.S. CURRENCY. All payments hereunder shall be made in lawful United States Currency.

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* Confidential treatment has been requested with respect to certain portions of this exhibit. Confidential portions have been omitted from the public filing and have been separately filed with the Securities and Exchange Commission.

EXHIBIT "C"

LOGOS AND TRADEMARKS

VeriSign encourages its customers to use VeriSign logos, trademarks and service marks on customer product data sheets, packaging, Web pages and advertising, but it is important to use them properly.

When using VeriSign trademarks and service marks in ads, product packaging, documentation or collateral materials, be sure to use the correct trademark designator: (R) for registered trademarks, (TM) for claimed or pending trademarks and sm for claimed or pending service marks. VeriSign trademarks and their correct designators are depicted below. To ensure proper usage, please allow VeriSign marketing to review any materials using or mentioning VeriSign trademarks prior to general release.

Using these VeriSign logos does not require written permission; in fact, we encourage you to use them on your product packaging, Web pages and marketing collateral!

VeriSign will update this Logos and Trademarks Usage Guide on a regular basis. To check for most current information on logo and trademark usage, check VeriSign's Web site at http:/www.verisign.com.

VeriSign(TM)
Digital ID (sm)
Digital ID Center (sm)

EXHIBIT "D"

PROJECT PLAN ELEMENTS

The VeriSign Deliverables to Customer for Test I will be ready for Acceptance Test I on or before the date agreed to by the Customer/VeriSign Joint Project Team. Terms for delivery of development deliverables for Test II and Test III, Pilot, and General Availability production will be specified in the Project Plan. VeriSign will provide full production, operational facilities in accordance with time scales agreed with Customer. The operation and support will be implemented in phases as defined in the Project Plan (i.e. Test I, II, III, Pilot, General Availability).

EXHIBIT "E"

SYSTEM DESIGN SPECIFICATIONS

The Private Label Certificate System will be based upon the VeriSign product Electronic Commerce Authentication System plus enhancements specified by Customer.

The parties contemplate that development, testing and implementations of all Private Label Certificate system component will be implemented in three phases.

The Private Label Certificate System will consist of three basic module: ECAS, SET Module and VSE.

The System Design Specifications will implement the following requirements documents attached in this Exhibit.

EXHIBIT "F"

INTERFACE SPECIFICATIONS

These specifications are contained in the VAP Interface Specifications, Release 10.2, dated August 1995. This document has already been delivered to VeriSign by Customer.

EXHIBIT "G"

ACCEPTANCE TEST PROCEDURES

[POST CLOSING ITEM]

EXHIBIT "H"

VERISIGN MARKETING RIGHTS AND ROYALTY OBLIGATIONS

VeriSign shall have the right to market the VSE only as set forth on this Exhibit "H".

1. MARKETING RIGHTS. VeriSign shall have the right to license to Eligible Customers ECS pursuant to a license substantially in the form of Exhibit "J" or to provide Certificate registration, issuing and management functions to Eligible Customers using ECS. "Eligible Customers" shall mean: any Member of Visa and any entity providing Financial Services. "Financial Services" shall mean any of the following: banking, savings and loans, thrifts, insurance, lending, EDI, credit card issuance and service, commercial network transactions, companies facilitating commercial transactions over networks (e.g. CyberCash, DigiCash, and VeriFone), deposit taking, financial intermediaries and the like.

2. CHARGES. VeriSign shall determine the fees it charges for licensing of ECS or operation of ECS on behalf of the Second Tier CA in its sole discretion.

3. VERISIGN RESERVED RIGHTS. VeriSign shall be entitled to create a software module with the functionality of the VSE provided that VeriSign does not make use of the source code to the VSE or the System Design Specifications, Interface Specifications and Customer Requirements that are confidential or proprietary to Customer in creation of its own product. This Section shall not limit VeriSign's use for any purpose of residuals resulting from access to such source code. The term "residuals" means information in non-tangible form which may be retained by persons who have had access to such source code, including ideas, concepts, know-how or techniques contained therein.

4. ROYALTIES. VeriSign will pay Customer a seven percent (7%) royalty on (i) all revenues from sales of any ECAS System to a Visa Member or Visa Processor and (ii) all revenues from sales of ECS or any derivative work created from ECS which shall not include any derivative works generated from the ECAS System alone. This royalty shall be paid on a quarterly basis and due within thirty (30) days of the end of the calendar quarter in which such revenue was received. This royalty shall terminate when Customer has been paid, either through the royalty defined above or through cash payment to Customer or a combination of both methods, its Initial Development Investment ("IDI") of _____ ($_____)* ("Date of Recoupment"). In the event that any obligation of Visa or VeriSign is modified via an amendment to this Agreement or the Change Order defined in Section 4.1.8 and such amendment or modification changes a royalty obligation, the IDI or any other aspect of this Section 4, such amendment or change request shall include an explicit statement of the effect of such modification on the IDI. "All revenues from sales" means the gross amount of all cash, in-kind or other consideration receivable by VeriSign at any time in

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consideration of the licensing of the relevant system, excluding any amounts receivable by VeriSign for sales and used taxes, shipping, insurance and duties, and reduced by all discounts, refunds or allowances granted in the ordinary course of business.

VeriSign will pay Customer a seven percent (7%) royalty on all revenue received from issuance of certificates by any system defined in this Section 4(i) and 4(ii) above ("Customer Related Certificates"). This royalty shall be due quarterly and paid within thirty (30) days after the end of the calendar quarter in which such revenue was received. This royalty shall terminate on the fifth (5th) anniversary of the Date of Recoupment or ten (10) years after the first publicly available pilot of the ECS System, whichever comes first.

5. U.S. CURRENCY. All payments hereunder shall be made in lawful United States Currency. If VeriSign receives payment in foreign currencies, the amount of its license fees due to Customer shall be calculated using the closing exchange rate published in the Wall Street Journal, Western Edition, on the last business day such journal is published in the calendar quarter immediately preceding the date of payment.

6. TERMS OF PAYMENT. License fees shall accrue with respect to ECS licensed or otherwise distributed by VeriSign or on the date that VeriSign receives the revenue from the Second Tier CA or Subscriber therefor. License fees due Customer hereunder shall be paid by VeriSign to the attention of Peter R. Hill at Customer's address set forth above on or before the thirtieth (30th) day after the close of the calendar quarter during which the license fees accrued. A late payment penalty on any undisputed license fees not paid when due shall be assessed at the rate of one percent (1%) per thirty (30) days beginning on the thirty-first (31st) day after the day the unpaid license fees are due.

7. LICENSE REPORT. A report in reasonably detailed form setting forth the calculation of license fees due from VeriSign and signed by a responsible officer of VeriSign shall be delivered to Customer on or before the thirtieth (30th) day after the close of each calendar quarter, regardless of whether license fee payments are required to be made pursuant to Section 4. The report shall include, at a minimum, the following information (if applicable to VeriSign's designated method of calculating license fees) with respect to the relevant quarter: (i) the total number of ECS licensed or otherwise distributed by VeriSign (indicating the names and versions thereof), (ii) the total revenue from sales of such ECS, (iii) the number and class of Certificates issued for which a royalty is due; and (iv) total license fees accrued.

8. AUDIT RIGHTS. Customer shall have the right, at its sole cost and expense, to have an independent certified public accountant conduct during normal business hours not more frequently than annually, an audit of the appropriate records of VeriSign to verify the number of copies of ECS licensed or otherwise distributed by VeriSign, the number and class of Certificates issued, and if relevant to VeriSign's designated method of calculating license fees, the amount of revenues from sales therefor. Such certified public accountant shall adhere to any nondisclosure provisions committed to by VeriSign to a Second Tier CA or subscriber. If such amounts are found to be different than those reported or the license fees accrued are different than those reported, VeriSign will be invoiced or credited for the difference, as applicable. Any additional

license fees, along with the late payment penalty assessed in accordance with Section 6, shall be payable within thirty (30) days of such invoice. If a deficiency in license fees paid by VeriSign is greater than five percent (5%) of the license fees reported by VeriSign for any quarter, VeriSign will pay the reasonable expenses associated with such audit, in addition to the deficiency.

9. EVALUATION COPIES. VeriSign may deliver copies of ECS to prospective Second Tier CAs on a trial basis for evaluation purposes only (each, an "Evaluation Copy") provided that each such prospective Second Tier CA has received a written or electronic trial license prohibiting the Second Tier CA from copying, modifying, reverse engineering, decompiling or disassembling the code for the VSE code or any part thereof. No royalties on income from licensing ECS shall be reportable or payable with respect to Evaluation Copies. Per copy Certificate charges will accrue if applicable.

10. VOLUME CREDIT. Each Certificate issued by a Second Tier CA using ECS, and each Certificate issued by VeriSign while operating ECS on behalf of a Second Tier CA, shall be counted as a Certificate issued by Customer or on behalf of Customer by VeriSign for purposes of calculating royalties and license fees due from Customer under Exhibit "B" or the License Agreement when and if executed in the form of Exhibit "J" with Customer. Customer shall receive one hundred percent (100%) volume credit for all Customer Related Certificates. The cumulative total for certificates generated by Customer and Customer Related Certificates shall be used in determining the volume pricing available for Customer under Exhibit B. This cumulative total shall not be reset annually or at any time during this Agreement.

EXHIBIT "I"

ESCROW AGREEMENT

MASTER PREFERRED ESCROW AGREEMENT

Master Number _____

This Agreement is effective _____, 19__ among Data Securities International, Inc. ("DSI"), _____ ("_____") and any party signing the Acceptance Form attached to this Agreement ("_____"), who collectively may be referred to in this Agreement as "the parties."

A. Depositor and Preferred Beneficiary have entered or will enter into a license agreement, development agreement, and/or other agreement regarding certain proprietary technology of Depositor (referred to in this Agreement as "the license agreement").

B. Depositor desires to avoid disclosure of its proprietary technology except under certain limited circumstances.

C. The availability of the proprietary technology of Depositor is critical to Preferred Beneficiary in the conduct of its business and, therefore, Preferred Beneficiary needs access to the proprietary technology under certain limited circumstances.

D. Depositor and Preferred Beneficiary desire to establish an escrow with DSI to provide for the retention, administration and controlled access of certain proprietary technology materials of Depositor.

E. The parties desire this Agreement to be supplementary to the license agreement pursuant to 11 United States [Bankruptcy] Code, Section 365(n).

ARTICLE 1 -- DEPOSITS

1.1 Obligation to Make Deposit. Upon the signing of this Agreement by the parties, including the signing of the Acceptance Form, Depositor shall deliver to DSI the proprietary information and other materials ("deposit materials") required to be deposited by the license agreement or, if the license agreement does not identify the materials to be deposited with DSI, then such materials will be identified on an Exhibit A. If Exhibit A is applicable, it is to be prepared and signed by Depositor and Preferred Beneficiary. DSI shall have no obligation with respect to the preparation, signing or delivery of Exhibit A.

1.2 Identification of Tangible Media. Prior to the delivery of the deposit materials to DSI, Depositor shall conspicuously label for identification each document, magnetic tape, disk, or other tangible media upon which the deposit materials are written or stored. Additionally, Depositor shall complete Exhibit B to this Agreement by listing each such tangible media by the item label description, the type of media and the quantity. The Exhibit B must be signed by

Depositor and delivered to DSI with the deposit materials. Unless and until Depositor makes the initial deposit with DSI, DSI shall have no obligation with respect to this Agreement, except the obligation to notify the parties regarding the status of the deposit account as required in Section 2.2 below.

1.3 Deposit Inspection. When DSI receives the deposit materials and the Exhibit B, DSI will conduct a deposit inspection by visually matching the labeling of the tangible media containing the deposit materials to the item descriptions and quantity listed on the Exhibit B. In addition to the deposit inspection, Preferred Beneficiary may elect to cause a verification of the deposit materials in accordance with Section 1.6 below.

1.4 Acceptance of Deposit. At completion of the deposit inspection, if DSI determines that the labeling of the tangible media matches the item descriptions and quantity on Exhibit B, DSI will date and sign the Exhibit B and mail a copy thereof to Depositor and Preferred Beneficiary. If DSI determines that the labeling does not match the item descriptions or quantity on the Exhibit B, DSI will (a) note the discrepancies in writing on the Exhibit B; (b) date and sign the Exhibit B with the exceptions noted; and (c) provide a copy of the Exhibit B to Depositor and Preferred Beneficiary. DSI's acceptance of the deposit occurs upon the signing of the Exhibit B by DSI. Delivery of the signed Exhibit B to Preferred Beneficiary is Preferred Beneficiary's notice that the deposit materials have been received and accepted by DSI.

1.5 Depositor's Representations. Depositor represents as follows:

a. Depositor lawfully possesses all of the deposit materials deposited with DSI;

b. With respect to all of the deposit materials, Depositor has the right and authority to grant to DSI and Preferred Beneficiary the rights as provided in this Agreement;

c. The deposit materials are not subject to any lien or other encumbrance; and

d. The deposit materials consist of the proprietary information and other materials identified either in the license agreement or Exhibit A, as the case may be.

1.6 Verification. Preferred Beneficiary shall have the right, at Preferred Beneficiary's expense, to cause a verification of any deposit materials. A verification determines, in different levels of detail, the accuracy, completeness, sufficiency and quality of the deposit materials. If a verification is elected after the deposit materials have been delivered to DSI, then only DSI, or at DSI's election an independent person or company selected and supervised by DSI, may perform the verification.

1.7 Deposit Updates. Unless otherwise provided by the license agreement, Depositor shall update the deposit materials within 60 days of each release of a new version of the product which is subject to the license agreement. Such updates will be added to the existing deposit. All deposit updates shall be listed on a new Exhibit B and the new Exhibit B shall be signed by Depositor. Each Exhibit B will be held and maintained separately within the escrow account.

An independent record will be created which will document the activity for each Exhibit B. The processing of all deposit updates shall be in accordance with Sections 1.2 through 1.6 above. All references in this Agreement to the deposit materials shall include the initial deposit materials and any updates.

1.8 Removal of Deposit Materials. The deposit materials may be removed and/or exchanged only on written instructions signed by Depositor and Preferred Beneficiary, or as otherwise provided in this Agreement.

ARTICLE 2 -- CONFIDENTIALITY AND RECORD KEEPING

2.1 Confidentiality. DSI shall maintain the deposit materials in a secure, environmentally safe, locked receptacle which is accessible only to authorized employees of DSI. DSI shall have the obligation to reasonably protect the confidentiality of the deposit materials. Except as provided in this Agreement, DSI shall not disclose, transfer, make available, or use the deposit materials. DSI shall not disclose the content of this Agreement to any third party. If DSI receives a subpoena or other order of a court or other judicial tribunal pertaining to the disclosure or release of the deposit materials, DSI will immediately notify the parties to this Agreement. It shall be the responsibility of Depositor and/or Preferred Beneficiary to challenge any such order; provided, however, that DSI does not waive its rights to present its position with respect to any such order. DSI will not be required to disobey any court or other judicial tribunal order. (See Section 7.5 below for notices of requested orders.)

2.2 Status Reports. DSI will issue to Depositor and Preferred Beneficiary a report profiling the account history at least semi-annually. DSI may provide copies of the account history pertaining to this Agreement upon the request of any party to this Agreement.

2.3 Audit Rights. During the term of this Agreement, Depositor and Preferred Beneficiary shall each have the right to inspect the written records of DSI pertaining to this Agreement. Any inspection shall be held during normal business hours and following reasonable prior notice.

ARTICLE 3 -- GRANT OF RIGHTS TO DSI

3.1 Title to Media. Depositor hereby transfers to DSI the title to the media upon which the proprietary information and materials are written or stored. However, this transfer does not include the ownership of the proprietary information and materials contained on the media such as any copyright, trade secret, patent or other intellectual property rights.

3.2 Right to Make Copies. DSI shall have the right to make copies of the deposit materials as reasonably necessary to perform this Agreement. DSI shall copy all copyright, nondisclosure, and other proprietary notices and titles contained on the deposit materials onto any copies made by DSI. With all deposit materials submitted to DSI, Depositor shall provide any and all instructions as may be necessary to duplicate the deposit materials including but not limited to the hardware and/or software needed.

3.3 Right to Sublicense Upon Release. As of the effective date of this Agreement, Depositor hereby grants to DSI a non-exclusive, irrevocable, perpetual, and royalty-free license to sublicense the deposit materials to Preferred Beneficiary upon the release, if any, of the deposit materials in accordance with Section 4.5 below. Except upon such a release, DSI shall not sublicense or otherwise transfer the deposit materials.

ARTICLE 4 -- RELEASE OF DEPOSIT

4.1 Release Conditions. As used in this Agreement, "Release Conditions" shall mean the following:

a. Depositor's failure to carry out obligations imposed on it pursuant to the license agreement; or

b. Depositor's failure to continue to do business in the ordinary course.

4.2 Filing For Release. If Preferred Beneficiary believes in good faith that a Release Condition has occurred, Preferred Beneficiary may provide to DSI written notice of the occurrence of the Release Condition and a request for the release of the deposit materials. Upon receipt of such notice, DSI shall provide a copy of the notice to Depositor, by certified mail, return receipt requested, or by commercial express mail.

4.3 Contrary Instructions. From the date DSI mails the notice requesting release of the deposit materials, Depositor shall have ten business days to deliver to DSI Contrary Instructions. "Contrary Instructions" shall mean the written representation by Depositor that a Release Condition has not occurred or has been cured. Upon receipt of Contrary Instructions, DSI shall send a copy to Preferred Beneficiary by certified mail, return receipt requested, or by commercial express mail. Additionally, DSI shall notify both Depositor and Preferred Beneficiary that there is a dispute to be resolved pursuant to the Dispute Resolution section of this Agreement (Section 7.3). Subject to Section 5.2, DSI will continue to store the deposit materials without release pending (a) joint instructions from Depositor and Preferred Beneficiary, (b) resolution pursuant to the Dispute Resolution provisions, or (c) order of a court.

4.4 Release of Deposit. If DSI does not receive Contrary Instructions from the Depositor, DSI is authorized to release the deposit materials to the Preferred Beneficiary or, if more than one beneficiary is registered to the deposit, to release a copy of the deposit materials to the Preferred Beneficiary. However, DSI is entitled to receive any fees due DSI before making the release. This Agreement will terminate upon the release of the deposit materials held by DSI.

4.5 Use License Following Release. Unless otherwise provided in the license agreement, upon release of the deposit materials in accordance with this Article 4, Preferred Beneficiary shall have a non-exclusive, non-transferable, irrevocable right to use the deposit materials for the sole purpose of continuing the benefits afforded to Preferred Beneficiary by the license agreement. Preferred Beneficiary shall be obligated to maintain the confidentiality of the released deposit materials.

ARTICLE 5 -- TERM AND TERMINATION

5.1 Term of Agreement. The initial term of this Agreement is for a period of one year. Thereafter, this Agreement shall automatically renew from year-to-year unless (a) Depositor and Preferred Beneficiary jointly instruct DSI in writing that the Agreement is terminated; or (b) the Agreement is terminated by DSI for nonpayment in accordance with Section 5.2. If the Acceptance Form has been signed at a date later than this Agreement, the initial term of the Acceptance Form will be for one year with subsequent terms to be adjusted to match the anniversary date of this Agreement. If the deposit materials are subject to another escrow agreement with DSI, DSI reserves the right, after the initial one year term, to adjust the anniversary date of this Agreement to match the then prevailing anniversary date of such other escrow arrangements.

5.2 Termination for Nonpayment. In the event of the nonpayment of fees owed to DSI, DSI shall provide written notice of delinquency to all parties to this Agreement. Any party to this Agreement shall have the right to make the payment to DSI to cure the default. If the past due payment is not received in full by DSI within one month of the date of such notice, then DSI shall have the right to terminate this Agreement at any time thereafter by sending written notice of termination to all parties. DSI shall have no obligation to take any action under this Agreement so long as any payment due to DSI remains unpaid.

5.3 Disposition of Deposit Materials Upon Termination. Upon termination of this Agreement by joint instruction of Depositor and Preferred Beneficiary, DSI shall destroy, return, or otherwise deliver the deposit materials in accordance with such instructions. Upon termination for nonpayment, DSI may, at its sole discretion, destroy the deposit materials or return them to Depositor. DSI shall have no obligation to return or destroy the deposit materials if the deposit materials are subject to another escrow agreement with DSI.

5.4 Survival of Terms Following Termination. Upon termination of this Agreement, the following provisions of this Agreement shall survive:

a. Depositor's Representations (Section 1.5).

b. The obligations of confidentiality with respect to the deposit materials.

c. The licenses granted in the sections entitled Right to Sublicense Upon Release (Section 3.3) and Use License Following Release (Section 4.5), if a release of the deposit materials has occurred prior to termination.

d. The obligation to pay DSI any fees and expenses due.

e. The provisions of Article 7.

f. Any provisions in this Agreement which specifically state they survive the termination or expiration of this Agreement.

ARTICLE 6 -- DSI'S FEES

6.1 Fee Schedule. DSI is entitled to be paid its standard fees and expenses applicable to the services provided. DSI shall notify the party responsible for payment of DSI's fees at least 90 days prior to any increase in fees. For any service not listed on DSI's standard fee schedule, DSI will provide a quote prior to rendering the service, if requested.

6.2 Payment Terms. DSI shall not be required to perform any service unless the payment for such service and any outstanding balances owed to DSI are paid in full. All other fees are due upon receipt of invoice. If invoiced fees are not paid, DSI may terminate this Agreement in accordance with Section 5.2. Late fees on past due amounts shall accrue at the rate of one and one-half percent per month (18% per annum) from the date of the invoice.

ARTICLE 7 -- LIABILITY AND DISPUTES

7.1 Right to Rely on Instructions. DSI may act in reliance upon any instruction, instrument, or signature reasonably believed by DSI to be genuine. DSI may assume that any employee of a party to this Agreement who gives any written notice, request, or instruction has the authority to do so. DSI shall not be responsible for failure to act as a result of causes beyond the reasonable control of DSI.

7.2 Indemnification. DSI shall be responsible to perform its obligations under this Agreement and to act in a reasonable and prudent manner with regard to this escrow arrangement. Provided DSI has acted in the manner stated in the preceding sentence, Depositor and Preferred Beneficiary each agree to indemnify, defend and hold harmless DSI from any and all claims, actions, damages, arbitration fees and expenses, costs, attorney's fees and other liabilities incurred by DSI relating in any way to this escrow arrangement.

7.3 Dispute Resolution. Any dispute relating to or arising from this Agreement shall be resolved by arbitration under the Commercial Rules of the American Arbitration Association. Unless otherwise agreed by Depositor and Preferred Beneficiary, arbitration will take place in San Diego, California, U.S.A. Any court having jurisdiction over the matter may enter judgment on the award of the arbitrator(s). Service of a petition to confirm the arbitration award may be made by First Class mail or by commercial express mail, to the attorney for the party or, if unrepresented, to the party at the last known business address.

7.4 Controlling Law. This Agreement is to be governed and construed in accordance with the laws of the State of California, without regard to its conflict of law provisions.

7.5 Notice of Requested Order. If any party intends to obtain an order from the arbitrator or any court of competent jurisdiction which may direct DSI to take, or refrain from taking any action, that party shall:

a. Give DSI at least two business days' prior notice of the hearing;

b. Include in any such order that, as a precondition to DSI's obligation, DSI be paid in full for any past due fees and be paid for the reasonable value of the services to be rendered pursuant to such order; and

c. Ensure that DSI not be required to deliver the original (as opposed to a copy) of the deposit materials if DSI may need to retain the original in its possession to fulfill any of its other escrow duties.

ARTICLE 8 -- GENERAL PROVISIONS

8.1 Entire Agreement. This Agreement, which includes the Acceptance Form and the Exhibits described herein, embodies the entire understanding between all of the parties with respect to its subject matter and supersedes all previous communications, representations or understandings, either oral or written. No amendment or modification of this Agreement shall be valid or binding unless signed by all the parties hereto, except Exhibit A need not be signed by DSI and Exhibit B need not be signed by Preferred Beneficiary.

8.2 Notices. All notices, invoices, payments, deposits and other documents and communications shall be given to the parties at the addresses specified in the attached Exhibit C and Acceptance Form. It shall be the responsibility of the parties to notify each other as provided in this Section in the event of a change of address. The parties shall have the right to rely on the last known address of the other parties. Unless otherwise provided in this Agreement, all documents and communications may be delivered by First Class mail.

8.3 Severability. In the event any provision of this Agreement is found to be invalid, voidable or unenforceable, the parties agree that unless it materially affects the entire intent and purpose of this Agreement, such invalidity, voidability or unenforceability shall affect neither the validity of this Agreement nor the remaining provisions herein, and the provision in question shall be deemed to be replaced with a valid and enforceable provision most closely reflecting the intent and purpose of the original provision.

8.4 Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties. However, DSI shall have no obligation in performing this Agreement to recognize any successor or assign of Depositor or Preferred Beneficiary unless DSI receives clear, authoritative and conclusive written evidence of the change of parties.

_____	Data Securities International, Inc.
By:_____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Custom Certificate System License Agreement Number: _____

Date of Agreement: _____

EXHIBIT "J"

CUSTOM CERTIFICATE SYSTEM LICENSE AGREEMENT

THIS CUSTOM CERTIFICATE SYSTEM LICENSE AGREEMENT ("Agreement") effective as of the last date of execution, is entered into by and between VeriSign, Inc., a Delaware corporation ("VeriSign"), having a principal mailing address at 2593 Coast Avenue, Mountain View, California 94043, and the entity named below as "Customer" ("Customer"), having a principal address as set forth below.

Customer:

VISA International Service Association
- ---------------------------------------
(Name and jurisdiction of incorporation)

Customer Address:

_____
_____
_____

Customer Legal Contact:

_____
(name, telephone and title)

Customer Billing Contact:

_____
(name, telephone and title)

Customer Technical Contact:

_____
(name, telephone and title)

Customer Commercial Contact:

_____
(name, telephone and title)

1. DEFINITIONS

The following terms when used in this Agreement shall have the following meanings:

1.1 "CERTIFICATE" means a collection of electronic data consisting of a Public Key, identifying information which contains information about the owner of the Public Key, and validity information, which (or a string of bits derived from the Public Key) has been encrypted by a third party who is the issuer of the Certificate with such third party Certificate issuer's Private Key. This collection of electronic data collectively serves the function of identifying the owner of the Public Key and verifying the integrity of the electronic data. "CERTIFY" or "CERTIFICATION" means the act of generating a Certificate. "CERTIFIED" means the condition of having been issued a valid Certificate by a Certifier, which Certificate has not been revoked.

1.2 "CERTIFICATE MANAGEMENT SYSTEM ('CMS')" means VeriSign's proprietary software product marketed and developed under the name "Certificate Management System" providing secure off-line certificate issuance as presently in existence and as developed and enhanced in the future by VeriSign.

1.3 "CERTIFICATE SIGNING UNIT ('CSU')" means a hardware unit or software designed for use in signing Certificates and key storage. The BBN SafeKeyper(TM) manufactured by BBN Communications, Inc. is one hardware implementation of a CSU.

1.4 "CERTIFICATE SUBSCRIPTION SERVICE" means the operation of the Licensed Software to provide Certificate registration, issuing and management functions on behalf of Second Tier CAs.

1.5 "CERTIFICATION AUTHORITY" OR "CA" means VeriSign and any entity, group, division, department, unit or office which is Certified by VeriSign to, and has accepted responsibility to, issue Certificates to specified Subscribers in a Hierarchy in accordance with the CPS or a Protocol.

1.6 "CERTIFICATION PRACTICE STATEMENT" OR "CPS" means the VeriSign specification of policies, procedures and resources to control the entire Certificate process and transactional use of Certificates within the VeriSign Public Hierarchies.

1.7 "CUSTOMER AFFILIATES" shall mean Visa's Subsidiaries and Related Entities. A "Subsidiary" shall mean a company in which on a class-by-class basis, more than fifty percent (50%) of the stock entitled to vote for the election of directors is owned or controlled by Customer, but only so long as such ownership or control exists. A "Related Entity" shall mean an entity (A) at least fifty percent (50%) of whose stock or other equity is owned by Customer's member banks and that has the authority to process Visa payment transactions, but only so long as such ownership exists; (B) has an equity interest in Customer and is owned in whole by Member banks or financial institutions (e.g., national or regional group Members); or (C) is exclusively
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managed by Visa or a national or group Member of Visa for the purpose of processing Visa payment transactions, but only so long as such exclusive management exists.

Notwithstanding anything to the contrary set forth above, however, Subsidiaries or Related Entities do not include any Acquirer, Issuer or individual bank or like financial institution. Customer Affiliates include, for example, without limitation, Visa USA, Inc, ViTAL, Inc, Plus and Interlink.

1.8 "CUSTOMER PRODUCT" means any product including some or all of the Licensed Software developed by Customer for use by a Subscriber in VISA's Private Hierarchy with a Certificate issued by VISA or by a Second Tier CA to VISA which incorporates VISA's Root Keys.

1.9 "DIGITAL SIGNATURE" means information encrypted with a Private Key which is appended to information to identify the owner of the Private Key and to verify the integrity of the information. "DIGITALLY SIGNED" shall refer to
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electronic data to which a Digital Signature has been appended.

1.10 "ELECTRONIC COMMERCE AUTHENTICATION SYSTEM ('ECAS')" means VeriSign's proprietary software product marketed and developed under the name "Electronic Commerce Authentication System" providing secure on-line certificate issuance as presently in existence and as developed and enhanced in the future by VeriSign.

1.11 "HIERARCHY" means a domain consisting of a system of chained Certificates leading from the Primary Certification Authority through one or more Certification Authorities to Subscribers.

1.12 "INTERNET" means the global computer network commonly known as "Internet".

1.13 "LICENSED SOFTWARE" means the object code and source code of the VeriSign Software as specified on Exhibit "A" (License and Maintenance Fees) hereto as having been licensed by Customer. Only those portions of the VeriSign Software specified as having been licensed are included in the Licensed Software.

1.14 "NEW RELEASE" means a version of the VeriSign Software which shall generally be designated by a new version number which has changed from the prior number only to the right of the decimal point (e.g., Version 2.2 to Version 2.3).

1.15 "NEW VERSION" means a version of the VeriSign Software which shall generally be designated by a new version number which has changed from the prior number to the left of the decimal point (e.g., Version 2.3 to Version 3.0).

1.16 "PRIMARY CERTIFICATION AUTHORITY" OR "PCA" means an entity that establishes policies for all Certification Authorities and Subscribers within its Private Hierarchy.

1.17 "PRIVATE HIERARCHY" means a domain consisting of a chained Certificate hierarchy which is entirely self-contained within an organization or network and not designed to be interoperable with or intended to interact through public channels with any external organizations, networks, and public hierarchies. [I am not sure whether this definition correctly

describes an SET CA - while the hierarchy is self-contained, it is intended to interact with an "external organization" and on any network.]

1.18 "PRIVATE KEY" means a mathematical key which is kept private to the owner and which is used through public key cryptography to encrypt electronic authenticity data and create a Digital Signature which will be decrypted with the corresponding Public Key.

1.19 "PUBLIC HIERARCHY" means a domain consisting of a system of chained Certificates leading from VeriSign as the Primary Certification Authority through one or more Certification Authorities to Subscribers in accordance with the VeriSign Certification Practice Statement. Certificates issued in a Public Hierarchy are intended to be interoperable among organizations, allowing Subscribers to interact through public channels with various individuals, organizations, and networks.

1.20 "PUBLIC KEY" means a mathematical key which is available publicly and which is used through public key cryptography to decrypt electronic authenticity data which was encrypted using the matched Private Key and to verify Digital Signatures created with the matched Private Key.

1.21 "PUBLIC KEY INFRASTRUCTURE (PKI)" means the VeriSign specification for the architecture, techniques, practices, and procedures that collectively support the implementation and operation of Certificate-based public key cryptographic systems.

1.22 "ROOT KEY" means one or more public root key(s) published by the organization which generated and is entitled to use such keys as the public components of its key pair(s) in issuing Certificates in a hierarchy over which such organization has responsibility.

1.23 "SECOND TIER CA" means an entity in the business of selling or issuing Certificates in VISA's Private Hierarchy digitally signed by such Second Tier CA to Subscribers, by virtue of authority of Customer and using VISA's Certificate Subscription Service directly or by sublicensing the Licensed Software from Customer.

1.24 "SECURE ELECTRONIC TRANSACTIONS ('SET')" means the specification published by Visa International Service Association and MasterCard International and made available to all developers wishing to implement secure payments over the Internet and other public and private networks.

1.25 "SET MODULE" shall mean the software module created by VeriSign to implement the SET. The SET Module shall include all software elements necessary to implement all aspects of the SET specification, but shall not include the VSE.

1.26 "SUBSCRIBER" means an individual, a device or a role/office that has requested a Certifier to issue him, her or it a Certificate.

1.27 "USER MANUAL" means the most current version of the user or operating manual customarily supplied by VeriSign to customers who license the VeriSign Object Code, if any.

1.28 "VERISIGN AFFILIATES" shall mean a company in which, on a class by class basis, more than fifty percent (50%) of the stock entitled to vote for the election of directors is owned or controlled by VeriSign, but only so long as such ownership or control exists.

1.29 "VERISIGN OBJECT CODE" means the Licensed Software in machine-readable, compiled object code form.

1.30 "VERISIGN SOFTWARE" means VeriSign proprietary software known as Certificate Management System, Electronic Commerce Authentication System, SET Module and VSE as described in the User Manuals associated therewith. "VeriSign Software" shall also include all modifications and enhancements (including all New Releases and New Versions) to such programs as provided by VeriSign to Customer pursuant to Sections 4.3 and 4.4.

1.31 "VISA" means VISA International Service Association and its Affiliates.

1.32 "VSE SOURCE CODE" means the mnemonic, high level statement versions of the VSE written in the source language used by programmers.

1.33 "VSE ('VISA SET ENHANCEMENTS')" shall mean the software module created by VeriSign under contract from VISA which interfaces with the SET Module to provide enhanced functionality and features unique to VISA, but not necessary to fully implement the SET.

1.34 "WWW" means the system currently referenced as the "World Wide Web" for organizing multi-media information distributed across network(s) such that it can be navigated and accessed via cross linking mechanisms, and any successor to such system, and any parallel system which uses at least all the same communication protocols as the system currently referenced as the "World Wide Web" or to the successor to such system, even if the administrators of such systems choose to call them by different names.

2. GRANT OF LICENSES; LIMITATIONS

2.1 VSE SOURCE CODE LICENSE. If a VSE Source Code license is specified in Exhibit "A", VeriSign hereby grants Customer a non-exclusive, non-transferable, non-assignable, perpetual worldwide license to: (i) modify the VSE Source Code (all such modifications to the VSE Source Code referenced collectively as "Customer Modifications"); and (ii) maintain Customer Products and support Subscribers .

2.2 VERISIGN SOFTWARE OBJECT CODE LICENSE. VeriSign hereby grants Customer a worldwide non-exclusive, non-transferable, non-assignable, perpetual license to use the Licensed Software to provide Certificate Subscription Services; and sublicense the VeriSign Object Code to Second Tier CAs to permit such Second Tier CAs to provide Certificate Subscription Services.

2.3 LIMITATIONS ON LICENSES. The licenses granted in Sections 2.1 and 2.2 shall be limited as follows:

2.3.1 LIMITATION ON DISTRIBUTEES. The VeriSign Object Code shall be sublicensed or otherwise distributed only to Second Tier CAs. Second Tier CAs shall be prohibited from redistributing or licensing the VeriSign Object Code or any portion of the Licensed Software.

2.3.2 LICENSE RESTRICTED TO LICENSED SOFTWARE. Customer may not use, modify, sublicense or incorporate into any Customer Product any software module or other technology component derived from the VeriSign Software which is not designated as Licensed Software on Exhibit "A".

2.3.3 VERISIGN ROOT KEYS. Any Customer Product and Licensed Software must include VISA's Private Hierarchy Root Key and may include VeriSign's Root Keys.

2.3.4 RESTRICTION ON COPYING. Customer may not copy or reproduce the VeriSign Software or any part, version or form thereof, except as expressly permitted in Section 2.2.

2.4 TITLE.

2.4.1 IN VERISIGN. Except for the limited licenses granted in Sections 2.1 and 2.2, VeriSign shall at all times retain full and exclusive right, title and ownership interest in and to the VeriSign Software and in any and all related patents, trademarks, copyrights and proprietary and trade secret rights.

2.4.2 IN CUSTOMER. Customer shall at all times retain full and exclusive right, title and ownership interest in and to the Customer Modifications representing incremental modifications to the VeriSign Software (but not in any part of the VeriSign Software, either as a component of a derivative work or otherwise) and in any and all related patents, copyrights and proprietary and trade secret rights; provided, however, that Customer hereby agrees that it will not assert against VeriSign any of such patents, copyrights or proprietary or trade secret rights with respect to any software or products developed by VeriSign without reference to the source code for the Customer Modifications.

3. LICENSE FEES

3.1 LICENSE FEES. In consideration of VeriSign's grant to Customer of the limited license rights hereunder, Customer shall pay to VeriSign the amounts set forth below (the "License Fees"):

3.1.1 SOURCE CODE LICENSE FEES. If VeriSign is granting to Customer VSE Source Code license rights as indicated on Exhibit "A", Customer shall pay to VeriSign the source code License Fees specified on Exhibit "A" upon execution of this Agreement.

3.1.2 OBJECT CODE LICENSE FEES. In consideration of VeriSign's grant to Customer of the VeriSign Object Code license rights, Customer shall pay to VeriSign the object code License Fees specified on Exhibit "A" subject to the following:

3.1.2.1 ONE-TIME PAID-UP LICENSE FEE. If a one-time paid-up License Fee is specified on Exhibit "A", a License Fee in the amount specified on Exhibit "A" shall be due upon execution of this Agreement.

3.1.2.2 PER CERTIFICATE, FIXED DOLLAR LICENSE FEE. If a per Certificate, fixed dollar License Fee is specified on Exhibit "A", a License Fee shall be due for each Certificate issued by Customer or a Second Tier CA using the Licensed Software or a Customer Product, in the amount specified on Exhibit "A".

3.2 TAXES. All taxes, duties, fees and other governmental charges of any kind (including sales and use taxes, but excluding taxes based on the gross revenues or net income of VeriSign) which are imposed by or under the authority of any government or any political subdivision thereof on the License Fees or any aspect of this Agreement shall be borne by Customer and shall not be considered a part of, a deduction from or an offset against License Fees.

3.3 TERMS OF PAYMENT. Per Certificate License Fees shall accrue upon the issuance of a Certificate by Customer or Second Tier CA using the Licensed Software or any Customer Product. One time paid up License Fees are due upon execution of this Agreement. License Fees due VeriSign hereunder shall be paid by Customer to the attention of the Software Licensing Department at VeriSign's address set forth above on or before the thirtieth (30th) day after the close of the calendar quarter during which the License Fees accrued. A late payment penalty on any undisputed License Fees not paid when due shall be assessed at the rate of one percent (1%) per thirty (30) days, beginning on the thirty-first (31st) day after the last day of the calendar quarter to which the delayed payment relates.

3.4 U.S. CURRENCY. All payments hereunder shall be made in lawful United States currency.

3.5 LICENSING REPORT. A report in reasonably detailed form setting forth the calculation of License Fees due from Customer and signed by a responsible officer of Customer shall be delivered to VeriSign on or before the thirtieth (30th) day after the close of each calendar quarter during the term of this Agreement, regardless of whether License Fee payments are required to be made pursuant to Section 3.3. The report shall include, at a minimum, the following information (if applicable to Customer's designated method of calculating License Fees) with respect to the relevant quarter: (i) the total number of copies/units of Customer Products licensed or otherwise distributed by Customer (indicating the names and versions thereof); (ii) total License Fees accrued; and (iii) the total number and type of Certificates issued.

3.6 AUDIT RIGHTS. VeriSign shall have the right, at its sole cost and expense, to have an independent certified public accountant conduct during normal business hours and not more frequently than annually, an audit of the appropriate records of Customer to verify the number of copies/units of Customer Products licensed or otherwise distributed by Customer, the number and class of Certificates issued, and, if relevant to Customer's designated method of calculating License Fees. If such amounts are found to be different than those reported, or the License Fees

accrued are different than those reported, Customer will be invoiced or credited for the difference, as applicable. Any additional License Fees, along with the late payment penalty assessed in accordance with Section 3.3, shall be payable within thirty (30) days of such invoice. If the deficiency in License Fees paid by Customer is greater than five percent (5%) of the License Fees reported by Customer for any quarter, Customer will pay the reasonable expenses associated with such audit, in addition to the deficiency.

3.7 EVALUATION COPIES. Customer may deliver copies of Customer Products to prospective Second Tier CAs on a trial basis for evaluation purposes only (each, an Evaluation Copy") provided that each such prospective Second Tier CA has received a written or electronic trial license prohibiting the Second Tier CA from copying, modifying, reverse engineering, decompiling or disassembling the VeriSign Object Code or any part thereof.

3.8*

3.9 CUSTOMER DISCOUNT. VeriSign agrees to offer Customer the following discount on the License Fee charged pursuant to Section 3.1.2.1:

Discount	Date License Executed*

4. SUPPORT AND MAINTENANCE

4.1 OPTIONAL MAINTENANCE. For the year commencing upon the date of this Agreement and for each year thereafter commencing on the anniversary of such expiration, Customer may elect to purchase annual maintenance, as described in Section 4.3, by paying the then-current annual maintenance fee. Such amount shall be payable for the first year upon the execution of this Agreement and for each subsequent year in advance of the commencement of such year. VeriSign may cease to offer maintenance for future maintenance terms by notice delivered to Customer twelve (12) months or more before the end of the then-current maintenance term. VeriSign shall not be obligated to provide maintenance for versions older than the next most current version. For the purpose of this Section 4.1, "versions" shall refer to the integer portion of the release of a product (i.e., the "version" of Release 1.2 of a product is 1, therefore, when Release 3.0 of that product is introduced, VeriSign would not be required to support any Release 1.x).

4.2 ADDITIONAL CHARGES. In the event VeriSign is required to take actions to correct a difficulty or defect which is traced to Customer errors, modifications, enhancements, software or hardware, then Customer shall pay to VeriSign its time and materials charges at VeriSign's rates then in effect. In the event VeriSign's personnel must travel to perform maintenance or on-site support, Customer shall reimburse VeriSign for any reasonable out-of-pocket expenses incurred,

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* Confidential treatment has been requested with respect to certain portions of this exhibit. Confidential portions have been omitted from the public filing and have been separately filed with the Securities and Exchange Commission.

including travel to and from Customer's sites, lodging, meals and shipping, as may be necessary in connection with duties performed under this Section 4 by VeriSign.

4.3 MAINTENANCE PROVIDED BY VERISIGN. For periods for which Customer has paid an annual maintenance fee, VeriSign will provide Customer with the following services:

4.3.1 TELEPHONE SUPPORT. VeriSign will provide telephone support to Customer during VeriSign's normal business hours. VeriSign may provide on-site support reasonably determined to be necessary by VeriSign at Customer's location specified on page 1 hereof. VeriSign shall provide the support specified in this Section 4.3.1 to Customer's employees responsible for developing Customer Products, maintaining Customer Products, and providing support to Second Tier CAs. VeriSign will provide the name of an employee who will serve as a single point of contact for support to Customer. VeriSign may change the name at any time by providing written notice to Customer. On VeriSign's request, Customer will provide a list with the names of the employees designated to receive support from VeriSign. Customer may change the names on the list at any time by providing written notice to VeriSign.

4.3.2 ERROR CORRECTION. In the event Customer discovers an error in the Licensed Software which causes the Licensed Software not to operate in material conformance to VeriSign's published specifications therefor, Customer shall submit to VeriSign a written report describing such error in sufficient detail to permit VeriSign to reproduce such error. Upon receipt of any such written report, VeriSign will use its reasonable business judgment to classify a reported error as either: (i) a "Level 1 Severity" error, meaning an error that causes the Licensed Software to fail to operate in a material manner or to produce materially incorrect results and for which there is no workaround or only a difficult workaround; or (ii) a "Level 2 Severity" error, meaning an error that produces a situation in which the Licensed Software is usable but does not function in the most convenient or expeditious manner, and the use or value of the Licensed Software suffers no material impact. VeriSign will acknowledge receipt of a conforming error report within two (2) business days and (A) will use its continuing best efforts to provide a correction for any Level I Severity error to Customer as early as practicable; and (B) will use its reasonable efforts to include a correction for any Level 2 Severity error in the next release of the VeriSign Software.

4.3.3 NEW RELEASES AND NEW VERSIONS. VeriSign will provide Customer information relating to New Releases and New Versions of the VeriSign Software during the term of this Agreement. New Releases will be provided at no additional charge. New Versions will be provided at VeriSign's standard upgrade charges in effect at the time. Any New Releases or New Versions acquired by Customer shall be governed by all of the terms and provisions of this Agreement.

4.4 LAPSED MAINTENANCE. In the event Customer has not purchased optional maintenance with respect to any Licensed Software, Customer may obtain a license of a New Release of such Licensed Software or any service which is provided as a part of maintenance by paying the maintenance fees which would otherwise have been due from the expiration of

maintenance provided pursuant to Section 4.1 to the date such New Release is licensed or such service is provided.

5. MASTER COPY

As soon as practicable, but not later than five (5) business days after the date of execution of this Agreement, VeriSign shall deliver to Customer one (1) copy of each of the VeriSign Object Code, the VSE Source Code (if licensed hereunder) and the User Manual in the manner designated on Exhibit "A".

6. ADDITIONAL OBLIGATIONS OF CUSTOMER

6.1 CUSTOMER PRODUCT MARKETING. Customer is authorized to represent to Second Tier CAs and Subscribers only such facts about the VeriSign Software as VeriSign states in its published product descriptions, advertising and promotional materials or as may be stated in other non-confidential written material furnished by VeriSign.

6.2 CUSTOMER SUPPORT. Customer shall, at its expense, provide all support for the Licensed Software, Customer Products to Second Tier CAs and Subscribers.

6.3 LICENSE AGREEMENTS. Customer shall cause to be delivered to each Second Tier CA a license agreement which shall contain, at a minimum, substantially all of the limitations of rights and the protections for VeriSign which are contained in Sections 2.3, 6.4.2, 6.5, 7.2, 7.3, 9.8 and 9.9 of this Agreement and shall prohibit Second Tier CAs pursuant to written agreements from modifying, reverse engineering, decompiling or disassembling the VeriSign Object Code or any part thereof, to the extent permitted by applicable law. Customer shall use commercially reasonable efforts to ensure that all Second Tier CAs abide by the terms of such agreements.

6.4 CONFIDENTIALITY; PROPRIETARY RIGHTS.

6.4.1 CONFIDENTIALITY. .The parties acknowledge that in their performance of their duties hereunder the parties will communicate to each other (or its designees) certain confidential and proprietary information concerning their respective businesses and products, and know-how, technology, techniques or marketing plans related thereto (collectively, the "Know-How") all of which are confidential and proprietary to, and trade secrets of that party. Each party agrees to hold all the Know-How within its own organization and shall not, without specific written consent of the other party or as expressly authorized herein, utilize in any manner, publish, communicate or disclose any part of the Know-How to third parties. This Section 6.4.1 shall impose no obligation on either party with respect to any Know-How which: (i) is in the public domain at the time disclosed by the party owning such Know-How; (ii) enters the public domain after disclosure other than by breach of the receiving party's obligations hereunder or by breach of another party's confidentiality obligations; or (iii) is shown by documentary evidence to have been known by the receiving party prior to its receipt from the disclosing party. Each party will take such steps as are consistent with that party's protection of its own confidential and proprietary information (but will in no event exercise less than reasonable care) to ensure that the provisions of this Section 6.4.1 are not violated by any third

party including each party's, employees, agents, Customer's Second Tier CA's, or any other person.

6.4.2 PROPRIETARY MARKINGS; COPYRIGHT NOTICES. Customer agrees not to remove or destroy any proprietary, trademark or copyright markings or notices placed upon or contained within the VeriSign Source Code, VeriSign Object Code, User Manuals or any related materials or documentation. Customer further agrees to insert and maintain: (i) within every Customer Product and any related materials or documentation a copyright notice in the name of Customer; and (ii) within the splash screens, user documentation, printed product collateral, product packaging and advertisements for the Customer Product, a statement that the Customer Product contains the VeriSign Software. Customer shall not take any action which might adversely affect the validity of VeriSign's proprietary, trademark or copyright markings or ownership by VeriSign thereof, and shall cease to use the markings, or any similar markings, in any manner on the expiration or other termination of the license rights granted pursuant to Section 2.

6.4.3 SOURCE CODE. Customer acknowledges the extreme importance of the confidentiality and trade secret status of the VSE Source Code and Customer agrees, in addition to complying with the requirements of Sections 6.4.1 and 6.4.2 as they relate to the VSE Source Code, to: (i) inform any employee that is granted access to all or any portion of the VSE Source Code of the importance of preserving the confidentiality and trade secret status of the VSE Source Code; and (ii) maintain a controlled, secure environment for the storage and use of the VSE Source Code.

6.4.4 NO PUBLICATION. The placement of a copyright notice on any of the VeriSign Software shall not constitute publication or otherwise impair the confidential or trade secret nature of the VeriSign Software.

6.4.5 INJUNCTIVE RELIEF. Both parties acknowledge that the restrictions contained in this Section 6.4 are reasonable and necessary to protect both parties' legitimate interests and that any violation of these restrictions will cause irreparable damage to the other party within a short period of time and each party agrees that the other party will be entitled to injunctive relief against each violation.

6.5 FEDERAL GOVERNMENT SUBLICENSE. Any sublicense of a Customer Product acquired from Customer under a United States government contract shall be subject to restrictions as set forth in subparagraph (c)(l)(ii) of Defense Federal Acquisition Regulations Supplement (DFARS) Section 252.227-7013 for Department of Defense contracts and as set forth in Federal Acquisition Regulations (FARs) Section 52.227-19 for civilian agency contracts or any successor regulations. Customer agrees that any such sublicense shall set forth all of such restrictions and the tape or diskette label for the Customer Product and any documentation delivered with the Customer Product shall contain a restricted rights legend conforming to the requirements of the current, applicable DFARS or FARs.

6.6 NOTICES. Each party shall immediately advise the other party of any legal notices served on that party which might affect the other party.

6.7 VERISIGN'S INDEMNITY. CUSTOMER EXPRESSLY INDEMNIFIES AND HOLDS HARMLESS VERISIGN, ITS SUBSIDIARIES, AGENTS AND AFFILIATES FROM: (i) ANY AND ALL LIABILITY OF ANY KIND OR NATURE WHATSOEVER TO CUSTOMER'S SECOND TIER CAs OR SUBSCRIBERS AND THIRD PARTIES WHICH MAY ARISE FROM ACTS OF CUSTOMER OR FROM THE LICENSE OF CUSTOMER PRODUCTS BY CUSTOMER OR ANY DOCUMENTATION, SERVICES OR ANY OTHER ITEM FURNISHED BY CUSTOMER TO ITS SECOND TIER CAs, OTHER THAN LIABILITY ARISING FROM THE VERISIGN SOURCE CODE, THE VERISIGN OBJECT CODE OR THE USER MANUALS (UNLESS SUCH LIABILITY WOULD NOT HAVE ARISEN IN THE ABSENCE OF MODIFICATIONS TO ANY OF THE FOREGOING BY CUSTOMER OR ITS EMPLOYEES, AGENTS OR CONTRACTORS) OR FROM THE ACTS OF VERISIGN; AND (ii) ANY LIABILITY ARISING IN CONNECTION WITH AN UNAUTHORIZED REPRESENTATION OR ANY MISREPRESENTATION OF FACT MADE BY CUSTOMER OR ITS AGENTS OR EMPLOYEES TO ANY PARTY WITH RESPECT TO THE VERISIGN SOFTWARE OR ANY CUSTOMER PRODUCTS.

6.8 CUSTOMER'S INDEMNITY. VERISIGN EXPRESSLY INDEMNIFIES AND HOLDS HARMLESS CUSTOMER, ITS SUBSIDIARIES, AGENTS AND AFFILIATES FROM: (i) ANY AND ALL LIABILITY OF ANY KIND OR NATURE WHATSOEVER TO ANY THIRD PARTIES THAT MAY ARISE FROM ACTS OF VERISIGN OR FROM USE OF VERISIGN SOURCE CODE, VERISIGN'S OBJECT CODE OR VERISIGN'S USER MANUALS (UNLESS SUCH LIABILITY WOULD NOT HAVE ARISEN IN THE ABSENCE OF MODIFICATIONS TO ANY OF THE FOREGOING BY CUSTOMER OR ITS EMPLOYEES, AGENTS OR CONTRACTORS); AND (ii) ANY LIABILITY ARISING IN CONNECTION WITH AN UNAUTHORIZED REPRESENTATION OR ANY MISREPRESENTATION OF FACT MADE BY VERISIGN OR ITS AGENTS OR EMPLOYEES TO ANY PARTY WITH RESPECT TO CUSTOMER PRODUCTS, OR ANY VERISIGN SOFTWARE.

7. LIMITED WARRANTY; DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY; INTELLECTUAL PROPERTY INDEMNITIES

7.1 LIMITED WARRANTY. During the initial ninety (90)-day term of this Agreement VeriSign warrants that the Licensed Software specified in this Agreement will operate in material conformance to VeriSign's published specifications for such Licensed Software. VeriSign does not warrant that the VeriSign Software or any portion thereof is error-free. Customer's exclusive remedy, and VeriSign's entire liability in tort, contract or otherwise, shall be correction of any warranted nonconformity as provided in Section 4.3.2. This limited warranty and any obligations of VeriSign under Section 4.1 shall not apply to any Customer Modifications or any nonconformities caused thereby and shall terminate immediately if Customer makes any modification to the VeriSign Software other than Customer Modifications.

7.2 DISCLAIMER. EXCEPT FOR THE EXPRESS LIMITED WARRANTY PROVIDED IN SECTION 7.1, VERISIGN'S PRODUCTS AND SERVICES ARE PROVIDED "AS IS" WITHOUT ANY WARRANTY WHATSOEVER. VERISIGN DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AS TO ANY MATTER WHATSOEVER, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY VERISIGN OR ITS EMPLOYEES OR REPRESENTATIVES SHALL CREATE A WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF VERISIGN'S OBLIGATIONS.

7.3 LIMITATION OF LIABILITY. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY, TO A SUBSCRIBER OR TO ANY THIRD PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, INCIDENTAL OR EXEMPLARY DAMAGES, WHETHER FORESEEABLE OR UNFORESEEABLE (INCLUDING, BUT NOT LIMITED TO, GOODWILL, PROFITS, INVESTMENTS, USE OF MONEY OR USE OF FACILITIES; INTERRUPTION IN USE OR AVAILABILITY OF DATA; STOPPAGE OF OTHER WORK OR IMPAIRMENT OF OTHER ASSETS; OR LABOR CLAIMS, EVEN IF VERISIGN HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), ARISING OUT OF BREACH OF ANY EXPRESS OR IMPLIED WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, EXCEPT ONLY IN THE CASE OF DEATH OR PERSONAL INJURY WHERE AND TO THE EXTENT THAT APPLICABLE LAW REQUIRES SUCH LIABILITY. UNDER NO CIRCUMSTANCES SHALL EITHER PARTY'S LIABILITY TO THE OTHER PARTY OR ANY SUBSCRIBER OR ANY THIRD PARTY ARISING OUT OF OR RELATED TO THIS AGREEMENT, EXCLUDING LIABILITY FOR LICENSE FEES, MAINTENANCE FEES OR UPGRADE FEES ACTUALLY OWED TO A PARTY, EXCEED $100,000 WITH RESPECT TO A SINGLE OCCURRENCE OR $1,000,000 IN THE AGGREGATE REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON WARRANTY, CONTRACT, TORT OR OTHERWISE. THE LIMITATION SET FORTH IN THIS SECTION 7.3 SHALL NOT APPLY TO INDEMNITIES OR RIGHTS GRANTED BY SECTION 7.4 OR 7.5.

7.4 PROPRIETARY RIGHTS INFRINGEMENT BY VERISIGN.

7.4.1 OBLIGATION TO DEFEND. VeriSign, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against Customer on the basis of infringement or misappropriation of any United States patent, copyright, trade secret or any other intellectual property right by the Licensed Software as delivered by VeriSign (excluding the Customer Modifications) or any claim that VeriSign has no right to license the Licensed Software hereunder; and (ii) pay any final judgment entered or settlement against Customer on such issue in any such suit or proceeding defended by VeriSign. VeriSign shall have no obligation to Customer pursuant to this Section 7.4.1 unless: (A) Customer gives VeriSign prompt written notice of the claim; (B) VeriSign is given the right to control and direct the investigation, preparation, defense and settlement of the claim; and (C) the claim is based on Customer's use of the most recent version or the immediately preceding version of the Licensed Software in accordance with this Agreement.

7.4.2 VERISIGN OPTIONS. If VeriSign receives notice of an alleged infringement, VeriSign shall have the right, at its sole option, to obtain the right to continue use of the Licensed Software or to replace or modify the Licensed Software so that it is no longer infringing. If neither of the foregoing options is reasonably available to VeriSign, then the license rights granted pursuant to Section 2 may be terminated at the option of either party hereto without further obligation or liability except as provided in Sections 7.4.1 and 8.3 and in the event of such termination, VeriSign shall refund the License Fees paid by Customer hereunder ("Refunded Fees") less depreciation for use assuming straight line depreciation over a five (5)-year useful life. Alternatively, if VeriSign is unable to obtain the necessary rights to permit Customer to continue use of the Licensed Software, Customer may obtain a license permitting its use of the Licensed Software. Customer may seek reimbursement for any such fees up to the amount of Refunded Fees. If Customer obtains such a license from a third party, then this Agreement shall continue with both parties' rights and obligations unchanged.

7.4.3 EXCLUSIVE REMEDIES. THE RIGHTS AND REMEDIES SET FORTH IN SECTIONS 7.4.1 AND 7.4.2 CONSTITUTE THE ENTIRE OBLIGATION OF VERISIGN AND THE EXCLUSIVE REMEDIES OF CUSTOMER CONCERNING VERISIGN'S PROPRIETARY RIGHTS INFRINGEMENT.

7.5 PROPRIETARY RIGHTS INFRINGEMENT BY CUSTOMER.

7.5.1 OBLIGATION TO DEFEND. Subject to the limitations set forth below, Customer, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against VeriSign on the basis of infringement or misappropriation of any United States patent, copyright, trade secret or any other intellectual property right by any Customer Product (excluding the unmodified VeriSign Software) or the Customer Modifications; and (ii) pay any final judgment entered or settlement against VeriSign on such issue in any such suit or proceeding defended by Customer. Customer shall have no obligation to VeriSign pursuant to this Section 7.5.1 unless: (A) VeriSign gives Customer prompt written notice of the claim; and (B) Customer is given the right to control and direct the investigation, preparation, defense and settlement of the claim.

7.5.2 EXCLUSIVE REMEDIES. THE RIGHTS AND REMEDIES SET FORTH IN SECTION 7.5.1 CONSTITUTE THE ENTIRE OBLIGATION OF CUSTOMER AND THE EXCLUSIVE REMEDIES OF VERISIGN CONCERNING CUSTOMER'S PROPRIETARY RIGHTS INFRINGEMENT.

8. TERM AND TERMINATION

8.1 TERM. The license rights granted pursuant to Section 2 shall be effective as of the date hereof and shall continue in full force and effect for each item of Licensed Software for the period set forth on Exhibit "A" unless sooner terminated pursuant to the terms of this Agreement. Either party shall be entitled to terminate all the license rights granted pursuant to this Agreement at any time on written notice to the other in the event of a default by the other party and a failure

to cure such default within a period of thirty (30) days following receipt of written notice specifying that a default has occurred.

8.2 INSOLVENCY. Upon the institution of any proceedings by or against either party seeking relief, reorganization or arrangement under any laws relating to insolvency, or upon any assignment for the benefit of creditors, or upon the appointment of a receiver, liquidator or trustee of any of either party's property or assets, or upon the liquidation, dissolution or winding up of either party's business, then and in any such events all the license rights granted pursuant to this Agreement may immediately be terminated by the other party upon giving written notice.

8.3 DISPOSITION OF VERISIGN SOFTWARE AND USER MANUALS ON TERMINATION. Upon the termination of this Agreement pursuant to a breach by Customer, the remaining provisions of this Agreement shall remain in full force and effect, and Customer shall cease making copies of, using or licensing the VeriSign Software, User Manual and Customer Products, excepting only such copies of Customer Products necessary to fill orders placed with Customer prior to such expiration or termination. Customer shall destroy all copies of the VeriSign Software, User Manual and Customer Products not subject to any then-effective license agreement with a Second Tier CA and all information and documentation provided by VeriSign to Customer (including all Know-How), other than such copies of the VeriSign Object Code, the User Manual and the Customer Products as are necessary to enable Customer to perform its continuing support obligations in accordance with Section 6.2, if any, and except as provided in the next following sentence. If Customer has licensed VeriSign Source Code hereunder, for a period of one (1) year after the date of expiration or termination of the license rights granted under this Agreement for any reason other than as a result of default or breach by Customer, Customer may retain one (1) copy of the VeriSign Source Code and is hereby licensed for such term to use such copy solely for the purpose of supporting Second Tier CAs and Subscribers. Upon the expiration of such one (l)-year period, Customer shall return such single copy of the VeriSign Source Code to VeriSign or certify to VeriSign that the same has been destroyed. In the event that this Agreement is terminated because of VeriSign's breach, Customer's rights under Section 2 shall continue indefinitely.

9. MISCELLANEOUS PROVISIONS

9.1 GOVERNING LAWS. THE LAWS OF THE STATE OF CALIFORNIA, U.S.A. (IRRESPECTIVE OF ITS CHOICE OF LAW PRINCIPLES) SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS, AND THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES. THE PARTIES AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT. THE PARTIES AGREE THAT ANY SUIT TO ENFORCE ANY PROVISION OF THIS AGREEMENT OR ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE BUSINESS RELATIONSHIP BETWEEN THE PARTIES SHALL BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA OR THE SUPERIOR OR MUNICIPAL COURT IN AND FOR THE COUNTY OF SANTA CLARA, CALIFORNIA, U.S.A. Each party agrees that such

courts shall have exclusive in personam jurisdiction and venue with respect to such party, and each party submits to the exclusive in personam jurisdiction and venue of such courts.

9.2 BINDING UPON SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, this Agreement shall be binding upon, and inure to the benefit of, the successors, representatives, administrators and assigns of the parties hereto. This Agreement shall not be assignable by either party, by operation of law or otherwise, without the prior written consent of the other party, which shall not be unreasonably withheld. Any such purported assignment or delegation without the other party's written consent shall be void and of no effect.

9.3 SEVERABILITY. If any provision of this Agreement is found to be invalid or unenforceable, the remainder of this Agreement shall be interpreted so as best to reasonably effect the intent of the parties hereto. IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER PROVISION AND TO BE ENFORCED AS SUCH.

9.4 ENTIRE AGREEMENT. This Agreement and the exhibits and schedules hereto constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements, representations and understandings between the parties.

9.5 AMENDMENT AND WAIVERS. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived, only by a writing signed by the party to be bound.

9.6 ATTORNEYS' FEES. The prevailing party in any action or proceeding to enforce or interpret any part of this Agreement shall be entitled to recover its reasonable attorneys' fees (including fees on any appeal).

9.7 NOTICES. Any notice, demand, or request with respect to this Agreement shall be in writing and shall be effective only if it is delivered by hand or mailed, certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate party at its address set forth on page 1. Such communications shall be effective when they are received by the addressee; but if sent by certified or registered mail in the manner set forth above, they shall be effective not later than ten (10) days after being deposited in the mail. Any party may change its address for such communications by giving notice to the other party in conformity with this Section.

9.8 FOREIGN RESHIPMENT LIABILITY. THIS AGREEMENT IS EXPRESSLY MADE SUBJECT TO ANY LAWS, REGULATIONS, ORDERS OR OTHER RESTRICTIONS ON THE EXPORT FROM THE UNITED STATES OF AMERICA OF THE VERISIGN SOFTWARE OR CUSTOMER PRODUCTS OR OF INFORMATION ABOUT THE VERISIGN SOFTWARE OR CUSTOMER PRODUCTS WHICH MAY BE IMPOSED FROM TIME TO TIME BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, CUSTOMER SHALL NOT EXPORT OR REEXPORT, DIRECTLY OR INDIRECTLY, ANY VERISIGN SOFTWARE OR CUSTOMER PRODUCTS OR INFORMATION PERTAINING THERETO TO ANY COUNTRY FOR WHICH SUCH GOVERNMENT OR ANY AGENCY THEREOF REQUIRES AN EXPORT LICENSE OR OTHER GOVERNMENTAL APPROVAL AT THE TIME OF EXPORT OR REEXPORT WITHOUT FIRST OBTAINING SUCH LICENSE OR APPROVAL.

9.9 TRADEMARKS. By reason of this Agreement or the performance hereof, Customer shall acquire no rights of any kind in any VeriSign trademark, trade name, logo or product designation under which the VeriSign Software was or is marketed and Customer shall not make any use of the same for any reason except as expressly authorized by this Agreement or otherwise authorized in writing by VeriSign.

9.10 PUBLICITY. Neither party will disclose to third parties, other than its agents and representatives on a need-to-know basis, the terms of this Agreement or any exhibits hereto (including without limitation any License/Product Schedule) without the prior written consent of the other party, except (i) either party may disclose such terms to the extent required by law, (ii) either party may disclose the existence of this Agreement; and (iii) VeriSign shall have the right to disclose that Customer is a Customer of the VeriSign Software and that any publicly-announced Customer Product incorporates the VeriSign Software. Customer shall provide to VeriSign, solely for VeriSign's display purposes, one (I) working copy of each Customer Product which consists solely of computer software and one (1) working or non-working unit of any hardware product in which is incorporated a Customer Product which consists of an integrated circuit or other hardware.

9.11 REMEDIES NON-EXCLUSIVE. Except as otherwise expressly provided, any remedy provided for in this Agreement is deemed cumulative with, and not exclusive of, any other remedy provided for in this Agreement or otherwise available at law or in equity. The exercise by a party of any remedy shall not preclude the exercise by such party of any other remedy.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of the last signature below, unless a different effective date is specified on the first page of this Agreement.

CUSTOMER:

VISA INTERNATIONAL SERVICE ASSOCIATION

By: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT "K"

SERVICE LEVEL AGREEMENT*

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* Confidential treatment has been requested with respect to certain portions of this exhibit. Confidential portions have been omitted from the public filing and have been separately filed with the Securities and Exchange Commission.

EXHIBIT "L"

SUPPORT LEVELS

1. Second-Level Support for Members

VeriSign will provide second level telephone support for any problem concerning a Certificate issued to a Member on a twenty-four (24) hour per day, seven (7) day per week basis. In the event that a Member problem is not resolved by the first level good-faith efforts of VISA Member Support, VeriSign will provide second level telephone support for a reasonable volume of calls from VISA Member Support Upon VISA Member Support's providing VeriSign with a clear description of the unresolved problem, VeriSign will verify the problem's existence and determine the conditions under which the problem may recur. After such verification and determination, VeriSign will, at its option,

1.1 use its best efforts to provide an immediate fix for the problem;

1.2 use its best efforts to provide a temporary solution of or workaround to the problem;

1.3 provide a statement that the problem will be corrected in a future release;

1.4 provide a statement that more information about the problem is required (however, after sufficient information, in VeriSign's opinion, is provided to VeriSign, VeriSign will provide to Customer one of the other four support alternatives contained in this Section 1); or

1.5 provide a statement that the Private Label Certificate System operates as described in VeriSign's then current user documentation or that the problem arises when such Private Label Certificate System is used other than in a manner for which it was designed

In the case of such second-level support, VeriSign will not contact a Member directly for more information about the problem unless VISA Member Support so requests.

2. THIRD-LEVEL SUPPORT FOR CARDHOLDERS AND MERCHANTS

In the event that a Cardholder or Merchant problem has not been resolved by the good-faith efforts of the relevant Member at the first level or by VISA at the second level, VeriSign will provide telephone support for a reasonable volume of calls to VISA as the third level. Upon VISA's providing VeriSign with a clear description of the unresolved problem, VeriSign will verify the problem's existence and determine the conditions under which the problem may recur. After such verification and determination, VeriSign will, at its option,

2.1 use its best efforts to provide an immediate fix for the problem;

2.2 use its best efforts to provide a temporary solution of or workaround to the problem;

2.3 provide a statement that the problem will be corrected in a future release;

2.4 provide a statement that more information about the problem is required (however, after sufficient information, in VeriSign's opinion, is provided to VeriSign, VeriSign will provide to Customer one of the other four support alternatives contained in this Section 2); or

2.5 provide a statement that the Private Label Certificate System operates as described in VeriSign's then current user documentation or that the problem arises when such Private Label Certificate System is used other than in a manner for which it was designed.

In the case of third level support provided for Cardholder and Merchant problems, VeriSign will not contact the Member directly for more information about the problem unless VISA so requests, and VeriSign will not contact the Merchant or Cardholder directly under any circumstances.

The following chart summarizes telephone support provided in this Section:

Type of Certificate	Entity Supported	First level	Second level	Third level
Member	Issuers, Acquirers, Processors	VISA Member Support	VeriSign	N/A
Cardholder	Cardholders	Member	VISA	VeriSign
Merchant	Merchants	Member	VISA	VeriSign

3. TIMES TELEPHONE SUPPORT IS PROVIDED

VeriSign will accept and log all second level support requests received from Customer on a twenty-four (24) hour per day, seven (7) day per week basis, including national holidays. VeriSign will provide regular telephone support for both second level and third level on Monday through Friday 8:00 a.m. to 5:00 p.m., local time, and will provide critical corrective support after hours (outside the hours of 8:00 a.m. to 5:00 p.m., local time) and on national holidays. A problem is considered critical when the Private Label Certificate System will not operate or the Customer cannot perform its business function due to a Private Label Certificate System problem.

4. CUSTOMER RESPONSIBILITIES FOR TELEPHONE SUPPORT

Customer will (i) identify, document and report to VeriSign each problem with the Private Label Certificate System necessitating telephone support, (ii) supply VeriSign with all documentation and assistance necessary to demonstrate and allow VeriSign to diagnose the problem, and (iii) install each solution to such problem provided by VeriSign. If Customer requests corrective changes to the Private Label Certificate System and VeriSign determines that the reported malfunction is not related to the Private Label Certificate System, VeriSign may charge Customer for its diagnostic services on a time and materials basis.

Customer will assure the proper use, management and supervision of any application programs, audit controls, operating methods and office procedures necessary for the intended use of the Private Label Certificate System.

Customer will provide the first-level support to Members through VISA Member Support as provided in Section I above. Customer will provide second-level support to Cardholders and Merchants through VISA as provided in Section 2 above.

EXHIBIT "M"

TIMETABLE FOR RESOLUTION OF OUTSTANDING ISSUES

Open Issues	Date for Resolution
1. Logo Usage Guide to be attached to Agreement as Exhibit "C	June 30, 1996
2. Add description of level of telephone support for Payment Gateway to Exhibit "L"	June 30, 1996
3. VISA Requirements for ECS (Exhibit "F') to be finalized as to issues indicated as open therein	June 30, 1996
4. System Design Specifications to be attached to Agreement as Exhibit "E" after approval by VISA	In accordance with Project Plan
5. Acceptance Test Procedures to be attached to Agreement as Exhibit "G" upon approval by VISA	In accordance with Project Plan
6. Service Level Specification to be reevaluated for possible modification after Acceptance Test Procedures have been approved.	In accordance with Project Plan

Exhibit 10.24

[Confidential Treatment Requested]

PLA Number: _____
Date of Agreement: _____

VERISIGN PRIVATE LABEL AGREEMENT

Customer:	VISA International Service Association, a Delaware corporation
Customer Address:	900 Metro Center Boulevard, Foster City California 94404 or P.O. Box 8999, San Francisco, California 94128-8999
Customer Contact:	Irv Wentzien, Vice President
Effective Date:	October 3, 1996
Term of Agreement:	One year
Exhibits Attached:	Exhibit "A": Definitions Exhibit "B": Fees Exhibit "C": Logo Usage Guide Exhibit "D": Project Plan Elements Exhibit "E": System Design Specifications Exhibit "F": Customer Requirements Exhibit "G": Acceptance Test Procedures Exhibit "H": Reserved Exhibit "I": Escrow Agreement Exhibit "J": License Agreement Exhibit "K": Service Level Specification Exhibit "L": Support Levels

THIS VERISIGN PRIVATE LABEL AGREEMENT ("AGREEMENT"), effective as of the Effective Date set forth above, is entered into by and between VeriSign, Inc., a Delaware corporation, having its principal place of business at 2593 Coast Avenue, Mountain View, California 94043 ("VERISIGN"), and the party identified above ("CUSTOMER"), having a principal address as set forth above.

R E C I T A L

VeriSign provides Certificate-issuing and certain other services to members of both public and private hierarchies. Customer wishes VeriSign to design, build and operate a Private Label Certificate System based on Customer's Root Key for the use by Customer to provide certificate registration, issuing and management functions in connection with the Visa Cash stored value card and the Chip Card Payment System, all on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

A G R E E M E N T

2. VERISIGN SERVICES TO CUSTOMER

2.1 DEVELOPMENT OF PRIVATE LABEL CERTIFICATE SYSTEM. VeriSign will design and develop a Private Label Certificate System based on Customer's Root Keys, a Protocol specified by Customer and specifications agreed upon by VeriSign and Customer in accordance with Section 4.1 below. The Private Label Certificate System will include provision of services described in Exhibit B hereto.

2.2 OWNERSHIP AND LICENSE OF PRIVATE LABEL CERTIFICATE SYSTEM. VeriSign will acquire and assemble the components of the Private Label Certificate System, consisting of hardware, software and telecommunications equipment. All right, title and interest to the Private Label Certificate System shall belong solely and exclusively to VeriSign, and Customer shall have no right, title or ownership interest therein. VeriSign shall have the right to obtain and hold in its name copyrights, registrations, patents and any similar protection which may be available for the Private Label Certificate System or components thereof and any derivative works thereof. In the event that any technology included in the Private Label Certificate System as delivered to Customer by VeriSign is hereafter covered by a claim of a patent issued to or assigned to VeriSign, VeriSign shall grant to Customer a nonexclusive, worldwide, royalty-free license under the relevant claim(s) to the extent necessary for Customer to use the Private Label Certificate System as provided in this Agreement.

Commencing September 1, 1997, Customer on ninety (90) days' prior written notice shall have the right to license the Private Label Certificate System pursuant to a license agreement substantially in the form of Exhibit "J". To the extent portions of the Private Label Certificate System are not owned by VeriSign, VeriSign will arrange to obtain the right to use such items by Customer or arrange for Customer to obtain the right to purchase or otherwise license such items.

All right, title and interest to the Private Hierarchy Root Keys and associated Private Keys shall belong solely and exclusively to Customer, and VeriSign shall have no right, title or ownership interest therein. VeriSign shall use Customer's Private Hierarchy Root Keys and associated Private Keys in operating the Private Label Certificate System on Customer's behalf. VeriSign agrees to provide Customer with all assistance necessary to recover and recreate any Private Hierarchy Private Key, such assistance may include assigning to Customer the right and ability to request such recovery from BBN.

2.3 ASSISTANCE IN DEFINING PROTOCOL. VeriSign will assist Customer is defining a workable Protocol for secure management and handling of Certificates in Customer's Private Hierarchy. VeriSign will provide Customer with a copy of VeriSign's Certification Practice Statement which governs Certificate operations in the VeriSign Public Hierarchies and details management and handling of Certificates under a policy-based delegation of operating authority. VeriSign will also recommend a set of operating and security practices and procedures to mitigate risks associated with Private Key compromise and Root Key distribution and to protect Customer's confidential authorization information.

2.4 MAINTENANCE OF PRIVATE LABEL CERTIFICATE SYSTEM AT VERISIGN SITE. VeriSign will provide a high-security facility on VeriSign's premises in Mountain View, California for operation of the Certificate server(s) and for storage of Certificate Signing Units containing Customer's Private Keys when not in use in a secure vault. VeriSign shall be responsible for maintaining the security on its premises and shall be liable for any damages that arise out of a breach of its security. VeriSign may move the Private Label Certificate System to another location under VeriSign's control which provides a comparable level of security, and VeriSign shall provide notice to Customer in advance of such relocation. VeriSign shall establish a secure backup site at a mutually agreeable location that ensures continued operation in the event of a technical failure, natural disaster or any other event that disables the Mountain View (or relocated) facility.

2.5 CERTIFICATE MANAGEMENT SERVICES. VeriSign will provide to Customer the following services for Certificate management and operations:

2.5.1 SCOPE OF SERVICES. In accordance with Customer's specified Protocol, VeriSign will provide the following services with respect to the Certificate server(s): maintain adequate Certificate-issuing capacity to meet Customer's reasonable forecast requirements.

2.5.2 ENROLLMENT AND RENEWAL SERVICES. Using an enrollment process based on securely delivered certificate requests, VeriSign will issue Certificates under Customer's name and containing Customer's Root Keys to Subscribers in Customer's Private Hierarchy in accordance with the Protocol. VeriSign will process renewals of Certificates in accordance with the Protocol. Within ten (10) days after the end of each month, VeriSign will provide Customer with a monthly report on the number of Certificates issued.

2.6 CUSTOMER SUPPORT. During the term of this Agreement, VeriSign will supply maintenance for the Private Label Certificate System as described in this Section 2.6 without additional charge to Customer.

2.6.1 TELEPHONE SUPPORT. VeriSign will provide telephone support as is reasonably necessary for Customer to meet the performance criteria for the Private Label Certificate System as provided in Exhibit "K." VeriSign will also provide telephone support for a reasonable volume of calls to Customer-related entities as provided in Exhibit "L." VeriSign shall provide the support specified in this Section 2.6.1 to Customer's employees responsible for developing and maintaining Customer Products. VeriSign will provide the names of employees who will serve as primary points of contact for technical support for Customer. VeriSign may change the names of designated employees at any time by providing written notice to Customer. On VeriSign's request, Customer will provide a list with the names of the employees designated to receive support from VeriSign. Customer may change the names on the list at any time by providing written notice to VeriSign.

2.6.2 ESCALATION PROCEDURES. Customer and VeriSign shall agree upon a procedure for resolution of operating problems in the Private Label Certificate System which provides for escalation of effort based on the problem severity.

2.6.3 REIMBURSEMENT FOR CORRECTION OF CUSTOMER ERRORS. In the event VeriSign is required to take actions to correct an error which is caused by Customer errors, modifications, enhancements, software or hardware, then VeriSign may charge Customer for the correction or repair on a time-and-materials basis at VeriSign's rates then in effect, plus reimbursement for reasonable travel to and from Customer's sites and out-of-pocket expenses, as may be necessary in connection with duties performed under this Section 2.6 by VeriSign.

2.6.4 SYSTEM RELEASES. In the event operating problems in the Private Label Certificate System are not resolved by the escalation procedures, Customer and VeriSign agree to evaluate the desirability of changing to a later available release version of Private Label Certificate System and other applications employed by VeriSign in provision of the Private Label Certificate System. A change to release level in the Private Label Certificate System will also be evaluated at the time new releases are tested.

2.7 ESCROW AGREEMENT. VeriSign will place in escrow pursuant to the Escrow Agreement set forth at Exhibit "I" all information necessary to build, support, maintain and operate the Private Label Certificate System. This information will be released to Customer upon occurrence of the events specified in such Escrow Agreement.

2.8 CUSTOMER MARKETING RIGHTS. VeriSign acknowledges and understands that Customer will be marketing Certificates and Certificate services using the Private Label Certificate Service being produced by VeriSign to Customer hereunder. All pricing of Certificates to Customer Members under the Certificate Authority Service marketed by Customer shall be determined by Customer, independent of any obligation to support and operate the Private Label Certificate Service by VeriSign hereunder. Customer shall charge its Members directly for use of the Private Label Certificate System.

2.9 CUSTOMER PERSONNEL. Customer may, at its own cost, upon reasonable notice and for the purpose of problem resolution, provide personnel to monitor or participate in the operation of the Private Label Certificate Service and provision of Customer service pursuant to Section 2.6. VeriSign agrees to cooperate with Customer

personnel to permit them to assist in establishing appropriate levels of Customer service and participate in problem verification and determination.

2.10 FINANCIAL DATA. In the event Customer ceases to have access to financial information concerning VeriSign pursuant to its rights under that certain Investors' Rights Agreement dated February 20, 1996, or pursuant to filings made in accordance with the Securities Exchange Act of 1934, VeriSign shall make available to Customer on a quarterly basis, an unaudited balance sheet and statement of operations. Such information shall be kept confidential by Customer in accordance with Section 6.

3. CUSTOMER OBLIGATIONS TO VERISIGN

3.1 PROTOCOL. In addition to specifying functionality as incorporated in the Customer Requirements for the product(s) or service(s) specified on Exhibit "B" hereto and the System Design Specifications, Customer will specify a Protocol, consisting of policies, procedures and resources to control the entire Certificate process for its Private Hierarchy and the transactional use of Certificates within the Private Hierarchy. The Protocol is not required to be consistent with the requirements of VeriSign's Certification Practice Statement for operation of VeriSign Public Hierarchies.

3.2 VERIFICATION OF SUBSCRIBER INFORMATION. Customer will provide VeriSign with verification of enrollment information submitted by a Subscriber who wishes to become a member of Customer's Private Hierarchy prior to VeriSign's issuance of a Certificate to such Subscriber. Customer will provide VeriSign with verification of a Subscriber's identity to the extent required by the Protocol.

3.3 FORECAST. Customer agrees to provide VeriSign on a confidential basis at the end of each calendar quarter with an updated forecast of the volume of Certificates it expects to be required for Customer's Private Hierarchy for the next six (6) months. The forecasts shall be by product line and based upon good faith estimates and assumptions believed by Customer to be reasonable at the time made.

3.4 CUSTOMER PERSONNEL. To the extent Customer personnel are provided or take action pursuant to Sections 2.9 or 4.2, such personnel shall be provided solely at Customer's cost, and, upon request, Customer shall provide evidence of satisfaction of all state and federal employment laws and worker compensation requirements in connection with such personnel. Such personnel shall execute confidentiality agreements as VeriSign shall reasonably request, and shall agree to abide by all reasonable VeriSign visitor regulations. Customer understands that VeriSign operates a secure facility and that there are portions of such facility that Customer's personnel will not be permitted to enter. In the event that VeriSign determines that any of Customer's personnel has breached a VeriSign visitor regulation, Customer shall immediately cause such person to be removed from VeriSign's facility, and may provide a replacement.

4. DEVELOPMENT

4.1 DEVELOPMENT OF PROJECT PLAN. Attached as Exhibit "D" is the Project Plan that specifies the major phases of the development of the Customer's Private Label Certificate System, the major tasks to be completed, the deliverables to be produced and their scheduled completion dates.

4.1.1 DEVELOPMENT OF INTERFACE SPECIFICATIONS. In accordance with the Project Plan, Customer will create Interface Specifications for software interface of the Private Label Certificate System to Customer's Subscriber enrollment and authorization information and deliver the Interface Specifications to VeriSign for review and approval. VeriSign shall deliver written acceptance or rejection of the Interface Specifications within fourteen (14) days. VeriSign shall promptly notify Customer of any deficiencies in the Interface Specifications. Such notification shall be in writing and shall contain sufficient detail to allow Customer to resolve such deficiencies. If VeriSign fails to respond within the fourteen (14) days, Customer may submit written notice of such failure. If VeriSign does not respond with written notice of deficiencies as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by

VeriSign. Customer shall respond to deficiencies identified by VeriSign by either making modifications or refuting VeriSign's arguments regarding the deficiency. Any modification to the Interface Specifications shall be resubmitted to VeriSign for review and approval in accordance with the procedures outlined in this Section 4.1.1.

4.1.2 DEVELOPMENT OF PROTOCOL. In accordance with the Project Plan, Customer will create the Protocol and deliver it to VeriSign for review and approval. VeriSign shall deliver written acceptance or rejection of the Protocol within fourteen (14) days. VeriSign shall promptly notify Customer of any deficiencies in the Protocol. Such notification shall be in writing and shall contain sufficient detail to allow Customer to resolve such deficiencies. If VeriSign fails to respond within the fourteen (14) days, Customer may submit written notice of such failure. If VeriSign does not respond with written notice of deficiencies as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by VeriSign. Customer shall respond to deficiencies identified by VeriSign by either making modifications or refuting VeriSign's arguments regarding the deficiency. Any modification to the Protocol shall be resubmitted to VeriSign for review and approval in accordance with the procedures outlined in this Section 4.1.2.

4.1.3 DEVELOPMENT OF SYSTEM DESIGN SPECIFICATIONS. In accordance with the Project Plan, VeriSign will create System Design Specifications for the Private Label Certificate System and deliver the System Design Specifications to Customer to determine material conformity to Exhibit "F" and the Protocol and for Customer acceptance. Customer shall deliver written acceptance or rejection of the System Design Specifications within fourteen (14) days. Customer shall promptly notify VeriSign of any deficiencies in the System Design Specifications. Such notification shall be in writing and shall contain sufficient detail to allow VeriSign to resolve such deficiencies. If Customer fails to respond within the fourteen (14) days, VeriSign may submit written notice of such failure. If Customer does not respond with written notice of deficiencies as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by Customer. VeriSign shall respond to deficiencies identified by Customer by either making modifications or refuting Customer's arguments regarding the deficiency. Any modification to the System Design Specifications shall be resubmitted to Customer for review and approval in accordance with the procedures outlined in this Section 4.1.3.

4.1.4 DEVELOPMENT OF ACCEPTANCE TEST PROCEDURES. In accordance with the Project Plan, Customer shall create the Acceptance Test Procedures and deliver them to VeriSign for review and approval. VeriSign shall deliver written acceptance or rejection of the Acceptance Test Procedures within fourteen (14) days. VeriSign shall promptly notify Customer of any deficiencies in the Acceptance Test Procedures. Such notification shall be in writing and shall contain sufficient detail to allow Customer to resolve such deficiencies. If VeriSign fails to respond within the fourteen (14) days, Customer may submit written notice of such failure. If VeriSign does not respond with written notice of deficiencies as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by VeriSign. Customer shall respond to deficiencies identified by VeriSign by either making modifications or refuting VeriSign's arguments regarding the deficiency. Any modification to the Acceptance Test Procedures shall be resubmitted to VeriSign for review and approval in accordance with the procedures outlined in this Section 4.1.4.

4.1.5 DEVELOPMENT OF PRIVATE LABEL CERTIFICATE SYSTEM. In accordance with the Project Plan, VeriSign will develop the Private Label Certificate System in material conformity to the Interface Specifications and the System Design Specifications. Development of the Private Label Certificate System will take place at VeriSign's facility located in Mountain View, California or such other place as VeriSign shall reasonably select. VeriSign will deliver notice to Customer that the Private Label Certificate System is in material conformity to the Interface Specifications and the System Design Specifications and ready for acceptance testing on or before the date set forth in the Project Plan.

4.1.6 DEVELOPMENT OF SERVICE LEVEL SPECIFICATION. Customer and VeriSign have specified in Exhibit "K" hereto a preliminary set of performance criteria against which to measure the adequacy of the Private Label Certificate System, which is acceptance at the Effective Date of this Agreement. Customer and VeriSign recognize that after completion of the major phases of development of the Private Label Certificate System some modification of the Service Level Specification may be desirable. After the Acceptance Test Procedures have been

approved by VeriSign, Customer and VeriSign shall cooperate in evaluating whether the Service Level Specification should be amended by Change Order in accordance with Section 4.1.8 and shall negotiate in good faith with respect to this Exhibit K.

4.1.7 ACCEPTANCE. Acceptance testing of the Private Label Certificate System in accordance with the Acceptance Test Procedures shall take place at VeriSign's facility located in Mountain View, California, or such other place as VeriSign shall reasonably select, using test data supplied by Customer and supplemented and approved by VeriSign, and shall establish material conformity of the Private Label Certificate System with the Interface Specifications and the System Design Specifications. VeriSign shall be entitled, but not obligated, to have a representative present at all such tests. Customer shall promptly notify VeriSign of any failure of the Private Label Certificate System discovered in testing, and any retesting required will be performed after redelivery of a modified version of the Private Label Certificate System t Customer by VeriSign. Customer shall deliver written acceptance of the Private Label Certificate System after establishment of material conformance to the Interface Specifications and the System Design Specifications and material satisfaction of the Acceptance Test Procedures within fourteen (14) days of the completion of the testing. Such notification acceptance shall be in writing. If Customer fails to respond within the fourteen (14) days, VeriSign may submit written notice of such failure. If Customer does not respond with written notice of acceptance as described above within two (2) days of receipt of such notice then such failure to respond shall be deemed an acceptance by Customer.

4.1.8 CHANGE ORDERS. Any amendment to a Program Document after its acceptance shaLl only be effected by a change order ("CHANGE ORDER") approved as follows:

4.1.8.1 CUSTOMER INITIATED. Customer may initiate a Change Order by delivering to VeriSign a writing signed by Customer's Program Manager requesting VeriSign to prepare a proposed Change Order. Such writing shall specify the requested change and cross-reference to Sections of the Program Documents that are proposed to be amended.

4.1.8.2 VERISIGN INITIATED. VeriSign may initiate a Change Order by delivering to Customer a proposed Change Order meeting the requirements of Section 4.1.8.3.

4.1.8.3 PREPARATION. Upon receipt of a written request as set forth above in this Section 4.1.8, VeriSign shall, on or before fifteen (15) days after receipt of such request, prepare for Customer's review a proposed Change Order. Such proposed Change Order shall contain:

(i) a detailed description of the proposed amendments to the Program Documents;

(ii) the change, if any, to scheduled delivery of any item;

(iii) change in amounts due VeriSign under Exhibit "B" as a result of such Change Order. It is the expectation of the parties that enhancements over and above the work initially specified in the Program Documents, which both parties deem necessary to permit reasonable implementation of the Private Label Certificate System, will be jointly funded in a spirit of cooperation between VeriSign and Customer. Those changes specifically requested by Customer, which are out of the scope of the original Program Documents, will be provided by VeriSign at its then-current time and materials rates.

4.1.8.4 EVALUATION. Customer shall evaluate, and respond to VeriSign with respect to, any Change Order on or before the fifteen (15) business day after receipt.

4.1.8.5 APPROVAL. Change Orders shall become effective and shall act as amendments to this Agreement and to portions of the Program Documents specified in such Change Orders only upon their execution by an officer or the Program Manager of VeriSign and by an officer or the Program Manager of Customer.

4.1.8.6 TECHNICAL SERVICES. In the event that a Change Order alters the scope of the project as originally defined. VeriSign will provide the following technical services to Customer at VeriSign's then standard rates:

4.1.8.6.1 Engineering assistance in developing interfaces for Certificate services to Customer's proprietary databases containing authorization and enrollment information regarding Subscribers.

4.1.8.6.2 Training of up to two (2) days for Customer's employee responsible for training other employees in customer technical support, marketing, and sales. Training shall occur at VeriSign's facility in Mountain View, California, or at such other location as the parties may agree.

4.2 PROJECT AUDITS. Customer shall have the right to perform a project audit to ensure adherence by VeriSign to this Agreement subject to limitations set forth below. Customer shall give reasonable prior notice to VeriSign of its desire to audit VeriSign's performance under this Agreement. Customer shall have the right to review VeriSign's progress on development of the Private Label Certificate System and after implementation of such system, Customer shall have the right to audit operational performance and execution of VeriSign in connection with the Private Label Certificate System. VeriSign agrees to cooperate with Customer personnel to permit them to assure themselves that VeriSign is performing its obligations in a reasonable manner under this Agreement. Such Customer personnel shall be subject to the requirements of Sections 3.4 and 6 of this Agreement. Customer shall perform such audits only at reasonable intervals.

5. FEES AND PENALTIES

5.1 Development Fees. As consideration for the development of a Private Label Certificate System for Customer, provision of the hardware and software components of the system, and assistance in developing a Protocol for operation of the Private Label Certificate System as set forth in Sections 2.1, 2.2 and 2.3 above, Customer shall pay to VeriSign the amount set forth as Development Fees on Exhibit "B" according to the terms contained therein.

5.2 OPERATION FEES. As consideration for operation of the Private Label Certificate System as set forth in Sections 2.4, 2.5, 2.6 and 2.7 above Customer shall pay to VeriSign the amount set forth as Operation Fees on Exhibit "B" according to the terms contained therein.

5.3 SUBSCRIBER FEES. Customer will pay to VeriSign as Subscriber Fees amounts for each Subscriber initially enrolled or renewed in Customer's Private Hierarchy through Customer the prices set forth on Exhibit "B".

5.4 TERMS OF PAYMENT. Subscriber Fees shall accrue upon issuance. VeriSign will furnish Customer with a monthly invoice accompanied by the report required by Section 2.5.2 above of the number and type of Certificates requested and the number and type of Certificates issued and renewed during the prior month. Customer will pay Subscriber Fees as set forth in Exhibit "B" for the period therein. Subscriber Fees due VeriSign hereunder shall be paid by Customer to VeriSign's address set forth on Page 1 above on or before the thirtieth (30th) day after the invoice date. A late payment penalty on any undisputed Subscriber Fees not paid when due shall be assessed at the rate of one percent (1%) per thirty (30) days, beginning on the thirty-first (31st) day after the day the unpaid Subscriber Fees are due.

5.5 TAXES. All taxes, duties, fees and other governmental charges of any kind (including sales and use taxes, but excluding taxes based on the gross revenues or net income of VeriSign) which are imposed by or under the authority of any government or any political subdivision thereof on the Development Fees or Operation Fees, Subscriber Fees or any aspect of this Agreement shall be borne by Customer and shall not be considered a part of, a deduction from or an offset against such fees.

5.6 DEGRADATION PENALTY. After thirty (30) days prior notice of failure to meet the minimum service standard set forth in Exhibit "K" Service Level Specifications, Customer shall be entitled to degradation penalties as defined in Exhibit "K".

6. CONFIDENTIALITY

6.1 CONFIDENTIALITY. The parties acknowledge that in their performance of their duties hereunder either party may communicate to the other (or its designees) certain confidential and proprietary information concerning the Customer Products, VeriSign products, the know-how, technology, techniques or marketing plans related thereto (collectively, the "Proprietary Information") all of which are confidential and proprietary to, and trade secrets of, the disclosing party. Each party agrees to hold all Proprietary Information within its own organization and shall not, without specific written consent of the other party or as expressly authorized herein, utilize in any manner, publish, communicate or disclose any part of the Proprietary Information to third parties. This Section 6.1 shall impose no obligation on either party with respect to any Proprietary Information which: (i) is in the public domain at the time disclosed by the disclosing party; (ii) enters the public domain after disclosure other than by breach of the receiving party's obligations hereunder or by breach of another party's confidentiality obligations; or (iii) is shown by documentary evidence to have been known by the receiving party prior to its receipt from the disclosing party. Each party will take such steps as are consistent with its protection of its own confidential and proprietary information (but will in no event exercise less than reasonable care) to ensure that the provisions of this Section 6.1 are not violated by its end user customers, distributors, employees, agents or any other person.

6.2 INJUNCTIVE RELIEF. Both parties acknowledge that the restrictions contained in this Section 6 are reasonable and necessary to protect their legitimate interests and that any violation of these restrictions will cause irreparable damage to the other party within a short period of time, and each party agrees that the other party will be entitled to injunctive relief against each violation.

7. OBLIGATIONS OF CUSTOMER

7.1 PROPRIETARY MARKINGS; COPYRIGHT NOTICES. The Customer agrees not to remove or destroy any proprietary, trademark or copyright markings or notices placed upon or contained within any VeriSign materials or documentation. The Customer further agrees to insert and maintain: (i) within every Customer Product and any related materials or documentation a copyright notice in the name of VeriSign; and (ii) within the splash screens, user documentation, printed product collateral, product packaging and advertisements for the Customer Product, a statement that the Customer Product contains the VeriSign technology. The Customer shall not take any action which might adversely affect the validity of VeriSign's proprietary, trademark or copyright markings or ownership by VeriSign thereof, and shall cease to use the markings, or any similar markings, in any manner on the expiration of this Agreement. The placement of a copyright notice on any of the VeriSign materials or documentation shall not constitute publication or otherwise impair the confidential or trade secret nature of the VeriSign materials or documentation.

7.2 VERISIGN'S INDEMNITY. CUSTOMER EXPRESSLY INDEMNIFIES AND HOLDS HARMLESS VERISIGN, ITS SUBSIDIARIES, AGENTS AND AFFILIATES FROM: (i) ANY AND ALL LIABILITY OF ANY KIND OR NATURE WHATSOEVER TO SUBSCRIBERS IN CUSTOMER'S PRIVATE HIERARCHY AND TO THIRD PARTIES WHICH MAY ARISE FROM ACTS OF CUSTOMER OR FROM THE USE OF CERTIFICATES IN CUSTOMER'S PRIVATE HIERARCHY, USE OF ANY CUSTOMER PRODUCT, OR ANY DOCUMENTATION, SERVICES OR NAY OTHER ITEM FURNISHED BY THE CUSTOMER TO SUBSCRIBERS IN CUSTOMER'S PRIVATE HIERARCHY, OTHER THAN LIABILITY ARISING FROM THE VERISIGN PRODUCTS AND VERISIGN DOCUMENTATION (UNLESS SUCH LIABILITY WOULD NOT HAVE ARISEN IN THE ABSENCE OF MODIFICATIONS TO ANY OF THE FOREGOING BY THE CUSTOMER OR ITS EMPLOYEES, AGENTS OR CONTRACTORS) OR FROM THE ACTS OF VERISIGN; AND (ii) ANY LIABILITY ARISING IN CONNECTION WITH AN UNAUTHORIZED REPRESENTATION OR ANY MISREPRESENTATION OF FACT MADE BY THE CUSTOMER OR ITS AGENTS, EMPLOYEES

OR DISTRIBUTORS TO ANY PARTY WITH RESPECT TO THE VERISIGN PRODUCTS OR VERISIGN DOCUMENTATION.

7.3 CUSTOMER'S INDEMNITY. VERISIGN EXPRESSLY INDEMNIFIES AND HOLDS HARMLESS CUSTOMER, ITS SUBSIDIARIES, AGENTS AND AFFILIATES FROM: (i) ANY AND ALL LIABILITY OF ANY KIND OR NATURE WHATSOEVER TO ANY THIRD PARTIES THAT MAY ARISE FROM ACTS OF VERISIGN OR FROM USE OF VERISIGN SOURCE CODE, VERISIGN'S OBJECT CODE OR VERISIGN'S USER MANUALS (UNLESS SUCH LIABILITY WOULD NOT HAVE ARISEN IN THE ABSENCE OF MODIFICATIONS TO ANY OF THE FOREGOING BY CUSTOMER OR ITS EMPLOYEES, AGENTS OR CONTRACTORS); AND (ii) ANY LIABILITY ARISING IN CONNECTION WITH AN UNAUTHORIZED REPRESENTATION OR ANY MISREPRESENTATION OF FACT MADE BY VERISIGN OR ITS AGENTS OR EMPLOYEES TO ANY PARTY WITH RESPECT TO CUSTOMER PRODUCTS, OR ANY VERISIGN SOFTWARE.

7.4 NOTICES. The Customer shall immediately advise VeriSign of any legal notices served on the Customer which might affect VeriSign.

8. LIMITED WARRANTY; DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY; INDEMNITIES

8.1 LIMITED WARRANTY. During the term of this Agreement, VeriSign warrants that

8.1.1 to VeriSign's knowledge, Customer's Private Keys have not been compromised so long as VeriSign has not provided notice to Customer to the contrary,

8.1.2 VeriSign has used best efforts to maintain the security at its facilities and to maintain the security of any of Customer's private keys in its possession or control,

8.1.3 VeriSign has substantially complied with the Protocol in issuing a Certificate to a Subscriber in Customer's Private Hierarchy,

8.1.4 VeriSign has substantially complied with the Protocol in renewing, revoking or suspending a Certificate, and

8.1.5 the Private Label Certificate System materially conforms to the Interface Specifications and the System Design Specifications.

8.2 DISCLAIMER. EXCEPT FOR THE EXPRESS LIMITED WARRANTY PROVIDED IN SECTION 8.1, VERISIGN'S PRODUCTS AND SERVICES ARE PROVIDED "AS IS" WITHOUT ANY WARRANTY WHATSOEVER. VERISIGN DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AS TO ANY MATTER WHATSOEVER, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY VERISIGN OR ITS EMPLOYEES OR REPRESENTATIVES SHALL CREATE A WARRANTY OR IN ANY WAY INCREASE THE SCOPE OF VERISIGN'S OBLIGATIONS.

CUSTOMER IS RESPONSIBLE FOR THE SECURITY, COMMUNICATION OR USE OF ITS PRIVATE KEY, EXCEPT TO THE EXTENT SUCH PRIVATE KEY IS IN THE CUSTODY OR CONTROL OF VERISIGN, VERISIGN SHALL NOT BE RESPONSIBLE FOR THE THEFT OR ANY OTHER FORM OF COMPROMISE OF CUSTOMER'S PRIVATE KEY, WHICH MAY OR MAY NOT BE DETECTED EXCEPT WHEN SUCH PRIVATE KEY IS IN THE CUSTODY OR CONTROL OF VERISIGN. VERISIGN SHALL NOT BE LIABLE FOR ANY USE OF A KEY STOLEN OR COMPROMISED WHILE IN CUSTOMER'S CUSTODY OR CONTROL UNLESS CUSTOMER HAS PROVIDED NOTICE TO VERISIGN IN ACCORDANCE WITH THE PROTOCOL, AND VERISIGN HAS FAILED SUBSTANTIALLY TO COMPLY WITH THE PROTOCOL

OR UNLESS CUSTOMER CAN ESTABLISH THAT SUCH THEFT OR KEY COMPROMISE OCCURRED WHILE THE SOLE COPY OF THE KEY WAS IN THE CUSTODY OR CONTROL OF VERISIGN OR WHILE THE KEY WAS IN THE CUSTODY OR CONTROL OF VERISIGN AND THAT THE COPY OF THE KEY IN VERISIGN'S CUSTODY OR CONTROL WAS STOLEN OR COMPROMISED.

EACH SUBSCRIBER IS RESPONSIBLE FOR THE SECURITY, COMMUNICATION OR USE OF HIS, HER OR ITS PRIVATE KEY. VERISIGN SHALL NOT BE RESPONSIBLE FOR THE THEFT OR ANY OTHER FORM OF COMPROMISE OF ANY SUBSCRIBER'S PRIVATE KEY, WHICH MAY OR MAY NOT BE DETECTED. VERISIGN SHALL NOT BE LIABLE FOR ANY USE OF A STOLEN OR COMPROMISED KEY TO FORGE A SUBSCRIBER'S DIGITAL SIGNATURE TO A DOCUMENT UNLESS THE SUBSCRIBER OR CUSTOMER HAS PROVIDED NOTICE TO VERISIGN IN ACCORDANCE WITH THE PROTOCOL AND VERISIGN HAS FAILED TO COMPLY WITH THE PROTOCOL.

8.3 LIMITATION OF LIABILITY. NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY, TO A SUBSCRIBER OR TO ANY THIRD PARTY FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, INCIDENTAL OR EXEMPLARY DAMAGES, WHETHER FORESEEABLE OR UNFORESEEABLE (INCLUDING, BUT NOT LIMITED TO, GOODWILL, PROFITS, INVESTMENTS, USE OF MONEY OR USE OF FACILITIES; INTERRUPTION IN USE OR AVAILABILITY OF DATA; STOPPAGE OF OTHER WORK OR IMPAIRMENT OF OTHER ASSETS; OR LABOR CLAIMS, EVEN IF VERISIGN HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), ARISING OUT OF BREACH OF ANY EXPRESS OR IMPLIED WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, EXCEPT ONLY IN THE CASE OF DEATH OR PERSONAL INJURY WHERE AND TO THE EXTENT THAT APPLICABLE LAW REQUIRES SUCH LIABILITY. UNDER NO CIRCUMSTANCES SHALL EITHER PARTY'S LIABILITY TO THE OTHER PARTY OR ANY SUBSCRIBER OR ANY THIRD PARTY ARISING OUT OF OR RELATED TO THIS AGREEMENT, EXCLUDING LIABILITY FOR MONEY ACTUALLY OWED TO A PARTY AS ROYALTY FEES, DEVELOPMENT FEES, OPERATION FEES, OR SUBSCRIBER FEES, EXCEED $100,000.00 IN THE AGGREGATE REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON WARRANTY, CONTRACT, TORT OR OTHERWISE. THE LIMITATION SET FORTH IN THIS SECTION 8.3 SHALL NOT APPLY TO INDEMNITIES OR RIGHTS GRANTED BY SECTION 8.5 OR 8.6.

8.4 INDEMNITIES. Subject to the limitations set forth below and the limitations in Section 8.3, VeriSign, at its own expense, shall (i) defend, or at its option settle, any claim, suit or proceeding against Customer on the basis of VeriSign's breach of any limited warranty in this Agreement in connection with use of a Certificate in Customer's Private Hierarchy; and (ii) pay any final judgment entered or settlement against company on such issue in any such suit or proceedings defended by VeriSign. VeriSign shall have no obligation to Customer pursuant to this Section 8.4 unless (a) Customer gives VeriSign prompt written notice of the claim; (b) VeriSign is given the right to control and direct the investigation, preparation, defense and settlement of the claim; and (c) Customer has complied with the Protocol.

8.5 PROPRIETARY RIGHTS INFRINGEMENT BY VERISIGN.

8.5.1 Subject to the limitations set forth in this Section 8.5, VeriSign, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against Customer on the basis of infringement of any United States copyright, patent, trade secret or any other intellectual property right ("Proprietary Rights") by the unmodified Private Label Certificate System as delivered by VeriSign or any claim that VeriSign has no right to provide the Private Label Certificate System hereunder; and (ii) pay any final judgment entered or settlement against Customer on such issue in any such suit or proceeding defended by VeriSign. VeriSign shall have no obligation to Customer pursuant to this Section 8.5.1 unless: (A) Customer gives VeriSign prompt written notice of the claim; (B) VeriSign is given the right to control and direct the investigation, preparation, defense and settlement of the claim; and (C) the claim is based on Customer's use of the most recent version of the Relatively Unmodified Private Label Certificate System in accordance with this Agreement. A Relatively Unmodified Private Label Certificate System shall mean a wholly unmodified Private Label Certificate System or a Private Label Certificate System that has been modified but such modifications are not relevant to the claim.

8.5.2 If VeriSign receives notice of an alleged infringement described in Section 8.5.1, VeriSign shall have the right, at its sole option, to obtain the right to continue use of the Private Label Certificate System or to replace or modify the Private Label Certificate System so that it is no longer infringing. If neither of the foregoing options is reasonably available to VeriSign, then use of the Private Label Certificate System may be terminated at the option of VeriSign without further obligation or liability except as provided in Sections 8.5.1 and 9.3 and in the event of such termination, VeriSign shall refund the Development Fees paid by Customer hereunder less depreciation for use assuming straight line depreciation over a five (5)-year useful life.

8.5.3 THE RIGHTS AND REMEDIES SET FORTH IN SECTIONS 8.5.1 AND 8.5.2 CONSTITUTE THE ENTIRE OBLIGATION OF VERISIGN AND THE EXCLUSIVE REMEDIES OF CUSTOMER CONCERNING PROPRIETARY RIGHTS INFRINGEMENT BY THE VERISIGN SOFTWARE.

8.6 PROPRIETARY RIGHTS INFRINGEMENT BY CUSTOMER.

8.6.1 Subject to the limitations set forth in this Section 8.6, Customer, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against VeriSign on the basis of infringement of any Proprietary Right by the Customer Product (except to the extent arising from a Relatively Unmodified Private Label Certificate System); and (ii) pay any final judgment entered or settlement against VeriSign on such issue in any such suit or proceeding defended by Customer. Customer shall have no obligation to VeriSign pursuant to this Section 8.6.1 unless: (A) VeriSign gives Customer prompt written notice of the claim; and (B) Customer is given the right to control and direct the investigation, preparation, defense and settlement of the claim.

8.6.2 If Customer receives notice of an alleged infringement described in Section 8.6.1, Customer shall have the right, at its sole option, to obtain the right to continued use of the Private Label Certificate System or the Customer Product or to replace or modify the Private Label Certificate System or the Customer Product so that they are no longer infringing. If neither of the foregoing options in this Section 8.6.2 is reasonably available to Customer, then use of the Private Label Certificate System or the Customer Product may be terminated at the option of Customer without further obligation or liability except as provided in Sections 8.6.1 and 9.3, and in the event of such termination, VeriSign shall retain all Development Fees, Operation Fees and Subscriber Fees paid by Customer hereunder.

8.6.3 THE RIGHTS AND REMEDIES SET FORTH IN SECTIONS 8.6.1 AND 8.6.2 CONSTITUTE THE ENTIRE OBLIGATION OF CUSTOMER AND THE EXCLUSIVE REMEDIES OF VERISIGN CONCERNING CUSTOMER'S PROPRIETARY RIGHTS INFRINGEMENT.

9. TERM AND TERMINATION

9.1 TERMINATION. This Agreement shall terminate on the earliest of:

9.1.1 The end of the term set forth on the first page hereof;

9.1.2 Failure by either party to perform any of its material obligations under this Agreement and the Exhibits hereto if such breach is not cured within sixty (60) days after receipt of written notice thereof from the other party;

9.1.3 Notice from VeriSign to the Customer after the occurrence of a purported assignment of this Agreement in violation of Section 10.2; or

9.1.4 Notice from either party to the other if the other party is adjudged insolvent or bankrupt, or the institution of any proceedings by or against the other party seeking relief, reorganization or arrangement under any laws relating to insolvency, or any assignment for the benefit of creditors, or the appointment of a receiver, liquidator or trustee of any of the other party's property or assets, or the liquidation, dissolution or winding up of the other party's business.

9.1.5 Customer shall have the right to terminate this Agreement upon sixty (60) days notice if the Customer support obligations provided by VeriSign pursuant to Section 2.6 are consistently not provided, or if agreement cannot be reached on the cost of service at the time of any annual review.

9.1.6 Upon Customer's execution of the License Agreement set forth at Exhibit "J".

9.2 EXTENSION OF TERM. This Agreement may be renewed by the written consent of the Customer for an additional term upon expiration of the term provided in Section 9.1.1, under VeriSign's then-current standard terms and conditions. Subscriber Fees and Operation Fees shall be renegotiated annually during any extended term.

9.3 EFFECT OF TERMINATION. Upon expiration or termination of this Agreement for any reason except for VeriSign's breach pursuant to Section 9.1.2 or if VeriSign fulfills any of the conditions stated in Section 9.1.4, all use of the Private Label Certificate System by Customer shall cease, and Customer shall pay to VeriSign any Subscriber Fees which have accrued in accordance with Section 5.4 unless the termination occurred pursuant to Section 9.1.2 because of breach by VeriSign. Such expiration or termination shall not affect Sections 6, 7, 8, and 10 of this Agreement which shall continue in full force and effect to the extent necessary to permit the complete fulfillment thereof.

10. MISCELLANEOUS PROVISIONS

10.1 GOVERNING LAWS; VENUE; WAIVER OF JURY TRIAL. THE LAWS OF THE STATE OF CALIFORNIA, U.S.A. (IRRESPECTIVE OF ITS CHOICE OF LAW PRINCIPLES) SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS, AND THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO. THE PARTIES AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT. THE PARTIES HEREBY AGREE THAT ANY SUIT TO ENFORCE ANY PROVISION OF THIS AGREEMENT OR ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE BUSINESS RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA OR THE SUPERIOR OR MUNICIPAL COURT IN AND FOR THE COUNTY OF SANTA CLARA, CALIFORNIA, U.S.A. Each party hereby agrees that such courts shall have exclusive in personam jurisdiction and venue with respect to such party, and each party hereby submits to the exclusive in personam jurisdiction and venue of such courts. The parties hereby waive any right to jury trial with respect to any action brought in connection with this Agreement.

10.2 BINDING UPON SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, this Agreement shall be binding upon, and inure to the benefit of, the successors, executors, heirs, representatives, administrators and assigns of the parties hereto This Agreement shall not be assignable by either party, by operation of law (including as a result of a merger involving a party or a transfer of a controlling interest in a party's voting securities) or otherwise without the prior written authorization of the nonassigning party, except that either party may assign its rights and obligations under this Agreement to its Affiliates, provided that the assigning party receives the nonassigning party's prior written consent, which shall not be unreasonably withheld Any such purported assignment or delegation shall be void and of no effect and shall permit non-assigning party to terminate this Agreement pursuant to Section 9. 1.3.

10.3 SEVERABILITY If any provision of this Agreement, or the application thereof, shall for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties hereto IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER PROVISION AND TO BE ENFORCED AS SUCH.

10.4 ENTIRE AGREEMENT This Agreement, the Appendices hereto and all agreements referred to therein constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements or understandings between the parties.

10.5 AMENDMENT AND WAIVERS Except as otherwise expressly provided in this Agreement, any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived, only by a writing signed by the party to be bound thereby.

10.6 ATTORNEYS' FEES Should suit be brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover, as an element of the costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court (including without limitation, costs, expenses and fees on any appeal).

10.7 NOTICES Whenever any party hereto desires or is required to give any notice, demand, or request with respect to this Agreement, each such communication shall be in writing and shall be effective only if it is delivered sent by a courier service that confirms delivery in writing or mailed, certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

VeriSign: To the address set forth on page 1
Attention: Stratton Sclavos, President & CEO

The Customer: To the address set forth on page l
Attention: Irv Wentzien, Vice President

Such communications shall be effective when they are received Any party may change its address for such communications by giving notice thereof to the other party in conformity with this Section.

10.8 FOREIGN RESHIPMENT LIABILITY THIS AGREEMENT IS EXPRESSLY MADE SUBJECT TO ANY LAWS, REGULATIONS, ORDERS OR OTHER RESTRICTIONS ON THE EXPORT FROM THE UNITED STATES OF AMERICA OF TECHNICAL INFORMATION, SOFTWARE OR INFORMATION ABOUT SUCH SOFTWARE WHICH MAY BE IMPOSED FROM TIME TO TIME BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, THE CUSTOMER SHALL NOT EXPORT OR RE-EXPORT, DIRECTLY OR INDIRECTLY, ANY TECHNICAL INFORMATION, SOFTWARE OR INFORMATION ABOUT SUCH SOFTWARE TO ANY COUNTRY FOR WHICH SUCH GOVERNMENT OR ANY AGENCY THEREOF REQUIRES AN EXPORT LICENSE OR OTHER GOVERNMENTAL APPROVAL AT THE TIME OF EXPORT OR RE-EXPORT WITHOUT FIRST OBTAINING SUCH LICENSE OR APPROVAL.

10.9 PUBLICITY Neither party will disclose to third parties, other than its agents and representatives on a need-to-know basis, the terms of this Agreement or any exhibits hereto without the prior written consent of the other party, except (i) either party may disclose such terms to the extent required by law; and (ii) either party may disclose the existence of this Agreement after completion of the Pilot phase when the General Availability phase has begun.

10.10 NO WAIVER Failure by either party to enforce any provision of this Agreement will not be deemed a waiver of future enforcement of that or any other provision.

10.11 COUNTERPARTS This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but which collectively will constitute one and the same instrument.

10.12 HEADINGS AND REFERENCES The headings and captions used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

10.13 DUE AUTHORIZATION The Customer hereby represents and warrants to VeriSign that the individual executing this Agreement on behalf of the Customer is duly authorized to execute this Agreement on behalf of the Customer and to bind the Customer hereby.

10.14 INDEPENDENT CONTRACTOR The relationship of VeriSign and the Customer is that of independent contractors Neither the Customer nor the Customer's employees, consultants, contractors or agents are agents, employees or joint venturers of VeriSign, nor do they have any authority to bind VeriSign by contract or otherwise to any obligation They will not represent to the contrary, either expressly, implicitly, by appearance or otherwise.

10.15 PUBLICITY VeriSign grants Customer the right to disclose that VeriSign is a vendor of Customer and to name publicly-announced Customer Products that provide access to Certificates issued by VeriSign VeriSign also grants the Company the right to display VeriSign's logo on the Customer's WWW site in one of the forms shown on Exhibit "C" attached to this Agreement Customer shall not acquire any other rights of any kind in VeriSign's trade names, trademarks, product name or logo by use authorized in this Section Customer grants VeriSign the right to disclose that Customer is a vendee of VeriSign and the right to display Customer's logo on VeriSign's WWW site VeriSign shall not acquire any other rights of any kind in Customer's trade names, trademarks, product name or logo by use authorized in this Section VeriSign shall obtain Customer's prior written consent before releasing any public statement or press release regarding this Agreement or the services provided hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

CUSTOMER:

VISA INTERNATIONAL SERVICE ASSOCIATION

By: F. Dutray

Its: Executive Vice President

VERISIGN, INC.

By: /s/ Stratton Sclavos

Its: President and CEO

VeriSign Private Label Agreement

EXHIBIT "A"

DEFINITIONS

1. ACCEPTANCE means that the Acceptance Test Procedures have been performed to demonstrate that the Private Label Certificate System conforms to the Interface Specifications and the System Design Specifications. ACCEPTED means that Acceptance has occurred.

2. ACCEPTANCE TEST PROCEDURES means the acceptance test procedures to be created by Customer and approved by VeriSign pursuant to Section 4. 1.4. The Acceptance Test Procedures shall include (1) the criteria against which the Private Label Certificate System is to be measured in order to verify conformance to the Interface Specifications and the System Design Specifications and (2) the testing procedures to be used to establish conformance of the Private Label Certificate System to the Interface Specifications and the System Design Specifications. Upon approval by Customer, the Acceptance Test Procedures shall be attached as Exhibit "G".

3. ACQUIRER means a Member financial institution that establishes an account with a Merchant and processes bank card authorizations and payments.

4. CARDHOLDER means a consumer or corporate purchaser who uses a bank card issued by an Issuer to make a purchase from a Merchant.

5. CERTIFICATE means a collection of electronic data consisting of a Public Key, identifying information which contains information about the owner of the Public Key, and validity information, which (or a string of bits derived from the Public Key) has been encrypted by a third party who is the issuer of the Certificate with such third party Certificate issuer's Private Key. This collection of electronic data collectively serves the function of identifying the owner of the Public Key and verifying the integrity of the electronic data. "CERTIFY" or "CERTIFICATION" means the act of generating a Certificate. "CERTIFIED" means the condition of having been issued a valid Certificate by a Certifier, which Certificate has not been revoked.

6. CERTIFICATE SIGNING UNIT ("CSU") means a hardware unit or software designed for use in signing Certificates and key storage. The BBN SafeKeyper(TM) manufactured by BBN Communications, Inc. is one hardware implementation of a CSU.

7. CERTIFICATION AUTHORITY ("CA") means VeriSign and any entity, group, division, department, unit or office which is Certified by VeriSign to, and has accepted responsibility to, issue Certificates to specified Subscribers in a Hierarchy in accordance with the CPS or a Protocol.

8. CERTIFICATION PRACTICE STATEMENT ("CPS") means the VeriSign specification of policies, procedures and resources to control the entire Certificate process and transactional use of Certificates within the VeriSign Public Hierarchies.

9. CHANGE ORDER has the meaning set forth in Section 4.1.8.

10. CUSTOMER AFFILIATES shall mean Visa's Subsidiaries and Related Entities. A "Subsidiary" shall mean a company in which on a class-by-class basis. more than fifty percent (50%) of the stock entitled to vote for the election of directors is owned or controlled by Customer, but only so long as such ownership or control exists. A "Related Entity" shall mean an entity (A) at least fifty percent (50%) of whose stock or other equity is owned by Customer's member banks and that has the authority to process Visa payment transactions, but only so long as such ownership exists; (B) has an equity interest in Customer and is owned in whole by Member banks or financial institutions (e.g., national or regional group Members); or (C) is exclusively managed by Visa or a national or group Member of Visa for the purpose of processing Visa payment transactions, but only so long as such exclusive management exists. Notwithstanding anything to the contrary set forth above, however, Subsidiaries or Related

Entities do not include any Acquirer, Issuer or individual bank or like financial institution. Customer Affiliates include, for example, without limitation, Visa USA, Inc., ViTAL, Inc., Plus and Interlink.

11. CUSTOMER BRAND KEY means the set of key pairs for signature and exchange that are used by the Customer in its capacity of CA. The Customer Brand Keys will be used as the "Root" for portions of the Private Label Certificate System.

12. CUSTOMER PRODUCT means any product developed by Customer for use by a Subscriber in Customer's Private Hierarchy with a Certificate issued by VeriSign which incorporates Customer's Root Keys.

13. DIGITAL SIGNATURE means information encrypted with a Private Key which is appended to information to identify the owner of the Private Key and to verify the integrity of the information. "Digitally Signed" shall refer to electronic data to which a Digital Signature has been appended.

14. HIERARCHY means a domain consisting of a system of chained Certificates leading from the Primary Certification Authority through one or more Certification Authorities to Subscribers.

15. INTERFACE SPECIFICATIONS means the interface specifications to be created by Customer and approved by VeriSign pursuant to Section 4.1. 1.

16. INTERNET means the global computer network.

17. ISSUER means a Member financial institution that establishes an account for a Cardholder, issues a bank card to the Cardholder, and guarantees payment for authorized transactions using the bank card in accordance with association regulations and local laws.

18. MEMBER means a member of the VISA International Service Association. All Issuers and Acquirers are Members.

19. MERCHANT means one who offers goods or services in exchange for payment, who accepts bank cards for payment, and who has a relationship with an Acquirer.

20. PRIMARY CERTIFICATION AUTHORITY ("PCA") means an entity that establishes policies for all Certification Authorities and Subscribers within its domain.

21. PRIVATE HIERARCHY means a domain consisting of a chained Certificate hierarchy which is entirely self-contained within an organization or network and not designed to be interoperable with or intended to interact through public channels with any external organizations. networks, and public hierarchies.

22. PRIVATE KEY means a mathematical key which is kept private to the owner and which is used through public key cryptography to encrypt electronic authenticity data and create a Digital Signature which will be decrypted with the corresponding Public Key.

23. PRIVATE LABEL CERTIFICATE SYSTEM means the system developed by VeriSign for Customer as more fully described in Section 2.

24. PROCESSOR means a third party which has been assigned the processing of bank card transactions by one or more Issuers or Acquirers.

25. PROGRAM DOCUMENTS means each of the Project Plan, Interface Specifications, Protocol, System Design Specifications, Acceptance Test Procedures, and Service Level Specification.

26. PROTOCOL means Customer's specification of policies, procedures and resources to control the entire Certificate process and transactional use of Certificates within Customer's Private Hierarchy.

27. PUBLIC HIERARCHY means a domain consisting of a system of chained Certificates leading from VeriSign as the Primary Certification Authority through one or more Certification Authorities to Subscribers in accordance with the VeriSign Certification Practice Statement. Certificates issued in a Public Hierarchy are intended to be interoperable among organizations, allowing Subscribers to interact through public channels with various individuals, organizations, and networks.

28. PUBLIC KEY means a mathematical key which is available publicly and which is used through public key cryptography to decrypt electronic authenticity data which was encrypted using the matched Private Key and to verify Digital Signatures created with the matched Private Key.

29. PUBLIC KEY INFRASTRUCTURE ("PKI") means the VeriSign specification for the architecture, techniques, practices and procedures that collectively support the implementation and operation of certificate-based Public Key cryptographic systems.

30. ROOT KEY means one or more public root key(s) published by the organization which generated and is entitled to use such keys as the public components of its key pair(s) in issuing Certificates in a hierarchy over which such organization has responsibility.

31. SERVICE LEVEL SPECIFICATION means the specification attached hereto as Exhibit "K" approved by Customer and VeriSign pursuant to Section 4. l .6.

32. SUBSCRIBER means an individual, a device or a role/office that has requested a Certifier to issue him, her or it a Certificate.

33. SYSTEM DESIGN SPECIFICATIONS means the system design specifications to be created by VeriSign in connection with the Private Label Certificate System for acceptance testing in accordance with Section 4.1.3. The System Design Specifications shall contain, at minimum, the items listed on the outline presently attached as Exhibit "E" and the Requirements Documents attached as Exhibit "F". Upon acceptance by Customer, the System Design Specifications shall be attached, in lieu of such outline, as Exhibit "E".

34. VERISIGN AFFILIATES shall mean a company in which, on a class by class basis, more than fifty percent (50%) of the stock entitled to vote for the election of directors is owned or controlled by VeriSign, but only so long as such ownership or control exists.

35. WWW means the system currently referenced as the "World Wide Web" for organizing multi-media information distributed across network(s) such that it can be navigated and accessed via cross linking mechanisms, and any successor to such system, and any parallel system which uses at least all the same communication protocols as the system currently referenced as the "World Wide Web" or to the successor to such system, even if the administrators of such systems choose to call them by different names.

EXHIBIT "B"

CUSTOMER PRODUCT AND SERVICES

The Private Label Certificate System is to be used in connection with the following Customer product(s) or service(s): Visa Cash stored value card and Chip Card Payment Service (CCPS) The Private Label Certificate system to be operated By VeriSign as CA for Customer under this Agreement will include a standalone server for Certificate issuance and management and two CSUs to contain the Private Hierarchy Root Keys together with custom software and procedures developed by VeriSign for operation of the system. Customer shall be entitled to two key generation ceremonies under this Agreement.

ADDITIONAL COMMITMENTS

During the one hundred and eighty (180) day period following execution of this Agreement. VeriSign and Customer will cooperate in developing a Service Level Agreement to be attached as Exhibit B to Exhibit J. This new document will specify the performance standards for correction of errors in the Licensed Software and will include a reasonable period for curing problems in the Licensed Software. Exhibit B is intended to become effective at such time as Customer exercises the option to license the VeriSign Software and operate the Private Label Certificate System on the terms set forth in Exhibit J.

CONFIDENTIALITY

Customer and VeriSign expressly consent to disclosures of Confidential Information made by either party to BBN in connection with custom chip modification necessary to the CSUs used in this Private Label Certificate System. Such disclosures shall not be a violation of Sections 6.1 or 10.9 of this Agreement.

FEES

1. DEVELOPMENT FEES.

Customer shall pay as Development Fees the amount of _____* for development and testing, will be payable _____* upon delivery of VeriSign Deliverables for testing and _____* upon delivery of development deliverables for Pilot, as detailed in Exhibit "D". Additional software development testing, or policy development which is beyond the initial scope of this project shall be by Change Order in accordance with Section 4.1.8 above at the rate of _____* per person per day for system consulting and _____* per person per day for PKI consulting. No additional Development Fees shall be payable with respect to the custom chip modification work perform for the CSUs.

2. OPERATION FEES.

Customer shall pay as Operations Fees the amount of _____* upon delivery of VeriSign Deliverables for testing as detailed in Exhibit "D" for a one-year pilot term.

3. SUBSCRIBER FEES.

Subscriber Fees of _____* shall be payable under this Agreement.

4. U.S. CURRENCY.

All payments hereunder shall be made in lawful United States Currency.

* Confidential treatment has been requested with respect to certain portions of this exhibit. Confidential portions have been omitted from the public filing and have been filed separately with the Securities and Exchange Commission.

VeriSign Private Label Agreement

EXHIBIT "C"

LOGOS AND TRADEMARKS

VeriSign encourages its customers to use VeriSign logos, trademarks and service marks on customer product data sheets, packaging, Web pages and advertising, but it is important to use them properly.

When using VeriSign trademarks and service marks in ads, product packaging, documentation or collateral materials, be sure to use the correct trademark designator: /(R)/ for registered trademarks, (TM) for claimed or pending trademarks and sm for claimed or pending service marks. VeriSign trademarks and their correct designators are depicted below. To ensure proper usage, please allow VeriSign marketing to review any materials using or mentioning VeriSign trademarks prior to general release.

Using these VeriSign logos does not require written permission; in fact, we encourage you to use them on your product packaging, Web pages and marketing collateral!

VeriSign will update this Logos and Trademarks Usage Guide on a regular basis. To check for most current information on logo and trademark usage, check VeriSign's Web site at http:/www.verisign.com.

VeriSign (TM)
Digital ID sm
Digital ID Center sm

EXHIBIT "D"

PROJECT PLAN ELEMENTS

The VeriSign Deliverables to Customer for Test I will be ready for Alpha Test on or before the date agreed to by the Customer/VeriSign Joint Project Team. Pilot and General Availability production dates will be specified in the Project Plan. VeriSign will provide full production, operational facilities in accordance with time scales agreed with Customer. The operation and support will be implemented in phases as defined in the Project Plan (i.e. Alpha Test, Pilot, General Availability).

Project Plan is inserted here as a separate attachment.

EXHIBIT "E"

SYSTEM DESIGN SPECIFICATIONS

The Private Label Certificate System will be a custom-designed VeriSign product based upon the Customer Requirements contained in Exhibit "F."

The parties contemplate that development, testing and implementation of all Private Label Certificate System components will be implemented in three phases.

The System Design Specifications will implement the Customer Requirements attached as Exhibit "F".

EXHIBIT "F"

CUSTOMER REQUIREMENTS

VISA Customer Requirements include the VISA CCPS Certification Authority and RSA Key Tasks Requirements Document dated March 1996. Additional references/requirements include:

- Integrated Circuit Card Specifications For Payment Systems Part 3 Transaction Processing, Version 2.0 June 30, 1995;
- Visa Integrated Circuit Card (ICC) Specifications, Version 10 July 31,1995;
- Visa International Risk Management and Security Integrated Circuit Card Security Guidelines for: Chip Architecture and Design Operating Systems Design and Vendor Viability, January 1996;
- RSA Key and Certification Authority, memorandum dated 15 April 1996 from Joel Weise;
- CCPS Certification Authority and RSA Key Tasks memorandum dated May 16, 1996 from Joel Weise;
- Untitled: "Tasks List (with responsibilities defined)" memorandum dated May 16, 1996 from Joel Weise;
- Letter of intent dated June 6th 1996 from Irv Wentzien;
- VISA Common CA Acceptance Criteria memorandum dated July 17, 1996 from Joel Weise;
- CCPS RSA Key, Data, and Certificate Formats memorandum dated October 1, 1996 from Joel Weise.

EXHIBIT "G"

ACCEPTANCE TEST PROCEDURES

To be developed as provided in Section 4.1.4 Acceptance Criteria memorandum is inserted here as a separate attachment.

EXHIBIT "H"

RESERVED

VeriSign Private Label Agreement

EXHIBIT "I"

ESCROW AGREEMENT

MASTER PREFERRED ESCROW AGREEMENT

Master Number

This Agreement is effective _____, 19___ among Data Securities International, Inc.
("DSI"),_____ (" ")
and any party signing the Acceptance Form attached to this Agreement (" "),
who collectively may be referred to in this Agreement as "the parties."

A. Depositor and Preferred Beneficiary have entered or will enter into a license agreement, development agreement, and/or other agreement regarding certain proprietary technology of Depositor (referred to in this Agreement as "the license agreement").

B. Depositor desires to avoid disclosure of its proprietary technology except under certain limited circumstances.

C. The availability of the proprietary technology of Depositor is critical to Preferred Beneficiary in the conduct of its business and, therefore, Preferred Beneficiary needs access to the proprietary technology under certain limited circumstances.

D. Depositor and Preferred Beneficiary desire to establish an escrow with DSI to provide for the retention, administration and controlled access of certain proprietary technology materials of Depositor.

E. The parties desire this Agreement to be supplementary to the license agreement pursuant to 11 United States [Bankruptcy] Code, Section 365(n).

ARTICLE 1 -- DEPOSITS

1.1 Obligation to Make Deposit. Upon the signing of this Agreement by the parties, including the signing of the Acceptance Form, Depositor shall deliver to DSI the proprietary information and other materials ("deposit materials") required to be deposited by the license agreement or, if the license agreement does not identify the materials to be deposited with DSI, then such materials will be identified on an Exhibit A. If Exhibit A is applicable, it is to be prepared and signed by Depositor and Preferred Beneficiary. DSI shall have no obligation with respect to the preparation, signing or delivery of Exhibit A.

1.2 Identification of Tangible Media. Prior to the delivery of the deposit materials to DSI, Depositor shall conspicuously label for identification each document, magnetic tape, disk, or other tangible media upon which the deposit materials are written or stored. Additionally, Depositor shall complete Exhibit B to this Agreement by listing each such tangible media by the item label description, the type of media and the quantity. The Exhibit B must be signed by Depositor and delivered to DSI with the deposit materials. Unless and until Depositor makes the initial deposit with DSI, DSI shall have no obligation with respect to this Agreement, except the obligation to notify the parties regarding the status of the deposit account as required in Section 2.2 below.

1.3 Deposit Inspection. When DSI receives the deposit materials and the Exhibit B, DSI will conduct a deposit inspection by visually matching the labeling of the tangible media containing the deposit materials to the item descriptions and quantity listed on the Exhibit B. In addition to the deposit inspection, Preferred Beneficiary may elect to cause a verification of the deposit materials in accordance with Section 1.6 below.

1.4 Acceptance of Deposit. At completion of the deposit inspection, if DSI determines that the labeling of the tangible media matches the item descriptions and quantity on Exhibit B, DSI will date and sign the Exhibit B and mail a copy thereof to Depositor and Preferred Beneficiary. If DSI determines that the labeling does not match the item descriptions or quantity on the Exhibit B, DSI will (a) note the discrepancies in writing on the Exhibit B; (b) date and sign the Exhibit B with the exceptions noted; and (c) provide a copy of the Exhibit B to Depositor and Preferred Beneficiary. DSI's acceptance of the deposit occurs upon the signing of the Exhibit B by DSI. Delivery of the signed Exhibit B to Preferred Beneficiary is Preferred Beneficiary's notice that the deposit materials have been received and accepted by DSI.

1.5 Depositor's Representations. Depositor represents as follows:

a. Depositor lawfully possesses all of the deposit materials deposited with DSI;

b. With respect to all of the deposit materials, Depositor has the right and authority to grant to DSI and Preferred Beneficiary the rights as provided in this Agreement;

c. The deposit materials are not subject to any lien or other encumbrance; and

d. The deposit materials consist of the proprietary, information and other materials identified either in the license agreement or Exhibit A, as the case may be.

1.6 Verification. Preferred Beneficiary, shall have the right, at Preferred Beneficiary's expense, to cause a verification of any deposit materials. A verification determines, in different levels of detail, the accuracy, completeness, sufficiency and quality of the deposit materials. If a verification is elected after the deposit materials have been delivered to DSI, then only DSI, or at DSI' s election an independent person or company selected and supervised by DSI, may perform the verification.

1.7 Deposit Updates. Unless otherwise provided by the license agreement, Depositor shall update the deposit materials within 60 days of each release of a new version of the product which is subject to the license agreement. Such updates will be added to the existing deposit. All deposit updates shall be listed on a new Exhibit B and the new Exhibit B shall be signed by Depositor. Each Exhibit B will be held and maintained separately within the escrow account. An independent record will be created which will document the activity for each Exhibit B. The processing of all deposit updates shall be in accordance with Sections 1.2 through 1.6 above. All references in this Agreement to the deposit materials shall include the initial deposit materials and any updates.

1.8 Removal of Deposit Materials. The deposit materials may be removed and/or exchanged only on written instructions signed by Depositor and Preferred Beneficiary,, or as otherwise provided in this Agreement.

ARTICLE 2 -- CONFIDENTIALITY AND RECORD KEEPING

2.1 Confidentiality. DSI shall maintain the deposit materials in a secure, environmentally safe, locked receptacle which is accessible only to authorized employees of DSI. DSI shall have the obligation to reasonably protect the confidentiality of the deposit materials. Except as provided in this Agreement, DSI shall not disclose, transfer, make available, or use the deposit materials. DSI shall not disclose the content of this Agreement to any third party. If DSI receives a subpoena or other order of a court or other judicial tribunal pertaining to the disclosure or release of the deposit materials, DSI will immediately notify the parties to this Agreement. It shall be the responsibility of Depositor and/or Preferred Beneficiary to challenge any such order; provided, however, that DSI does not waive its rights to present its position with respect to any such order. DSI will not be required to disobey any court or other judicial tribunal order. (See Section 7.5 below for notices of requested orders.)

2.2 Status Reports. DSI will issue to Depositor and Preferred Beneficiary a report profiling the account history at least semi-annually. DSI may provide copies of the account history pertaining to this Agreement upon the request of any party to this Agreement.

2.3 Audit Rights. During the term of this Agreement, Depositor and Preferred Beneficiary shall each have the right to inspect the written records of DSI pertaining to this Agreement. Any inspection shall be held during normal business hours and following reasonable prior notice.

ARTICLE 3 -- GRANT OF RIGHTS TO DSI

3.1 Title to Media. Depositor hereby transfers to DSI the title to the media upon which the proprietary information and materials are written or stored. However, this transfer does not include the ownership of the proprietary information and materials contained on the media such as any copyright, trade secret, patent or other intellectual property rights.

3.2 Right to Make Copies. DSI shall have the right to make copies of the deposit materials as reasonably necessary to perform this Agreement. DSI shall copy all copyright, nondisclosure, and other proprietary notices and titles contained on the deposit materials onto any copies made by DSI. With all deposit materials submitted to DSI, Depositor shall provide any and all instructions as may be necessary to duplicate the deposit materials including but not limited to the hardware and/or software needed.

3.3 Right to Sublicense Upon Release. As of the effective date of this Agreement, Depositor hereby grants to DSI a non-exclusive, irrevocable, perpetual, and royalty-free license to sublicense the deposit materials to Preferred Beneficiary upon the release, if any, of the deposit materials in accordance with Section 4.5 below. Except upon such a release, DSI shall not sublicense or otherwise transfer the deposit materials.

ARTICLE 4 -- RELEASE OF DEPOSIT

4.1 Release Conditions. As used in this Agreement, "Release Conditions" shall mean the following:

a. Depositor's failure to carry out obligations imposed on it pursuant to the license agreement; or

b. Depositor's failure to continue to do business in the ordinary course.

4.2 Filing For Release. If Preferred Beneficiary believes in good faith that a Release Condition has occurred, Preferred Beneficiary may provide to DSI written notice of the occurrence of the Release Condition and a request for the release of the deposit materials. Upon receipt of such notice, DSI shall provide a copy of the notice to Depositor, by certified mail, return receipt requested, or by commercial express mail.

4.3 Contrary Instructions. From the date DSI mails the notice requesting release of the deposit materials, Depositor shall have ten business days to deliver to DSI Contrary Instructions. "Contrary Instructions" shall mean the written representation by Depositor that a Release Condition has not occurred or has been cured. Upon receipt of Contrary Instructions, DSI shall send a copy to Preferred Beneficiary by certified mail, return receipt requested, or by commercial express mail. Additionally, DSI shall notify both Depositor and Preferred Beneficiary that there is a dispute to be resolved pursuant to the Dispute Resolution section of this Agreement (Section 7.3). Subject to Section 5.2, DSI will continue to store the deposit materials without release pending (a) joint instructions from Depositor and Preferred Beneficiary, (b) resolution pursuant to the Dispute Resolution provisions, or (c) order of a court.

4.4 Release of Deposit. If DSI does not receive Contrary Instructions from the Depositor, DSI is authorized to release the deposit materials to the Preferred Beneficiary or, if more than one beneficiary is registered to the deposit, to release a copy of the deposit materials to the Preferred Beneficiary. However, DSI is entitled to receive any fees due DSI before making the release. This Agreement will terminate upon the release of the deposit materials held by DSI.

4.5 Use License Following Release. Unless otherwise provided in the license agreement, upon release of the deposit materials in accordance with this Article 4, Preferred Beneficiary shall have a non-exclusive, non-transferable, irrevocable right to use the deposit materials for the sole purpose of continuing the benefits afforded to Preferred Beneficiary by the license agreement. Preferred Beneficiary shall be obligated to maintain the confidentiality of the released deposit materials.

ARTICLE 5 -- TERM AND TERMINATION

5.1 Term of Agreement. The initial term of this Agreement is for a period of one year. Thereafter, this Agreement shall automatically renew from year-to-year unless (a) Depositor and Preferred Beneficiary jointly instruct DSI in writing that the Agreement is terminated; or (b) the Agreement is terminated by DSI for nonpayment in accordance with Section 5.2. If the Acceptance Form has been signed at a date later than this Agreement, the initial term of the Acceptance Form will be for one year with subsequent terms to be adjusted to match the anniversary date of this Agreement. If the deposit materials are subject to another escrow agreement with DSI, DSI reserves THE right, after the initial one year term, to adjust the anniversary date of this Agreement to match the then prevailing anniversary date of such other escrow arrangements.

5.2 Termination for Nonpayment. In the event of the nonpayment of fees owed to DSI, DSI shall provide written notice of delinquency to all parties to this Agreement. Any party to this Agreement shall have the right to make the payment to DSI to cure the default. If the past due payment is not received in full by DSI within one month of the date of such notice, then DSI shall have the right to terminate this Agreement at any time thereafter by sending written notice of termination to all parties. DSI shall have no obligation to take any action under this Agreement so long as any payment due to DSI remains unpaid.

5.3 Disposition of Deposit Materials Upon Termination. Upon termination of this Agreement by joint instruction of Depositor and Preferred Beneficiary, DSI shall destroy, return, or otherwise deliver the deposit materials in accordance with such instructions. Upon termination for nonpayment, DSI may, at its sole discretion, destroy the deposit materials or return them to Depositor. DSI shall have no obligation to return or destroy the deposit materials if the deposit materials are subject to another escrow agreement with DSI.

5.4 Survival of Terms Following Termination. Upon termination of this Agreement, the following provisions of this Agreement shall survive:

a. Depositor' s Representations (Section 1.5) .

b. The obligations of confidentiality with respect to the deposit materials.

c. The licenses granted in the sections entitled Right to Sublicense Upon Release (Section 3.3) and Use License Following Release (Section 4.5), if a release of the deposit materials has occurred prior to termination.

d. The obligation to pay DSI any fees and expenses due.

e. The provisions of Article 7.

f. Any provisions in this Agreement which specifically state they survive the termination or expiration of this Agreement.

ARTICLE 6 -- DSI'S FEES

6.1 Fee Schedule. DSI is entitled to be paid its standard fees and expenses applicable to the services provided. DSI shall notify the party responsible for payment of DSI' s fees at least 90 days prior to any increase in

fees. For any service not listed on DSI's standard fee schedule, DSI will provide a quote prior to rendering the service, if requested.

6.2 Payment Terms. DSI shall not be required to perform any service unless the payment for such service and any outstanding balances owed to DSI are paid in full. All other fees are due upon receipt of invoice. If invoiced fees are not paid, DSI may terminate this Agreement in accordance with Section 5.2. Late fees on past due amounts shall accrue at the rate of one and one-half percent per month (18% per annum) from the date of the invoice.

ARTICLE 7 -- LIABILITY AND DISPUTES

7.1 Right to Rely on Instructions. DSI may act in reliance upon any instruction, instrument, or signature reasonably believed by DSI to be genuine. DSI may assume that any employee of a party to this Agreement who gives any written notice, request, or instruction has the authority to do so. DSI shall not be responsible for failure to act as a result of causes beyond the reasonable control of DSI.

7.2 Indemnification. DSI shall be responsible to perform its obligations under this Agreement and to act in a reasonable and prudent manner with regard to this escrow arrangement. Provided DSI has acted in the manner stated in the preceding sentence, Depositor and Preferred Beneficiary each agree to indemnify, defend and hold harmless DSI from any and all claims, actions, damages, arbitration fees and expenses, costs, attorney' s fees and other liabilities incurred by DSI relating in any way to this escrow arrangement.

7.3 Dispute Resolution. Any dispute relating to or arising from this Agreement shall be resolved by arbitration under the Commercial Rules of the American Arbitration Association. Unless otherwise agreed by Depositor and Preferred Beneficiary, arbitration will take place in San Diego, California, U.S.A. Any court having jurisdiction over the matter may enter judgment on the award of the arbitrator(s). Service of a petition to confirm the arbitration award may be made by First Class mail or by commercial express mail, to the attorney for the party or, if unrepresented, to the party at the last known business address.

7.4 Controlling Law. This Agreement is to be governed and construed in accordance with the laws of the State of California, without regard to its conflict of law provisions.

7.5 Notice of Requested Order. If any party intends to obtain an order from the arbitrator or any court of competent jurisdiction which may direct DSI to take, or refrain from taking any action, that party shall:

a. Give DSI at least two business days' prior notice of the hearing;

b. Include in any such order that, as a precondition to DSI's obligation, DSI be paid in full for any past due fees and be paid for the reasonable value of the services to be rendered pursuant to such order; and

c. Ensure that DSI not be required to deliver the original (as opposed to a copy) of the deposit materials if DSI may need to retain the original in its possession to fulfill any of its other escrow duties.

ARTICLE 8 -- GENERAL PROVISIONS

8.1 Entire Agreement. This Agreement, which includes the Acceptance Form and the Exhibits described herein, embodies the entire understanding between all of the parties with respect to its subject matter and supersedes all previous communications, representations or understandings,-either oral or written. No amendment or modification of this Agreement shall be valid or binding unless signed by all the parties hereto, except Exhibit A need not be signed by DSI and Exhibit B need not be signed by Preferred Beneficiary.

8.2 Notices. All notices, invoices, payments, deposits and other documents and communications shall be given to the parties at the addresses specified in the attached Exhibit C and Acceptance Form. It shall be the

responsibility of the parties to notify each other as provided in this Section in the event of a change of address. The parties shall have the right to rely on the last known address of the other parties. Unless otherwise provided in this Agreement, all documents and communications may be delivered by First Class mail.

8.3 Severability. In the event any provision of this Agreement is found to be invalid, voidable or unenforceable, the parties agree that unless it materially affects the entire intent and purpose of this Agreement, such invalidity, voidability or unenforceability shall affect neither the validity of this Agreement nor the remaining provisions herein, and the provision in question shall be deemed to be replaced with a valid and enforceable provision most closely reflecting the intent and purpose of the original provision.

8.4 Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties. However, DSI shall have no obligation in performing this Agreement to recognize any successor or assign of Depositor or Preferred Beneficiary unless DSI receives clear, authoritative and conclusive written evidence of the change of parties.

_____	Data Securities International, Inc.
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT "J"

CUSTOM CERTIFICATE SYSTEM LICENSE AGREEMENT

THIS CUSTOM CERTIFICATE SYSTEM LICENSE AGREEMENT ("Agreement") effective as of the last date of execution, is entered into by and between VeriSign, Inc., a Delaware corporation ("VeriSign"), having a principal mailing address at 2593 Coast Avenue, Mountain View, California 94043, and the entity named below as "Customer" ("Customer"), having a principal address as set forth below.

Customer:

VISA International Service Association

(Name and jurisdiction of incorporation)

Customer Address:

900 Metro Center Boulevard, Foster City California 94404 or

P.O. Box 8999, San Francisco, California 94128-8999

Customer Legal Contact:

Andrew Konstantaras, Counsel, 415-432-8066

(name, telephone and title)

Customer Billing Contact:

Irv Wentzien, VP, 415-432-3460

(name, telephone and title)

Customer Technical Contact:

Joel Weise, Chip Card Technology Manager, 415-432-3863

(name, telephone and title)

Customer Commercial Contact:

Joel Weise, Chip Card Technology Manager, 415-432-3863

(name, telephone and title)

1. DEFINITIONS

The following terms when used in this Agreement shall have the following meanings:

1.1 "CERTIFICATE" means a collection of electronic data consisting of a Public Key, identifying information which contains information about the owner of the Public Key, and validity information, which (or a string of bits derived from the Public Key) has been encrypted by a third party who is the issuer of the Certificate with such third party Certificate issuer's Private Key. This collection of electronic data collectively serves the function of identifying the owner of the Public Key and verifying the integrity of the electronic data. "Certify" or "Certification" means the act of generating a Certificate. "Certified" means the condition of having been issued a valid Certificate by a Certifier, which Certificate has not been revoked.

1.2 "CERTIFICATE SIGNING UNIT ('CSU')" means a hardware unit or software designed for use in signing Certificates and key storage. The BBN SafeKeyper(TM) manufactured by BBN Communications, Inc. is one hardware implementation of a CSU.

1.4 "CERTIFICATION AUTHORITY" OR "CA" means VeriSign and any entity, group, division, department, unit or office which is Certified by VeriSign to, and has accepted responsibility to, issue Certificates to specified Subscribers in a Hierarchy in accordance with the CPS or a Protocol.

1.5 "CERTIFICATION PRACTICE STATEMENT" OR "CPS" means the VeriSign specification of policies, procedures and resources to control the entire Certificate process and transactional use of Certificates within the VeriSign Public Hierarchies.

1.6 "CUSTOMER PRODUCT" means any product including some or ail of the Licensed Software developed by Customer for use by a Subscriber in VlSA's Private Hierarchy with a Certificate issued by aVISA which incorporates VlSA's Root Keys.

1.7 "DIGITAL SIGNATURE" means information encrypted with a Private Key which is appended to information to identify the owner of the Private Key and to verify the integrity of the information. "DIGITALLY SIGNED" shall refer to electronic data to which a Digital Signature has been appended.

1.8 "HIERARCHY" means a domain consisting of a system of chained Certificates leading from the Primary Certification Authority through one or more Certification Authorities to Subscribers.

1.9 "INTERNET" means the global computer network commonly known as "Internet".

1.10 "LICENSED SOFTWARE" means the object code of the VeriSign Software as specified on Exhibit "A" (License and Maintenance Fees) hereto as having been licensed by Customer. Only those portions of the VeriSign Software specified as having been licensed are included in the Licensed Software.

1.11 "NEW RELEASE" means a version of the VeriSign Software which shall generally be designated by a new version number which has changed from the prior number only to the right of the decimal point (e.g., Version 2.2 to Version 2.3).

1.12 "NEW VERSION" means a version of the VeriSign Software which shall generally be designated by a new version number which has changed from the prior number to the left of the decimal point (e.g., Version 2.3 to Version 3.0).

1.13 "PRIMARY CERTIFICATION AUTHORITY" OR "PCA" means an entity that establishes policies for all Certification Authorities and Subscribers within its Private Hierarchy.

1.14 "PRIVATE HIERARCHY" means a domain consisting of a chained Certificate hierarchy which is entirely self-contained within an organization or network and not designed to be interoperable with or intended to interact through public channels with any external organizations, networks, and public hierarchies.

1.15 "PRIVATE KEY" means a mathematical key which is kept private to the owner and which is used through public key cryptography to encrypt electronic authenticity data and create a Digital Signature which will be decrypted with the corresponding Public Key.

1.16 "PUBLIC HIERARCHY" means a domain consisting of a system of chained Certificates leading from VeriSign as the Primary Certification Authority through one or more Certification Authorities to Subscribers in accordance with the VeriSign Certification Practice Statement. Certificates issued in a Public Hierarchy are intended to be interoperable among organizations, allowing Subscribers to interact through public channels with various individuals, organizations, and networks.

1.17 "PUBLIC KEY" means a mathematical key which is available publicly and which is used through public key cryptography to decrypt electronic authenticity data which was encrypted using the matched Private Key and to verify Digital Signatures created with the matched Private Key.

1.18 "PUBLIC KEY INFRASTRUCTURE (PKI)" means the VeriSign specification for the architecture, techniques, practices, and procedures that collectively support the implementation and operation of Certificate-based public key cryptographic systems.

1.19 "ROOT KEY" means one or more public root key(s) published by the organization which generated and is entitled to use such keys as the public components of its key pair(s) in issuing Certificates in a hierarchy over which such organization has responsibility.

1.20 "SUBSCRIBER" means an individual, a device or a role/office that has requested a Certifier to issue him, her or it a Certificate.

1.21 "USER MANUAL" means the most current version of the user or operating manual customarily supplied by VeriSign to customers who license the VeriSign Object Code, if any.

1.22 "VERISIGN OBJECT CODE" means the Licensed Software in machine-readable, compiled object code form.

1.23 "VERISIGN SOFTWARE" means VeriSign proprietary software for the Private Label Certificate System as described in the UserManuals associated therewith. "VeriSign Software" shall also include all modifications and enhancements (including all New Releases and New Versions) to such programs as provided by VeriSign to Customer pursuant to Sections 4.3, 4.4, and 4.5.

1.24 "VISA" means VISA International Service Association.

1.25 "WWW" means the system currently referenced as the "World Wide Web" for organizing multimedia information distributed across network(s) such that it can be navigated and accessed via cross linking mechanisms, and any successor to such system, and any parallel system which uses at least all the same communication protocols as the system currently referenced as the "World Wide Web" or to the successor to such system, even if the administrators of such systems choose to call them by different names.

2. GRANT OF LICENSES; LIMITATIONS

2.1 VERISIGN SOFTWARE OBJECT CODE LICENSE. VeriSign hereby grants Customer a worldwide non-exclusive, non-transferable, non-assignable license during the term specified in Section 8 to use the Licensed

Software to act as the Primary Certification Authority for Customer's Private Hierarchy and to make, have made and sell Customer Products.

2.2 LIMITATIONS ON LICENSES. The license granted in Section 2.1 shall be limited as follows:

2.2.1 LIMITATION ON DISTRIBUTEES. The VeriSign Software shall not be sublicensed or otherwise distributed .

2.2.2 LICENSE RESTRICTED TO LICENSED SOFTWARE. Customer may not use, modify, sublicense or incorporate into any Customer Product any software module or other technology component derived from the VeriSign Software which is not designated as Licensed Software on Exhibit "A".

2.2.3 ROOT KEYS. Any Customer Product and Licensed Software must include VlSA's Private Hierarchy Root Key.

2.2.4 RESTRICTION ON COPYING. Customer may not copy or reproduce the VeriSign Software or any part, version or form thereof, except as expressly permitted in Section 2.1.

2.3 TITLE. Except for the limited license granted in Section 2.1, VeriSign shall at all times retain full and exclusive right, title and ownership interest in and to the VeriSign Software and in any and all related patents, trademarks, copyrights and proprietary and trade secret rights.

3. LICENSE FEES

3.1 LICENSE FEES. In consideration of VeriSign's grant to Customer of the limited license rights hereunder, Customer shall pay to VeriSign the amounts specified on Exhibit "A."

3.2 TAXES. All taxes, duties, fees and other governmental charges of any kind (including sales and use taxes, but excluding taxes based on the gross revenues or net income of VeriSign) which are imposed by or under the authority of any government or any political subdivision thereof on the License Fees or any aspect of this Agreement shall be borne by Customer and shall not be considered a part of, a deduction from or an offset against License Fees.

3.3 TERMS OF PAYMENT. License Fees are due upon execution of this Agreement and shall be paid by Customer to the attention of the Software Licensing Department at VeriSign's address set forth above.

3.4 U.S. CURRENCY. All payments hereunder shall be made in lawful United States currency.

4. SUPPORT AND MAINTENANCE; DEVELOPMENT

4.1 OPTIONAL MAINTENANCE. For the year commencing upon the date of this Agreement and for each year thereafter commencing on the anniversary of such expiration, Customer may elect to purchase annual maintenance, as described in Section 4.3, by paying the then-current annual maintenance fee. Such amount shall be payable for the first year upon the execution of this Agreement and for each subsequent year in advance of the commencement of such year. VeriSign may cease to offer maintenance for future maintenance terms by notice delivered to Customer ninety (90) days or more before the end of the then current maintenance term.

4.2 ADDITIONAL CHARGES. In the event VeriSign is required to take actions to correct a difficulty or defect which is traced to Customer errors, modifications, enhancements, software or hardware, then Customer shall pay to VeriSign its time and materials charges at VeriSign's rates then in effect. In the event VeriSign's personnel must travel to perform maintenance or on-site support, Customer shall reimburse VeriSign for any reasonable

out-of-pocket expenses incurred, including travel to and from Customer's sites, lodging, meals and shipping, as may be necessary in connection with duties performed under this Section 4 by VeriSign.

4.3 MAINTENANCE PROVIDED BY VERISIGN. For periods for which Customer has paid an annual maintenance fee, VeriSign will provide Customer with the following services:

4.3.1 TELEPHONE SUPPORT. VeriSign will provide telephone support to Customer during VeriSign's normal business hours. VeriSign may provide on-site support reasonably determined to be necessary by VeriSign at Customer's location specified on page 1 hereof. VeriSign shall provide the support specified in this Section 4.3.1 to Customer's employees responsible for developing Customer Products and maintaining Customer Products. VeriSign will provide the name of an employee who will serve as a single point of contact for support to Customer. VeriSign may change the name at any time by providing written notice to Customer. On VeriSign's request, Customer will provide a list with the names of the employees designated to receive support from VeriSign. Customer may change the names on the list at any time by providing written notice to VeriSign.

4.3.2 ERROR CORRECTION. In the event Customer discovers an error in the Licensed Software which causes the Licensed Software not to operate in material conformance to VeriSign's published specifications therefor, Customer shall submit to VeriSign a written report describing such error in sufficient detail to permit VeriSign to reproduce such error. Upon receipt of any such written report, VeriSign will use its reasonable business judgment to classify a reported error as either: (i) a "Level 1 Severity" error, meaning an error that causes the Licensed Software to fail to operate in a material manner or to produce materially incorrect results and for which there is no workaround or only a difficult workaround; or (ii) a "Level 2 Severity" error, meaning an error that produces a situation in which the Licensed Software is usable but does not function in the most convenient or expeditious manner, and the use or value of the Licensed Software suffers no material impact. VeriSign will acknowledge receipt of a conforming error report within two (2) business days and (A) will use its continuing best efforts to provide a correction for any Level 1 Severity error to Customer as early as practicable; and (B) will use its reasonable efforts to include a correction for any Level 2 Severity error in the next release of the VeriSign Software. In the event that VeriSign fails to comply with the Service Level Agreement attached as Exhibit B to this Exhibit J, and VeriSign is unable to cure the problem within a reasonable period specified in Exhibit B, Customer shall have the right to obtain release of the source code for the Licensed Software from escrow. Customer's rights to the source code released from escrow shall be limited to use for the purpose of Customer's operation of the Private Label Certificate System, and Customer may not resell, sublicense or otherwise permit the use of such source code by any third party unless VeriSign gives prior written authorization on mutually agreeable terms and conditions.

4.3.3 NEW RELEASES AND NEW VERSIONS. VeriSign will provide Customer information relating to New Releases and New Versions of the VeriSign Software during the term of this Agreement. New Releases will be provided at no additional charge. New Versions will be provided at VeriSign's standard upgrade charges in effect at the time. Any New Releases or New Versions acquired by Customer shall be governed by all of the terms and provisions of this Agreement.

4.4 LAPSED MAINTENANCE. In the event Customer has not purchased optional maintenance with respect to any Licensed Software, Customer may obtain a license of a New Release of such Licensed Software or any service which is provided as a part of maintenance by paying the maintenance fees which would otherwise have been due from the expiration of maintenance provided pursuant to Section 4.1 to the date such New Release is licensed or such service is provided.

4.5 DEVELOPMENT. If Customer requests that VeriSign make modifications or enhancements to the Licensed Software, VeriSign agrees to perform work on such modifications or enhancements at its lowest time and materials rates then in effect for a similar type of consulting work.

5. MASTER COPY

As soon as practicable, but not later than five (5) business days after the date of execution of this Agreement, VeriSign shall deliver to Customer one (1) copy of each of the VeriSign Object Code and the User Manual in the manner designated on Exhibit "A" together with the CSUs and standalone server used as part of the Private Label Certificate System as operated by VeriSign.

6. ADDITIONAL OBLIGATIONS OF CUSTOMER

6.1 CUSTOMER PRODUCT MARKETING. Customer is authorized to represent Subscribers only such facts about the VeriSign Software as VeriSign states in its published product descriptions, advertising and promotional materials or as may be stated in other non-confidential written material furnished by VeriSign.

6.2 CUSTOMER SUPPORT. Customer shall, at its expense, provide all support for the Licensed Software, and Customer Products to Subscribers.

6.3 CONFIDENTIALITY; PROPRIETARY RIGHTS.

6.3.1 CONFIDENTIALITY. Customer acknowledges that in VeriSign's performance of its duties hereunder VeriSign will communicate to Customer (or its designees) certain confidential and proprietary information concerning the VeriSign Software, and know-how, technology, techniques or marketing plans related thereto (collectively, the "Know-How") ail of which are confidential and proprietary to, and trade secrets of, VeriSign. Customer agrees to hold all the VeriSign Know-How within its own organization and shall not, without specific written consent of VeriSign or as expressly authorized herein, utilize in any manner, publish, communicate or disclose any part of the VeriSign Know-How to third parties. This Section 6.4.1 shall impose no obligation on Customer with respect to any Know-How which: (i) is in the public domain at the time disclosed by VeriSign; (ii) enters the public domain after disclosure other than by breach of Customer's obligations hereunder or by breach of another party's confidentiality obligations; or (iii) is shown by documentary evidence to have been known by Customer prior to its receipt from VeriSign. Customer will take such steps as are consistent with Customer's protection of its own confidential and proprietary information (but will in no event exercise less than reasonable care) to ensure that the provisions of this Section 6.4.1 are not violated by Customer's employees, agents or any other person.

6.3.2 PROPRIETARY MARKINGS; COPYRIGHT NOTICES. Customer agrees not to remove or destroy any proprietary, trademark or copyright markings or notices placed upon or contained within the VeriSign Object Code, User Manuals or any related materials or documentation. Customer further agrees to insert and maintain: (i) within every Customer Product and any related materials or documentation a copyright notice in the name of Customer; and (ii) within the splash screens, user documentation, printed product collateral, product packaging and advertisements for the Customer Product, a statement that the Customer Product contains the VeriSign Software. Customer shall not take any action which might adversely affect the validity of VeriSign's proprietary, trademark or copyright markings or ownership by VeriSign thereof, and shall cease to use the markings, or any similar markings, in any manner on the expiration or other termination of the license rights granted pursuant to Section 2.

6.3.3 PROHIBITED ACTIVITIES. Customer shall not modify, translate, reverse engineer, decompile or disassemble the VeriSign Software or any part thereof.

6.3.4 NO PUBLICATION. The placement of a copyright notice on any of the VeriSign Software shall not constitute publication or otherwise impair the confidential or trade secret nature of the VeriSign Software .

6.3.5 INJUNCTIVE RELIEF. Customer acknowledges that the restrictions contained in this Section 6.4 are reasonable and necessary to protect VeriSign's legitimate interests and that any violation of these restrictions

will cause irreparable damage to VeriSign within a short period of time and Customer agrees that VeriSign will be entitled to injunctive relief against each violation.

6.4 FEDERAL GOVERNMENT SUBLICENSE. Any sublicense of a Customer Product acquired from Customer under a United States government contract shall be subject to restrictions as set forth in subparagraph (c)(1)(ii) of Defense Federal Acquisition Regulations Supplement (DFARS) Section 252.227-7013 for Department of Defense contracts and as set forth in Federal Acquisition Regulations (FARs) Section 52.227-19 for civilian agency contracts or any successor regulations. Customer agrees that any such sublicense shall set forth all of such restrictions and the tape or diskette label for the Customer Product and any documentation delivered with the Customer Product shall contain a restricted rights legend conforming to the requirements of the current, applicable DFARS or FARs.

6.5 NOTICES. Customer shall immediately advise VeriSign of any legal notices served on Customer which might affect VeriSign or the VeriSign Software.

6.6 INDEMNITY. CUSTOMER EXPRESSLY INDEMNIFIES AND HOLDS HARMLESS VERISIGN, ITS SUBSIDIARIES, AGENTS AND AFFILIATES FROM: (i) ANY AND ALL LIABILITY OF ANY KIND OR NATURE WHATSOEVER TO CUSTOMER'S SUBSCRIBERS AND THIRD PARTIES WHICH MAY ARISE FROM ACTS OF CUSTOMER OR FROM THE LICENSE OF CUSTOMER PRODUCTS BY CUSTOMER OR ANY DOCUMENTATION, SERVICES OR ANY OTHER ITEM FURNISHED BY CUSTOMER TO ITS SUBSCRIBERS, OTHER THAN LIABILITY ARISING FROM THE VERISIGN OBJECT CODE OR THE USER MANUALS OR FROM THE ACTS OF VERISIGN; AND (ii) ANY LIABILITY ARISING IN CONNECTION WITH AN UNAUTHORIZED REPRESENTATION OR ANY MISREPRESENTATION OF FACT MADE BY CUSTOMER OR ITS AGENTS OR EMPLOYEES TO ANY PARTY WITH RESPECT TO THE VERISIGN SOFTWARE OR ANY CUSTOMER PRODUCTS .

7. LIMITED WARRANTY; DISCLAIMER OF WARRANTIES; LIMITATION OF LIABILITY; INTELLECTUAL PROPERTY INDEMNITIES

7.1 LIMITED WARRANTY. During the initial ninety (90)-day term of this Agreement VeriSign warrants that the Licensed Software specified in this Agreement will operate in material conformance to VeriSign's published specifications for such Licensed Software. VeriSign does not warrant that the VeriSign Software or any portion thereof is error-free. Customer's exclusive remedy, and VeriSign's entire liability in tort, contract or otherwise, shall be correction of any warranted nonconformity as provided in Section 4.3.2. This limited warranty and any obligations of VeriSign under Section 4.1 shall terminate immediately if Customer makes any modification to the VeriSign Software.

7.2 DISCLAIMER. EXCEPT FOR THE EXPRESS LIMITED WARRANTY PROVIDED IN SECTION 7.1, THE VERISIGN SOFTWARE IS PROVIDED "AS IS" WITHOUT ANY WARRANTY WHATSOEVER. VERISIGN DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, AS TO ANY MATTER WHATSOEVER, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS. VERISIGN DISCLAIMS ANY WARRANTY OR REPRESENTATION TO ANY PERSON OTHER THAN CUSTOMER WITH RESPECT TO THE VERISIGN SOFTWARE. CUSTOMER SHALL NOT, AND SHALL TAKE ALL MEASURES NECESSARY TO INSURE THAT ITS AGENTS AND EMPLOYEES DO NOT, MAKE OR PASS THROUGH ANY SUCH WARRANTY ON BEHALF OF VERISIGN TO ANY THIRD PARTY.

7.3 LIMITATION OF LIABILITY. IN NO EVENT WILL VERISIGN BE LIABLE TO CUSTOMER (OR TO ANY PERSON CLAIMING RIGHTS DERIVED FROM CUSTOMER) FOR INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO LOST PROFITS, BUSINESS INTERRUPTION OR LOSS OF BUSINESS INFORMATION,

EVEN IF VERISIGN HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. UNDER NO CIRCUMSTANCES SHALL VERISIGN'S TOTAL LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT EXCEED THE TOTAL AMOUNT PAID BY CUSTOMER TO VERISIGN HEREUNDER, REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON WARRANTY, CONTRACT, TORT OR OTHERWISE.

7.4 PROPRIETARY RIGHTS INFRINGEMENT BY VERISIGN.

7.4.1 OBLIGATION TO DEFEND. Subject to the limitations set forth below and in Section 7.3, VeriSign, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against Customer on the basis of infringement or misappropriation of any United States, copyright or trade secret in the field of cryptography by the Licensed Software as delivered by VeriSign or any claim that VeriSign has no right to license the Licensed Software hereunder; and (ii) pay any final judgment entered or settlement against Customer on such issue in any such suit or proceeding defended by VeriSign. VeriSign shall have no obligation to Customer pursuant to this Section 7.4.1 unless: (A) Customer gives VeriSign prompt written notice of the claim; (B) VeriSign is given the right to control and direct the investigation, preparation, defense and settlement of the claim; and (C) the claim is based on Customer's use of the most recent version or the immediately preceding version of the Licensed Software in accordance with this Agreement.

7.4.2 VERISIGN OPTIONS. If VeriSign receives notice of an alleged infringement, VeriSign shall have the right, at its sole option, to obtain the right to continue use of the Licensed Software or to replace or modify the Licensed Software so that it is no longer infringing. If neither of the foregoing options is reasonably available to VeriSign, then the license rights granted pursuant to Section 2 may be terminated at the option of either party hereto without further obligation or liability except as provided in Sections 7.4.1 and 8.3 and in the event of such termination, VeriSign shall refund the License Fees paid by Customer hereunder less depreciation for use assuming straight line depreciation over a five (5)-year useful life.

7.4.3 EXCLUSIVE REMEDIES. THE RIGHTS AND REMEDIES SET FORTH IN SECTIONS 7.4.1 AND 7.4.2 CONSTITUTE THE ENTIRE OBLIGATION OF VERISIGN AND THE EXCLUSIVE REMEDIES OF CUSTOMER CONCERNING VERISIGN'S PROPRIETARY RIGHTS INFRINGEMENT.

7.5 PROPRIETARY RIGHTS INFRINGEMENT BY CUSTOMER.

7.5.1 OBLIGATION TO DEFEND. Subject to the limitations set forth below, Customer, at its own expense, shall: (i) defend, or at its option settle, any claim, suit or proceeding against VeriSign on the basis of infringement or misappropriation of any United States, copyright or trade secret by any Customer Product (excluding the unmodified VeriSign Software); and (ii) pay any final judgment entered or settlement against VeriSign on such issue in any such suit or proceeding defended by Customer. Customer shall have no obligation to VeriSign pursuant to this Section 7.5.1 unless: (A) VeriSign gives Customer prompt written notice of the claim; and (B) Customer is given the right to control and direct the investigation, preparation, defense and settlement of the claim.

7.5.2 EXCLUSIVE REMEDIES. THE RIGHTS AND REMEDIES SET FORTH IN SECTION 7.5.1 CONSTITUTE THE ENTIRE OBLIGATION OF CUSTOMER AND THE EXCLUSIVE REMEDIES OF VERISIGN CONCERNING CUSTOMER'S PROPRIETARY RIGHTS INFRINGEMENT.

8. TERM AND TERMINATION

8.1 TERM. The license rights granted pursuant to Section 2 shall be effective as of the date hereof and shall continue in full force and effect for each item of Licensed Software for the period set forth on Exhibit "A" unless sooner terminated pursuant to the terms of this Agreement. Either party shall be entitled to terminate all the

license rights granted pursuant to this Agreement at any time on written notice to the other in the event of a default by the other party and a failure to cure such default within a period of thirty (30) days (five (5) days if the default involves the payment of money) following receipt of written notice specifying that a default has occurred.

8.2 INSOLVENCY. Upon the institution of any proceedings by or against either party seeking relief, reorganization or arrangement under any laws relating to insolvency, or upon any assignment for the benefit of creditors, or upon the appointment of a receiver, liquidator or trustee of any of either party's property or assets, or upon the liquidation, dissolution or winding up of either party's business, then and in any such events all the license rights granted pursuant to this Agreement may immediately be terminated by the other party upon giving written notice.

8.3 DISPOSITION OF VERISIGN SOFTWARE AND USER MANUALS ON TERMINATION. Upon the expiration or termination pursuant to this Section 8 of the license rights granted pursuant to Section 2, the remaining provisions of this Agreement shall remain in full force and effect, and Customer shall cease making copies of, using or licensing the VeriSign Software, User Manual and Customer Products, excepting only such copies of Customer Products necessary to fill orders placed with Customer prior to such expiration or termination. Customer shall destroy all copies of the VeriSign Software, User Manual and Customer Products and all information and documentation provided by VeriSign to Customer (including all Know-How), other than such copies of the VeriSign Object Code, the User Manual and the Customer Products as are necessary to enable Customer to perform its continuing support obligations in accordance with Section 6.2, if any.

9. MISCELLANEOUS PROVISIONS

9.1 GOVERNING LAWS. THE LAWS OF THE STATE OF CALIFORNIA, U.S.A. (IRRESPECTIVE OF ITS CHOICE OF LAW PRINCIPLES) SHALL GOVERN THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION OF ITS TERMS, AND THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES. THE PARTIES AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT. THE PARTIES AGREE THAT ANY SUIT TO ENFORCE ANY PROVISION OF THIS AGREEMENT OR ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE BUSINESS RELATIONSHIP BETWEEN THE PARTIES SHALL BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA OR THE SUPERIOR OR MUNICIPAL COURT IN AND FOR THE COUNTY OF SANTA CLARA, CALIFORNIA, U.S.A. Each party agrees that such courts shall have exclusive in personam jurisdiction and venue with respect to such party, and each party submits to the exclusive in personam jurisdiction and venue of such courts.

9.2 BINDING UPON SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, this Agreement shall be binding upon, and inure to the benefit of, the successors, representatives, administrators and assigns of the parties hereto. This Agreement shall not be assignable by Customer, by operation of law or otherwise, without the prior written consent of VeriSign, which shall not be unreasonably withheld; provided, however, that VeriSign may withhold its consent to the assignment of this Agreement if it provides for a fully paid-up License Fee. Any such purported assignment or delegation without VeriSign's written consent shall be void and of no effect.

9.3 SEVERABILITY. If any provision of this Agreement is found to be invalid or unenforceable, the remainder of this Agreement shall be interpreted so as best to reasonably effect the intent of the parties hereto. IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER PROVISION AND TO BE ENFORCED AS SUCH.

9.4 ENTIRE AGREEMENT. This Agreement and the exhibits and schedules hereto constitute the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous agreements, representations and understandings between the parties.

9.5 AMENDMENT AND WAIVERS. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived, only by a writing signed by the party to be bound.

9.6 ATTORNEYS' FEES. The prevailing party in any action or proceeding to enforce or interpret any part of this Agreement shall be entitled to recover its reasonable attorneys' fees (including fees on any appeal).

9.7 NOTICES. Any notice, demand, or request with respect to this Agreement shall be in writing and shall be effective only if it is delivered by hand or mailed, certified or registered mail, postage prepaid, return receipt requested, addressed to the appropriate party at its address set forth on page 1. Such communications shall be effective when they are received by the addressee; but if sent by certified or registered mail in the manner set forth above, they shall be effective not later than ten (10) days after being deposited in the mail. Any party may change its address for such communications by giving notice to the other party in conformity with this Section.

9.8 FOREIGN RESHIPMENT LIABILITY. THIS AGREEMENT IS EXPRESSLY MADE SUBJECT TO ANY LAWS, REGULATIONS, ORDERS OR OTHER RESTRICTIONS ON THE EXPORT FROM THE UNITED STATES OF AMERICA OF THE VERISIGN SOFTWARE OR CUSTOMER PRODUCTS OR OF INFORMATION ABOUT THE VERISIGN SOFTWARE OR CUSTOMER PRODUCTS WHICH MAY BE IMPOSED FROM TIME TO TIME BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA. NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, CUSTOMER SHALL NOT EXPORT OR REEXPORT, DIRECTLY OR INDIRECTLY, ANY VERISIGN SOFTWARE OR CUSTOMER PRODUCTS OR INFORMATION PERTAINING THERETO TO ANY COUNTRY FOR WHICH SUCH GOVERNMENT OR ANY AGENCY THEREOF REQUIRES AN EXPORT LICENSE OR OTHER GOVERNMENTAL APPROVAL AT THE TIME OF EXPORT OR REEXPORT WITHOUT FIRST OBTAINING SUCH LICENSE OR APPROVAL.

9.9 TRADEMARKS. By reason of this Agreement or the performance hereof, Customer shall acquire no rights of any kind in any VeriSign trademark, trade name, logo or product designation under which the VeriSign Software was or is marketed and Customer shall not make any use of the same for any reason except as expressly authorized by this Agreement or otherwise authorized in writing by VeriSign.

9.10 PUBLICITY. Neither party will disclose to third parties, other than its agents and representatives on a need-to-know basis, the terms of this Agreement or any exhibits hereto (including without limitation any License/Product Schedule) without the prior written consent of the other party, except (i) either party may disclose such terms to the extent required by law; (ii) either party may disclose the existence of this Agreement; and (iii) VeriSign shall have the right to disclose that Customer is an Customer of the VeriSign Software and that any publicly-announced Customer Product incorporates the VeriSign Software. Customer shall provide to VeriSign, solely for VeriSign's display purposes, one (1) working copy of each Customer Product which consists solely of computer software and one (1) working or non-working unit of any hardware product in which is incorporated a Customer Product which consists of an integrated circuit or other hardware.

9.11 REMEDIES NON-EXCLUSIVE. Except as otherwise expressly provided, any remedy provided for in this Agreement is deemed cumulative with, and not exclusive of, any other remedy provided for in this Agreement or otherwise available at law or in equity. The exercise by a party of any remedy shall not preclude the exercise by such party of any other remedy.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date of the last signature below, unless a different effective date is specified on the first page of this Agreement.

CUSTOMER:

VISA INTERNATIONAL SERVICE ASSOCIATION

By:_____

Printed Name:_____

Title:_____

Date:_____

VERISIGN, INC.

By:_____

Printed Name:_____

Title:_____

Date:_____

EXHIBIT "K"

SERVICE LEVEL SPECIFICATION*

* Confidential treatment has been requested with respect to certain portions of this exhibit. Confidential portions have been omitted from the public filing and have been filed separately with the Securities and Exchange Commission.

EXHIBIT "L"

SUPPORT LEVELS

1. SECOND-LEVEL SUPPORT FOR MEMBERS

VeriSign will provide second level telephone support for any problem concerning a Certificate issued to a Member during the times set forth in Section 2 below. In the event that a Member problem is not resolved by the first level good-faith efforts of VISA Member Support, VeriSign will provide second level telephone support for a reasonable volume of calls from VISA Member Support. Upon VISA Member Support's providing VeriSign with a clear description of the unresolved problem, VeriSign will verify the problem's existence and determine the conditions under which the problem may recur. After such verification and determination, VeriSign will, at its option,

1.1 use its best efforts to provide an immediate fix for the problem;

1.2 use its best efforts to provide a temporary solution of or workaround to the problem;

1.3 provide a statement that the problem will be corrected in a future release;

1.4 provide a statement that more information about the problem is required (however, after sufficient information, in VeriSign's opinion, is provided to VeriSign, VeriSign will provide to Customer one of the other four support alternatives contained in this Section 1); or

1.5 provide a statement that the Private Label Certificate System operates as described in VeriSign's then current user documentation or that the problem arises when such Private Label Certificate System is used other than in a manner for which it was designed.

In the case of such second-level support, VeriSign will not contact a Member directly for more information about the problem unless VISA Member Support so requests.

The following chart summarizes telephone support provided in this Section:

Type of Certificate	Entity Supported	First Level	Second Level	Third Level
VISA Chipcard CA	Issuers,	VISA Member Support	VeriSign	N/A

2. TIMES TELEPHONE SUPPORT IS PROVIDED

VeriSign will accept and log all second level support requests received from Customer on a twenty-four (24) hour per day, seven (7) day per week basis, including national holidays. VeriSign will provide regular telephone support for both second level on Monday through Friday 8:00 a.m. to 5:00 p.m., local time, and will provide critical corrective support after hours (outside the hours of 8:00 a.m. to 5:00 p.m., local time) and on national holidays. A problem is considered critical when the Private Label Certificate System will not operate or the Customer cannot perform its business function due to a Private Label Certificate System problem.

3. CUSTOMER RESPONSIBILITIES FOR TELEPHONE SUPPORT

Customer will (i) identify, document and report to VeriSign each problem with the Private Label Certificate System necessitating telephone support, (ii) supply VeriSign with all documentation and assistance necessary to demonstrate and allow VeriSign to diagnose the problem, and (iii) install each solution to such problem

provided by VeriSign. If Customer requests corrective changes to the Private Label Certificate System and VeriSign determines that the reported malfunction is not related to the Private Label Certificate System, VeriSign may charge Customer for its diagnostic services on a time and materials basis.

Customer will assure the proper use, management and supervision of any application programs, audit controls, operating methods and office procedures necessary for the intended use of the Private Label Certificate System.

Customer will provide the first-level support to Members through VISA Member Support as provided in Section 1 above.

EXHIBIT 10.25

LEASE AGREEMENT

by and between

SHORELINE INVESTMENTS VII,

a California general partnership,

as LANDLORD

and VeriSign, Inc.

a Delaware corporation,

as TENANT

for Premises located at

1380 Shorebird Way

Mountain View, California

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LEASE AGREEMENT

1. Parties. This Lease, dated for reference purposes as of August 15, 1996, is made by and between SHORELINE INVESTMENTS VII, a California general partnership, ("Landlord"), and VeriSign, Inc., a Delaware corporation ("Tenant").

2. Demise of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, upon the terms and conditions hereinafter set forth, those certain premises (the "Premises") situated in the City of Mountain View, County of Santa Clara, State of California, described as follows: approximately Twenty-one Thousand Seven Hundred-eighty-eight (21,788) square feet of floor space commonly known as 1380 Shorebird Way, Mountain View, located in the building (the "Building"), as shown cross-hatched on the site plan (the "Site Plan") attached hereto as EXHIBIT "A". The Building is located on a parcel of land (the "Parcel") as shown on the Site Plan, which Parcel is described in EXHIBIT "B" attached hereto. Landlord shall not be required to make any alterations, additions or improvements to the Premises and the Premises shall be leased to Tenant in an "as-is" condition.

3. Term. The term of this Lease ("Lease Term") shall be for five (5) years, commencing on September 1, 1996 (the "Commencement Date") and ending on August 31, 2001 unless sooner terminated pursuant to any provision hereof. Notwithstanding said scheduled Commencement Date, if for any reason Landlord cannot deliver possession of the Premises to Tenant on said date, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder, but in such case Tenant shall not be obligated to pay rent until possession of the Premises is tendered to Tenant and the commencement and termination dates of this Lease shall be revised to conform to the date of Landlord's delivery of possession. In the event Landlord shall permit Tenant to occupy the Premises prior to the Commencement Date, such occupancy shall be subject to all the provisions of this Lease, excluding the obligation to pay the Monthly Installment of rent and Outside Area Charges.

4. Rent.

A. Time of Payment. Tenant shall pay to Landlord as rent for the Premises the sum specified in Subparagraph 4.B below (the "Monthly Installment") each month in advance on the first day of each calendar month, without deduction or offset, prior notice or demand, commencing on the Commencement Date and continuing through the term of this Lease, together with such additional rents as are payable by Tenant to Landlord under the terms of this Lease. The Monthly Installment for any period during the Lease Term which period is less than one (1) full month shall be a prorata portion of the Monthly Installment based upon a thirty (30) day month.

B. Monthly Installment. No Monthly Installment of rent shall be payable during the period from September 1, 1996 through and including September 30, 1996, or if

possession of the Premises is delivered after September 1, 1996, for the first thirty (30) calendar days following delivery of possession.

The Monthly Installment of rent payable each month during the period from October 1, 1996 through and including February 28, 1999, or for the first five (5) months following delivery of the Premises, whichever occurs later, shall be the sum of Thirty-four Thousand Eight Hundred Sixty Dollars ($34,860.00) per month.

Subject to the foregoing, the Monthly Installment of rent payable each month during the period from March 1, 1999 through and including August 31, 2001 shall be the sum of Thirty-seven Thousand Forty Dollars ($37,040.00) per month.

C. Late Charge. Tenant acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or deed of trust covering the Premises. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord within ten (10) days after such amount shall be due, Tenant shall pay to Landlord, as additional rent, a late charge equal to six percent (6%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of its other rights and remedies granted hereunder.

D. Additional Rent. All taxes, insurance premiums, Outside Area Charges, late charges, costs and expenses which Tenant is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Tenant's failure to pay such amounts, and all reasonable damages, costs, and attorneys' fees and expenses which Landlord may incur by reason of any default of Tenant or failure on Tenant's part to comply with the terms of this Lease, shall be deemed to be additional rent ("Additional Rent") and shall be paid in addition to the Monthly Installment of rent, and, in the event of nonpayment by Tenant, Landlord shall have all of the rights and remedies with respect thereto as Landlord has for the nonpayment of the Monthly Installment of rent.

E. Place of Payment. Rent shall be payable in lawful money of the United States of America to Landlord at SHORELINE INVESTMENTS VII, c/o REALPROP DEVELOPMENT COMPANY, 1710 Zanker Road, Suite 100, San Jose, California, 95112 or to such other person(s) or at such other place(s) as Landlord may designate in writing.

F. Advance Payment. Concurrently with the execution of this Lease, Tenant shall pay to Landlord the sum of Thirty-four Thousand Eight Hundred Sixty Dollars ($34,860.00) to be applied to the Monthly Installment of rent first accruing under this Lease.

5. Security Deposit. Tenant shall deposit the sum of Thirty-five Thousand

($35,000.00) (the "Security Deposit") upon execution of this Lease, to secure the faithful performance by Tenant of each term, covenant and condition of this Lease. If Tenant shall at any time fail to make any payment or fail to keep or perform any term, covenant or condition on its part to be made or performed or kept under this Lease, Landlord may, but shall not be obligated to and without waiving or releasing Tenant from any obligation under this Lease, use, apply or retain the whole or any part of the Security Deposit (A) to the extent of any sum due to Landlord; (B) to make any required payment on Tenant's behalf; or (C) to compensate Landlord for any loss, damages, attorneys' fees or expense sustained by Landlord due to Tenant's default. In such event, Tenant shall, within five (5) days of written demand by Landlord, remit to Landlord sufficient funds to restore the Security Deposit to its original sum. No interest shall accrue on the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its general funds. Should Tenant comply with all the terms, covenants, and conditions of this Lease and at the end of the term of this Lease leave the Premises in the condition required by this Lease, then said Security Deposit, less any sums owing to Landlord or which Landlord is otherwise entitled to retain, shall be returned to Tenant within thirty (30) days after the termination of this Lease and vacancy of the Premises by Tenant.

6. Use of Premises. Tenant shall use the Premises only in conformance with applicable governmental laws, regulations, rules and ordinances for the purpose of administrative offices, computer labs, product development, storage and distribution and for no other purpose. Tenant shall indemnify, protect, defend, and hold Landlord harmless against any loss, expense, damage, attorneys' fees or liability arising out of the failure of Tenant to comply with any applicable law. Tenant shall not commit or suffer to be committed, any waste upon the Premises, or any nuisance, or other acts or things which may disturb the quiet enjoyment of any other tenant in the buildings adjacent to the Premises, or allow any sale by auction upon the Premises, or allow the Premises to be used for any unlawful purpose, or place any loads upon the floor, walls or ceiling which endanger the structure, or place any harmful liquids in the drainage system of the Building. No waste materials or refuse shall be dumped upon or permitted to remain upon any part of the Parcel outside of the Building, except in trash containers placed inside exterior enclosures designated for that purpose by Landlord. No materials, supplies, equipment, finished products or semifinished products, raw materials or articles of any nature shall be stored upon or permitted to remain on any portion of the Parcel outside of the Building. Tenant shall strictly comply with the provisions of Paragraph 39 below.

7. Taxes and Assessments.

A. Tenant's Property. Tenant shall pay before delinquency any and all taxes and assessments, license fees and public charges levied, assessed or imposed upon or against Tenant's fixtures, equipment, furnishings, furniture, appliances and personal property installed or located on or within the Premises. Tenant shall take all reasonable steps necessary to cause said fixtures, equipment, furnishings, furniture, appliances and personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant within ten (10) days after receipt of a written statement from Landlord setting forth the taxes applicable to Tenant's property.

B. Property Taxes. Tenant shall pay, as Additional Rent all Property Taxes levied or assessed with respect to the land comprising the Parcel and with respect to the Building and all improvements located on the Parcel which become due or accrue during the term of this Lease. Tenant shall pay such Property Taxes to Landlord on or before the later of the following dates: (1) at least ten (10) days prior to the delinquency date; or (2) twenty (20) days after receipt of billing. If Tenant fails to do so, Tenant shall reimburse Landlord, on demand, for all interest, late fees and penalties that the taxing authority charges Landlord. In the event Landlord's mortgagee requires an impound for Property Taxes, then on the first day of each month during the Lease Term, Tenant shall pay Landlord one twelfth (1/12) of its annual share of such Property Taxes. Tenant's liability hereunder shall be prorated to reflect the Commencement and termination dates of this Lease.

For the purpose of this Lease, "Property Taxes" means and includes all taxes, assessments (including, but not limited to, assessments for public improvements or benefits), taxes based on vehicles utilizing parking areas, taxes based or measured by the rent paid, payable or received under this Lease, taxes on the value, use, or occupancy of the Premises, the Building and/or the Parcel, Environmental Surcharges directly attributable to Tenant's use or occupancy of the Premises, and all other governmental impositions and charges of every kind and nature whatsoever, whether or not customary or within the contemplation of the parties hereto and regardless of whether the same shall be extraordinary or ordinary, general or special, unforeseen or foreseen, or similar or dissimilar to any of the foregoing which, at any time during the Lease Term, shall be applicable to the Premises, the Building and/or the Parcel or assessed, levied or imposed upon the Premises, the Building and/or the Parcel, or become due and payable and a lien or charge upon the Premises, the Building and/or the Parcel, or any part thereof, under or by virtue of any present or future laws, statutes, ordinances, regulations or other requirements of any governmental authority whatsoever. The term "Environmental Surcharges" shall mean and include any and all expenses, taxes, charges or penalties imposed by the Federal Department of Energy, the Federal Environmental Protection Agency, the Federal Clean Air Act, or any regulations promulgated thereunder or any other local, state or federal governmental agency or entity now or hereafter vested with the power to impose taxes, assessments, or other types of surcharges as a means of controlling or abating environmental pollution or the use of energy. The term "Property Taxes" shall not include any federal, state or local net income, estate, or inheritance tax imposed on Landlord.

C. Other Taxes. Tenant shall, as Additional Rent, pay or reimburse Landlord for any tax based upon, allocable to, or measured by the area of the Premises or the Building or the Parcel; or by the rent paid, payable or received under this Lease; any tax upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Premises or any portion thereof; any privilege tax, excise tax, business and occupation tax, gross receipts tax, sales and/or use tax, water tax, sewer tax, employee tax, occupational license tax imposed upon Landlord or Tenant with respect to the Premises; any tax upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

8. Insurance.

A. Indemnity. Tenant agrees to indemnify, protect and defend Landlord against and hold Landlord harmless from any and all claims, causes of action, judgments, obligations or liabilities, and all reasonable expenses incurred in investigating or resisting the same (including reasonable attorneys' fees), on account of, or arising out of, the operation, maintenance, use or occupancy of the Premises and the Parcel and all areas appurtenant thereto by Tenant or its Agents. This Lease is made on the express understanding that Landlord shall not be liable for, nor suffer loss by reason of, injury to person or property, from whatever cause (except for the active negligence or willful misconduct of Landlord), which in any way may be connected with the operation, use or occupancy of the Premises by Tenant or its Agents specifically including, without limitation, any liability for injury to the person or property of Tenant or its Agents.

B. Liability Insurance. Tenant shall, at Tenants expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Landlord and Tenant against claims and liabilities arising out of the operation, use, or occupancy of the Premises and all areas appurtenant thereto, including parking areas. Such insurance shall be in an amount of not less than Three Million Dollars ($3,000,000.00) for bodily injury or death as a result of any one occurrence and Five Hundred Thousand Dollars ($500,000.00) for damage to property as a result of any one occurrence. The insurance shall be with companies approved by Landlord, which approval Landlord agrees not to withhold unreasonably. Tenant shall deliver to Landlord, prior to possession, and at least thirty (30) days prior to the expiration thereof, a certificate of insurance evidencing the existence of the policy required hereunder and such certificate shall certify that the policy (1) names Landlord as an additional insured, (2) shall not be canceled or altered without thirty (30) days prior written notice to Landlord, (3) insures performance of the indemnity set forth in Subparagraph 8.A above, (4) the coverage is primary and any coverage by Landlord is in excess thereto and (5) contains a cross-liability endorsement.

Landlord may maintain a policy or policies of comprehensive general liability insurance insuring Landlord (and such others as are designated by Landlord), against liability for personal injury, bodily injury, death and damage to property occurring or resulting from an occurrence in, on or about the Premises or the Outside Area, with such limits of coverage as Landlord may from time to time determine are reasonably necessary for its protection. The cost of any such liability insurance maintained by Landlord shall be a Outside Area Charge and Tenant shall pay, as Additional Rent, such cost to Landlord as provided in Paragraph 12 below.

C. Property Insurance. Landlord shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises and the Building, in the amount of the full replacement value thereof, providing protection against those perils included within the classification of "all risk" insurance, plus a policy of rental income insurance in the amount of one hundred percent (100%) of twelve (12) months rent (including, without limitation, sums payable as Additional Rent), plus, at Landlord's option, flood insurance and earthquake insurance, and any other coverages which may be required from time to time by Landlord's mortgagee. Tenant shall have no interest in nor any right to the

proceeds of any insurance procured by Landlord on the Premises. Tenant shall, within twenty (20) days after receipt of billing, pay to Landlord as Additional Rent, an amount equal to the cost of such insurance procured and maintained by Landlord. Tenant acknowledges that such insurance procured by Landlord shall contain a deductible which reduces Tenant's cost for such insurance and, in the event of loss or damage, Tenant shall be required to pay to Landlord the amount of such deductible, not to exceed an amount equal to one month's rent in the case of earthquake and not to exceed Ten Thousand Dollars ($10,000.00) in all other cases.

D. Tenant's Insurance; Release of Landlord. Tenant acknowledges that the insurance to be maintained by Landlord on the Premises pursuant to Subparagraph 8.C above will not insure any of Tenant's property. Accordingly, Tenant, at Tenant's own expense, shall maintain in full force and effect on all of its fixtures, equipment, leasehold improvements and personal property in the Premises, a policy of "All Risk" coverage insurance to the extent of at least ninety percent (90%) of their insurable value.

E. Mutual Waiver of Subrogation. Tenant and Landlord hereby mutually waive their respective rights for recovery against each other for any loss of or damage to the property of either party, to the extent such loss or damage is insured by any insurance policy required to be maintained by this Lease or otherwise in force at the time of such loss or damage. Each party shall obtain any special endorsements, if required by the insurer, whereby the insurer waives its right of subrogation against the other party hereto. The provisions of this Subparagraph E shall not apply in those instances in which waiver of subrogation would cause either party's insurance coverage to be voided or otherwise made uncollectible.

9. Utilities. Tenant shall pay for all water, gas, light, heat, power, electricity, telephone, trash pick-up, sewer charges, and all other services supplied to or consumed on the Premises, and all taxes and surcharges thereon. In addition, the cost of any utility services supplied to the Outside Area or not separately metered to the Premises shall be a Outside Area Charge and Tenant shall pay such costs to Landlord as provided in Paragraph 12 below.

10. Repairs and Maintenance.

A. Landlord's Repairs. Subject to the provisions of Paragraph 16, Landlord shall keep and maintain the exterior roof, structural elements and exterior walls of the Building in good order and repair. Landlord shall not, however, be required to maintain, repair or replace the interior surface of exterior walls, nor shall Landlord be required to maintain, repair or replace windows, doors, skylights or plate glass. Landlord shall have no obligation to make repairs under this Subparagraph until a reasonable time after receipt of written notice from Tenant of the need for such repairs. Tenant shall reimburse Landlord, as additional rent, within fifteen (15) days after receipt of billing, for the cost of such repairs and maintenance which are the obligation of Landlord hereunder, provided however, that Tenant shall not be required to reimburse Landlord for the cost of maintenance and repairs of the structural elements of the Building unless such maintenance or repair is required because of the negligence or willful misconduct of Tenant or its employees, agents, or invitees. As used herein, the term "structural elements of the Building"

shall mean and be limited to the foundation, footings, floor slab (but not flooring), structural walls, and roof structure (but not roofing or roof membrane).

B. Tenant's Repairs. Except as expressly provided in Subparagraph 10.A above, Tenant shall, at its sole cost, keep and maintain the entire Premises and every part thereof, including without limitation, the windows, window frames, plate glass, glazing, skylights, truck doors, doors and all door hardware, the walls and partitions, and the electrical, plumbing, lighting, heating, ventilating and air conditioning systems and equipment in good order, condition and repair. The term "repair" shall include replacements, restorations and/or renewals when necessary as well as painting. Tenant's obligation shall extend to all alterations, additions and improvements to the Premises, and all fixtures and appurtenances therein and thereto. Tenant shall, at all times during the Lease Term, have in effect a service contract for the maintenance of the heating, ventilating and air conditioning ("HVAC") equipment with an HVAC repair and maintenance contractor approved by Landlord, which approval shall not unreasonably withheld. The HVAC service contract shall provide for periodic inspection and servicing at least once every three (3) months during the term hereof, and Tenant shall provide Landlord with a copy of such contract and all periodic service reports.

Should Tenant fail to make repairs required of Tenant hereunder forthwith upon five (5) days notice from Landlord or should Tenant fail thereafter to diligently complete the repairs, Landlord, in addition to all other remedies available hereunder or by law and without waiving any alternative remedies, may make the same, and in that event, Tenant shall reimburse Landlord as additional rent for the cost of such maintenance or repairs within five (5) days of written demand by Landlord.

Landlord shall have no maintenance or repair obligations whatsoever with respect to the Premises except as expressly provided in Subparagraph 10.A and Paragraph 11 and 16. Tenant hereby expressly waives the provisions of Subsection 1 of Section 1932 and Sections 1941 and 1942 of the Civil Code of California and all rights to make repairs at the expense of Landlord as provided in Section 1942 of said Civil Code. There shall be no allowance to Tenant for diminution of rental value, and no liability on the part of Landlord, by reason of inconvenience, annoyance or injury to business arising from the making of, or the failure to make, any repairs, alterations, decorations, additions or improvements in or to any portion of the Premises or the Building or Outside Area (or any of the areas used in connection with the operation thereof, or in or to any fixtures, appurtenances or equipment). In no event shall Landlord be responsible for any consequential damages arising or alleged to have arisen from any of the foregoing matters. Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises, the Building, or the Outside Area, except for Landlord's gross negligence or willful misconduct, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents or contractors whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or

upon other portions of the Building, or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant.

11. Outside Area. Subject to the terms and conditions of this Lease and such rules and regulations as Landlord may from time to time prescribe, Tenant and Tenant's employees, invitees and customers shall, in common with others entitled to the use thereof, have the non-exclusive right to use the access roads, parking areas and facilities located on the Parcel and designated by Landlord for the general use and convenience of the occupants of the Parcel, which areas and facilities are referred to herein as "Outside Area." This right shall terminate upon the termination of this Lease. Landlord reserves the right from time to time to make changes in the shape, size, location, amount and extent of the Outside Area. Tenant shall have the exclusive use of all of the parking spaces in the Outside Area. Tenant shall not abandon any inoperative vehicles or equipment on any portion of the Outside Area. Tenant shall make no alterations, improvements or additions to the Outside Area.

Landlord shall operate, manage, insure, maintain and repair the Outside Area in good order, condition and repair. The manner in which the Outside Area shall be maintained and the expenditures for such maintenance shall be at the discretion of Landlord. The cost of such repair, maintenance, operation, insurance and management, including without limitation, maintenance and repair of landscaping, irrigation systems, paving, sidewalks, fences, and lighting, shall be a Outside Area Charge and Tenant shall pay to Landlord its share of such costs as provided in Paragraph 12 below.

12. Outside Area Charges. Tenant shall pay to Landlord, as Additional Rent, upon demand but not more often than once each calendar month, an amount equal to One hundred percent (100%) of the Outside Area Charges as defined in Subparagraph 8.B and Paragraphs 9, 11, 13 and 36 of this Lease. Tenant acknowledges and agrees that the Outside Area Charges shall include an additional five percent (5%) of the actual expenditures in order to compensate Landlord for accounting, management and processing services.

13. Alterations. Tenant shall not make, or suffer to be made, any alterations, improvements or additions in, on, about or to the Premises or any part thereof, without the prior written consent of Landlord (which shall not be unreasonably withheld or delayed) and without a valid building permit issued by the appropriate governmental authority. As a condition to giving such consent, Landlord may require that Tenant agree to remove any such alterations, improvements or additions at the termination of this Lease, and to restore the Premises to their prior condition. Unless Landlord requires that Tenant remove any such alteration, improvement or addition, any alteration, addition or improvement to the Premises, except movable furniture and trade fixtures not affixed to the Premises, shall become the property of Landlord upon termination of the Lease and shall remain upon and be surrendered with the Premises at the termination of this Lease. Without limiting the generality of the foregoing, all heating, lighting, electrical (including all wiring, conduit, outlets, drops, buss ducts, main and subpanels), air conditioning, partitioning, drapery, and carpet installations made by Tenant regardless of how affixed to the Premises, together with all other additions, alterations and improvements that have become an integral part of the Building, shall be and become the property of the Landlord

upon termination of the Lease, and shall not be deemed trade fixtures, and shall remain upon and be surrendered with the Premises at the termination of this Lease.

If, during the Term hereof, any alteration, addition or change of any sort to all or any portion of the Premises is required by law, regulation, ordinance or order of any public agency, Tenant shall promptly make the same at its sole cost and expense. If during the Term hereof, any alteration, addition, or change to the Outside Area is required by law, regulation, ordinance or order of any public agency, Landlord shall make the same and the cost of such alteration, addition or change shall be a Outside Area Charge and Tenant shall pay said cost to Landlord as provided in Paragraph 12 above.

14. Acceptance of the Premises. By entry and taking possession of the Premises pursuant to this Lease, Tenant accepts the Premises as being in good and sanitary order, condition and repair and accepts the Premises in their condition existing as of the date of such entry, and Tenant further accepts the tenant improvements to be constructed by Landlord, if any, as being completed in accordance with the plans and specifications for such improvements, except for punch list items. Tenant acknowledges that neither Landlord nor Landlord's agents has made any representation or warranty as to the suitability of the Premises to the conduct of Tenant's business. Any agreements, warranties or representations not expressly contained herein shall in no way bind either Landlord or Tenant, and Landlord and Tenant expressly waive all claims for damages by reason of any statement, representation, warranty, promise or agreement, if any, not contained in this Lease. This Lease constitutes the entire understanding between the parties hereto and no addition to, or modification of, any term or provision of this Lease shall be effective until set forth in a writing signed by both Landlord and Tenant.

15. Default.

A. Events of Default. A breach of this Lease shall exist if any of the following events (hereinafter referred to as "Event of Default") shall occur:

(1) Default in the payment when due of any installment of rent or other payment required to be made by Tenant hereunder, where such default shall not have been cured within three (3) days after written notice of such default is given to Tenant;

(2) Tenant's breach or violation of any provision of Paragraph 25 below;

(3) Tenant's breach or violation of any provision of Paragraph 39 below;

(4) Tenant's failure to perform any other term, covenant or condition contained in this Lease where such failure shall have continued for twenty (20) days after written notice of such failure is given to Tenant;

(5) Tenant's vacating or abandonment of the Premises;

(6) Tenant's assignment of its assets for the benefit of its creditors;

(7) The sequestration of, attachment of, or execution on, any substantial part of the property of Tenant or on any property essential to the conduct of Tenant's business, shall have occurred and Tenant shall have failed to obtain a return or release of such property within thirty (30) days thereafter, or prior to sale pursuant to such sequestration, attachment or levy, whichever is earlier;

(8) Tenant or any guarantor of Tenant's obligations hereunder shall commence any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seek appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property;

(9) Tenant or any such guarantor shall take any corporate action to authorize any of the actions set forth in Clause 8 above; or

(10) Any case, proceeding or other action against Tenant or any guarantor of Tenant's obligations hereunder shall be commenced seeking to have an order for relief entered against it as debtor, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (i) results in the entry of an order for relief against it which is not fully stayed within seven (7) business days after the entry thereof or (ii) remains undismissed for a period of forty-five (45) days.

B. Remedies. Upon any Event of Default, Landlord shall have the following remedies, in addition to all other rights and remedies provided by law, to which Landlord may resort cumulatively, or in the alternative:

(1) Recovery of Rent. Landlord shall be entitled to keep this Lease in full force and effect (whether or not Tenant shall have abandoned the Premises) and to enforce all of its rights and remedies under this Lease, including the right to recover rent and other sums as they become due, plus interest at the Permitted Rate (as defined in Paragraph 33 below) from the due date of each installment of rent or other sum until paid.

(2) Termination. Landlord may terminate this Lease by giving Tenant written notice of termination. On the giving of the notice all of Tenant's rights in the Premises and the Building and Parcel shall terminate. Upon the giving of the notice of termination, Tenant shall surrender and vacate the Premises in the condition required by Paragraph 34, and Landlord may re-enter and take possession of the Premises and all the remaining improvements or property and eject Tenant or any of Tenant's subtenants, assignees or other person or persons claiming any right under or through Tenant or eject some and not others or eject none. This Lease may also be terminated by a judgment specifically providing for termination. Any termination under this paragraph shall not release Tenant from the payment of any sum then due

Landlord or from any claim for damages or rent previously accrued or then accruing against Tenant. In no event shall any one or more of the following actions by Landlord constitute a termination of this Lease:

(a) maintenance and preservation of the Premises;

(b) efforts to relet the Premises;

(c) appointment of a receiver in order to protect Landlord's interest hereunder;

(d) consent to any subletting of the Premises or assignment of this Lease by Tenant, whether pursuant to provisions hereof concerning subletting and assignment or otherwise; or

(e) any other action by Landlord or Landlord's agents intended to mitigate the adverse effects from any breach of this Lease by Tenant.

(3) Damages. In the event this Lease is terminated pursuant to Subparagraph 15.B.2 above, or otherwise, Landlord shall be entitled to damages in the following sums:

(a) the worth at the time of award of the unpaid rent which has been earned at the time of termination; plus

(b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and

(d) any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom including, without limitation, the following: (i) expenses for cleaning, repairing or restoring the Premises; (ii) real estate broker's fees, advertising costs and other expenses of reletting the Premises; (iii) costs of carrying the Premises such as taxes and insurance premiums thereon, utilities and security precautions; (iv) expenses in retaking possession of the Premises; and (v) reasonable attorneys' fees and court costs.

(e) The "worth at the time of award" of the amounts referred to in Subparagraphs (a) and (b) of this Paragraph 15.B(3) is computed by allowing interest at the Permitted Rate. The "worth at the time of award" of the amounts referred to in Subparagraph (c) of this Paragraph 15.B(3) is computed by discounting such amount at the discount rate of the

Federal Reserve Board of San Francisco at the time of award plus one percent (1%). The term "rent" as used in this Paragraph 15 shall include all sums required to be paid by Tenant to Landlord pursuant to the terms of this Lease.

16. Destruction. In the event that any portion of the Premises are destroyed or damaged by an uninsured peril, Landlord or Tenant may, upon written notice to the other, given within thirty (30) days after the occurrence of such damage or destruction, elect to terminate this Lease; provided, however, that either party may, within thirty (30) days after receipt of such notice, elect to make any required repairs and/or restoration at such party's sole cost and expense, in which event this Lease shall remain in full force and effect, and the party having made such election to restore or repair shall thereafter diligently proceed with such repairs and/or restoration.

In the event the Premises are damaged or destroyed from any insured peril to the extent of fifty percent (50%) or more of the then replacement cost of the Premises, Landlord may, upon written notice to Tenant, given within thirty (30) days after the occurrence of such damage or destruction, elect to terminate this Lease. If Landlord does not give such notice in writing within such period, Landlord shall be deemed to have elected to rebuild or restore the Premises, in which event Landlord shall, at its expense, promptly rebuild or restore the Premises to their condition prior to the damage or destruction and Tenant shall pay to Landlord upon commencement of reconstruction the amount of any deductible from the insurance policy, not to exceed one month's rent in the case of earthquake and not to exceed Ten Thousand Dollars ($10,000.00) in all other cases.

In the event the Premises are damaged or destroyed from any insured peril to the extent of less than fifty percent (50%) of the then replacement cost of the Premises, Landlord shall, at Landlord's expense, promptly rebuild or restore the Premises to their condition prior to the damage or destruction and Tenant shall pay to Landlord upon commencement of reconstruction the amount of any deductible from the insurance policy, not to exceed an amount equal to one month's rent in the case of earthquake and not to exceed Ten Thousand Dollars ($10,000.00) in all other cases.

In the event that, pursuant to the foregoing provisions, Landlord is to rebuild or restore the Premises, Landlord shall, within thirty (30) days after the occurrence of such damage or destruction, provide Tenant with written notice of the time required for such repair or restoration. If such period is longer than two hundred seventy (270) days from the issuance of a building permit, Tenant may, within thirty (30) days after receipt of Landlord's notice, elect to terminate the Lease by giving written notice to Landlord of such election, whereupon the Lease shall immediately terminate. The period of time for Landlord to complete the repair or restoration shall be extended for delays caused by the fault or neglect of Tenant or because of acts of God, acts of public agencies, labor disputes, strikes, fires, freight embargoes, rainy or stormy weather, inability to obtain materials, supplies or fuels, acts of contractors or subcontractors, or delay of contractors or subcontractors due to such causes, or other contingencies beyond the control of Landlord. Landlord's obligation to repair or restore the

Premises shall not include restoration of Tenant's trade fixtures, equipment, merchandise, or any improvements, alterations or additions made by Tenant to the Premises.

Unless this Lease is terminated pursuant to the foregoing provisions, this Lease shall remain in full force and effect; provided, however, that during any period of repairs or restoration, rent and all other amounts to be paid by Tenant on account of the Premises and this Lease shall be abated in proportion to the area of the Premises rendered not reasonably suitable for the conduct of Tenant's business thereon. Tenant hereby expressly waives the provisions of Section 1932, Subdivision 2 and Section 1933, Subdivision 4 of the California Civil Code.

17. Condemnation.

A. Definition of Terms. For the purposes of this Lease, the term (1) "Taking" means a taking of the Premises or damage to the Premises related to the exercise of the power of eminent domain and includes a voluntary conveyance, in lieu of court proceedings, to any agency, authority, public utility, person or corporate entity empowered to condemn property; (2) "Total Taking" means the taking of the entire Premises or so much of the Premises as to prevent or substantially impair the use thereof by Tenant for the uses herein specified; provided, however, in no event shall a Taking of less than ten percent (10%) of the Premises be deemed a Total Taking; (3) "Partial Taking" means the taking of only a portion of the Premises which does not constitute a Total Taking; (4) "Date of Taking" means the date upon which the title to the Premises, or a portion thereof, passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor; and (5) "Award" means the amount of any award made, consideration paid, or damages ordered as a result of a Taking.

B. Rights. The parties agree that in the event of a Taking all rights between them or in and to an Award shall be as set forth herein and Tenant shall have no right to any Award except as set forth herein.

C. Total Taking. In the event of a Total Taking during the term hereof (1) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the Premises shall cease and terminate as of the Date of Taking; (2) Landlord shall refund to Tenant any prepaid rent and Tenant's Security Deposit; (3) Tenant shall pay Landlord any rent or charges due Landlord under the Lease, each prorated as of the Date of Taking; (4) Tenant shall receive from Landlord those portions of the Award attributable to trade fixtures of Tenant and for moving expenses of Tenant; and (5) the remainder of the Award shall be paid to and be the property of Landlord.

D. Partial Taking. In the event of a Partial Taking during the term hereof (1) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the portion of the Premises taken shall cease and terminate as of the Date of Taking; (2) from and after the Date of Taking the Monthly Installment of rent shall be an amount equal to the product obtained by multiplying the Monthly Installment of rent immediately prior to the Taking by a fraction, the numerator of which is the number of square feet contained in the Premises after the Taking and the denominator of which is the number of square feet contained in the Premises prior to the

Taking; (3) Tenant shall receive from the Award the portions of the Award attributable to trade fixtures of Tenant; and (4) the remainder of the Award shall be paid to and be the property of Landlord.

18. Mechanics' Lien. Tenant shall (A) pay for all labor and services performed for, materials used by or furnished to, Tenant or any contractor employed by Tenant with respect to the Premises; (B) indemnify, defend, protect and hold Landlord and the Premises harmless and free from any liens, claims, liabilities, demands, encumbrances, or judgments created or suffered by reason of any labor or services performed for, materials used by or furnished to, Tenant or any contractor employed by Tenant with respect to the Premises; (C) if the cost of such work is in excess of Five Thousand Dollars ($5,000.00), give notice to Landlord in writing five (5) days prior to employing any laborer or contractor to perform services related to, or receiving materials for use upon the Premises; and (D) permit Landlord to post a notice of nonresponsibility in accordance with the statutory requirements of California Civil Code Section 3094 or any amendment thereof. In the event Tenant is required to post an improvement bond with a public agency in connection with the above, Tenant agrees to include Landlord as an additional obligee.

19. Inspection of the Premises. Tenant shall permit Landlord and its agents to enter the Premises at any reasonable time for the purpose of inspecting the same, performing Landlord's maintenance and repair responsibilities, posting a notice of non-responsibility for alterations, additions or repairs and at any time within ninety (90) days prior to expiration of this Lease, to place upon the Premises, ordinary "For Lease" or "For Sale" signs.

20. Compliance with Laws. Tenant shall, at its own cost, comply with all of the requirements of all municipal, county, state and federal authorities now in force, or which may hereafter be in force, pertaining to the use and occupancy of the Premises, and shall faithfully observe all municipal, county, state and federal law, statutes or ordinances now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction or the admission of Tenant in any action or proceeding against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any such ordinance or statute in the use and occupancy of the Premises shall be conclusive of the fact that such violation by Tenant has occurred.

21. Subordination. The following provisions shall govern the relationship of this Lease to any underlying lease, mortgage or deed of trust which now or hereafter affects the Premises, the Building and/or the Parcel, or Landlord's interest or estate therein (the "Project") and any renewal, modification, consolidation, replacement, or extension thereof (a "Security Instrument").

A. Priority. This Lease is subject and subordinate to all Security Instruments existing as of the Commencement Date. However, if any Lender so requires, this Lease shall become prior and superior to any such Security Instrument.

B. Subsequent Security Instruments. At Landlord's election, this Lease shall become subject and subordinate to any Security Instrument created after the Commencement Date. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises

shall not be disturbed so long as Tenant is not in default and performs all of its obligations under this Lease, unless this Lease is otherwise terminated pursuant to its terms.

C. Documents. Tenant shall execute any document or instrument required by Landlord or any Lender to make this Lease either prior or subordinate to a Security Instrument, which may include such other matters as the Lender customarily requires in connection with such agreements, including provisions that the Lender, if it succeeds to the interest of Landlord under this Lease, shall not be (i) liable for any act or omission of any prior landlord (including Landlord), (ii) subject to any offsets or defenses which Tenant may have against any prior landlord (including Landlord), (iii) bound by any rent or Additional Rent paid more than one (1) month in advance of its date due under this Lease unless the Lender receives it from Landlord, (iv) liable for any defaults on the part of Landlord occurring prior to the time that the Lender takes possession of the Premises in connection with the enforcement of its Security Instrument, (v) liable for the return of any Security Deposit unless such deposit has been delivered to Lender, or (vi) bound by any agreement or modification of the Lease made without the prior written consent of Lender. Tenant's failure to execute any such document or instrument within ten (10) days after written demand therefor shall constitute a default by Tenant or, at Landlord's option, Landlord may execute such documents on behalf of Tenant as Tenant's attorney-in-fact. Tenant does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact to execute such documents in accordance with this Paragraph.

D. Tenant's Attornment. Tenant shall attorn (1) to any purchaser of the Premises at any foreclosure sale or private sale conducted pursuant to any Security Instrument encumbering the Project; (2) to any grantee or transferee designated in any deed given in lieu of foreclosure; or (3) to the lessor under any underlying ground lease should such ground lease be terminated.

E. Lender. As used in this Lease, the term "Lender" shall mean (1) any beneficiary, mortgagee, secured party, or other holder of any deed of trust, mortgage, or other written security device or agreement affecting the Project; and (2) any lessor under any underlying lease under which Landlord holds its interest in the Project.

22. Holding Over. This Lease shall terminate without further notice at the expiration of the Lease Term. Any holding over by Tenant after expiration shall not constitute a renewal or extension or give Tenant any rights in or to the Premises except as expressly provided in this Lease. Any holding over after the expiration with the consent of Landlord shall be construed to be a tenancy from month to month, at one hundred twenty-five percent (125%) of the monthly rent for the last month of the Lease Term, and shall otherwise be on the terms and conditions herein specified insofar as applicable.

23. Notices. Any notice required or desired to be given under this Lease shall be in writing with copies directed as indicated below and shall be personally served or given by mail. Any notice given by mail shall be deemed to have been given when forty-eight (48) hours have elapsed from the time such notice was deposited in the United States mails, certified and postage prepaid, return receipt requested, addressed to the party to be served with a copy as indicated

herein at the last address given by that party to the other party under the provisions of this Paragraph 23. At the date of execution of this Lease, the address of Landlord is:

SHORELINE INVESTMENTS VII
c/o REALPROP DEVELOPMENT COMPANY
1710 Zanker Road, Suite 100
San Jose, CA 95112

and the address of Tenant is:

VeriSign, Inc.
2593 Coast Avenue
Mountain View, CA 94043

After the Commencement Date, the address of Tenant shall be at the Premises.

24. Attorneys' Fees. In the event either party shall bring any action or legal proceeding for damages for any alleged breach of any provision of this Lease, to recover rent or possession of the Premises, to terminate this Lease, or to enforce, protect or establish any term or covenant of this Lease or right or remedy of either party, the prevailing party shall be entitled to recover as a part of such action or proceeding, reasonable attorneys' fees and court costs, including reasonable attorneys' fees and costs for appeal, as may be fixed by the court or jury. The term "prevailing party" shall mean the party who received substantially the relief requested, whether by settlement, dismissal, summary judgment, judgment, or otherwise.

25. Nonassignment.

A. Landlord's Consent Required. Tenant's interest in this Lease is not assignable, by operation of law or otherwise, nor shall Tenant have the right to sublet the Premises, transfer any interest of Tenant therein or permit any use of the Premises by another party, without the prior written consent of Landlord to such assignment, subletting, transfer or use, which consent Landlord agrees not to withhold unreasonably subject to the provisions of Subparagraph 25.B below. A consent to one assignment, subletting, occupancy or use by another party shall not be deemed to be a consent to any subsequent assignment, subletting, occupancy or use by another party. Any assignment or subletting without such consent shall be void and shall, at the option of Landlord, terminate this Lease.

Landlord's waiver or consent to any assignment or subletting hereunder shall not relieve Tenant from any obligation under this Lease.

B. Transferee Information Required. If Tenant desires to assign its interest in this Lease or sublet the Premises, or transfer any interest of Tenant therein, or permit the use of the Premises by another party (hereinafter collectively referred to as a "Transfer"), Tenant shall give Landlord at least thirty (30) days prior written notice of the proposed Transfer and of the terms of such proposed Transfer, including, but not limited to, the name and legal composition of the proposed transferee, a financial statement of the proposed transferee, the nature of the

proposed transferee's business to be carried on in the Premises, the payment to be made or other consideration to be given to Tenant on account of the Transfer, and such other pertinent information as may be requested by Landlord, all in sufficient detail to enable Landlord to evaluate the proposed Transfer and the prospective transferee. It is the intent of the parties hereto that this Lease shall confer upon Tenant only the right to use and occupy the Premises, and to exercise such other rights as are conferred upon Tenant by this Lease. The parties agree that this Lease is not intended to have a bonus value nor to serve as a vehicle whereby Tenant may profit by a future Transfer of this Lease or the right to use or occupy the Premises as a result of any favorable terms contained herein, or future changes in the market for leased space. It is the intent of the parties that any such bonus value that may attach to this Lease shall be and remain the exclusive property of Landlord, except as set forth in Paragraph 25.B(2) below. Accordingly, in the event Tenant seeks to Transfer substantially its entire interest in this Lease or the Premises, Landlord shall have the following options, which may be exercised at its sole choice without limiting Landlord in the exercise of any other right or remedy which Landlord may have by reason of such proposed Transfer:

(1) Landlord may elect to terminate this Lease effective as of the proposed effective date of the proposed Transfer and release Tenant from any further liability hereunder accruing after such termination date by giving Tenant written notice of such termination within twenty (20) days after receipt by Landlord of Tenant's notice of intent to transfer as provided above. If Landlord makes such election to terminate this Lease, Tenant shall surrender the Premises, in accordance with Paragraph 34, on or before the effective termination date; or

(2) Landlord may consent to the proposed Transfer on the condition that Tenant agrees to pay to Landlord, as Additional Rent, fifty percent (50%) of any and all rents or other consideration (including key money) received by Tenant from the transferee by reason of such Transfer in excess of the rent payable by Tenant to Landlord under this Lease (less any brokerage commissions or advertising expenses incurred by Tenant in connection with the Transfer). Tenant expressly agrees that the foregoing is a reasonable condition for obtaining Landlord's consent to any Transfer; or

(3) Landlord may reasonably withhold its consent to the proposed Transfer.

26. Successors. The covenants and agreements contained in this Lease shall inure to the benefit of and be binding on the parties hereto and on their respective heirs, successors and assigns (to the extent the Lease is assignable).

27. Mortgagee Protection. In the event of any default on the part of Landlord, Tenant will give notice by registered or certified mail to any beneficiary of a deed of trust or mortgagee of a mortgage encumbering the Premises, whose address shall have been furnished to Tenant, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or judicial foreclosure, if such should prove necessary to effect a cure.

28. Landlord Loan or Sale. Tenant agrees promptly following request by Landlord to (A) execute and deliver to Landlord any documents, including estoppel certificates presented to Tenant by Landlord, (1) certifying that this Lease is unmodified and in full force and effect (or, if modified, specifying such modification and certifying that the Lease as so modified is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder (or specifying such defaults, if any, that are claimed), and (3) evidencing the status of the Lease as may be required either by a lender making a loan to Landlord to be secured by a deed of trust or mortgage covering the Premises or a purchaser of the Premises from Landlord and (B) to deliver to Landlord the financial statement of Tenant with an opinion of a certified public accountant, including a balance sheet and profit and loss statement, for the last completed fiscal year all prepared in accordance with generally accepted accounting principles consistently applied. Tenant's failure to deliver an estoppel certificate promptly following such request shall be an Event of Default under this Lease.

29. Surrender of Lease Not Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subleases or subtenants, or operate as an assignment to Landlord of any or all such subleases or subtenants.

30. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained.

31. General.

A. Captions. The captions and paragraph headings used in this Lease are for the purposes of convenience only. They shall not be construed to limit or extend the meaning of any part of this Lease, or be used to interpret specific sections. The word(s) enclosed in quotation marks shall be construed as defined terms for purposes of this Lease. As used in this Lease, the masculine, feminine and neuter and the singular or plural number shall each be deemed to include the other whenever the context so requires.

B. Definition of Landlord. The term LANDLORD as used in this Lease, so far as the covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner at the time in question of the fee title of the Premises, and in the event of any transfer or transfers of the title of such fee, the Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall after the date of such transfer or conveyance be automatically freed and relieved of all liability with respect to performance of any covenants or obligations on the part of Landlord contained in this Lease, thereafter to be performed; provided that any funds in the hands of Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be turned over to the grantee, and provided further that nothing contained herein shall relieve the Landlord named herein of liability for breach of any covenants or obligations on the part of Landlord required to have been

performed prior to the time of any such transfer. It is intended that the covenants and obligations contained in this Lease on the part of Landlord shall, subject as aforesaid, be binding upon each Landlord, its heirs, personal representatives, successors and assigns only during its respective period of ownership.

C. Time of Essence. Time is of the essence for the performance of each term, covenant and condition of this Lease.

D. Severability. In case any one or more of the provisions contained herein, except for the payment of rent, shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein. This Lease shall be construed and enforced in accordance with the laws of the State of California.

E. Joint and Several Liability. If Tenant is more than one person or entity, each such person or entity shall be jointly and severally liable for the obligations of Tenant hereunder.

F. Law. As used in this Lease, the term "Law", "Laws", "law" or "laws" shall mean any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any government agency or authority having jurisdiction over the parties to this Lease or the Premises or both, in effect at the Commencement Date of this Lease or any time during the Lease Term, including, without limitation, any regulation, order, or policy of any quasi-official entity or body (e.g., board of fire examiners, public utility or special district).

G. Agent. As used in this Lease, the term "Agent" shall mean, with respect to either Landlord or Tenant, its respective agents, employees, contractors (and their subcontractors), and invitees (and in the case of Tenant, its subtenants).

H. WAIVER OF JURY TRIAL.

LANDLORD AND TENANT HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION, PROCEEDING AND/OR HEARING BROUGHT BY EITHER LANDLORD AGAINST TENANT OR TENANT AGAINST LANDLORD ON ANY MATTER WHATSOEVER ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, OR REGULATION,

EMERGENCY OR OTHERWISE, NOW OR HEREAFTER IN EFFECT.

INITIALS: _____ (Landlord)

_____ (Tenant)

32. Sign. Tenant shall not place or permit to be placed any sign or decoration on the Parcel or the exterior of the Building without the prior written consent of Landlord. Tenant, upon written notice by Landlord, shall immediately remove any sign or decoration that Tenant has placed or permitted to be placed on the Parcel or the exterior of the Building without the prior written consent of Landlord, and if Tenant fails to so remove such sign or decoration within five (5) days after Landlord's written notice, Landlord may enter upon the Premises and remove said sign or decoration and Tenant agrees to pay Landlord, as Additional Rent upon demand, the cost of such removal. At the termination of this Lease, Tenant shall remove any sign which it has placed on the Parcel or Building and shall repair any damage caused by the installation or removal of such sign.

33. Interest on Past Due Obligations. Any Monthly Installment of rent or any other sum due from Tenant under this Lease which is received by Landlord after the date the same is due shall bear interest from said due date until paid, at an annual rate equal to the greater of (the "Permitted Rate"): (1) ten percent (10%); or (2) five percent (5%) plus the rate established by the Federal Reserve Bank of San Francisco, as of the twenty-fifth (25th) day of the month immediately preceding the due date, on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act, as now in effect or hereafter from time to time amended. Payment of such interest shall not excuse or cure any default by Tenant. In addition, Tenant shall pay all reasonable costs and attorneys' fees incurred by Landlord in collection of such amounts.

34. Surrender of the Premises. On the last day of the Term hereof, or on the sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in their condition existing as of the Commencement Date of this Lease, ordinary wear and tear excepted, with all originally painted interior walls washed, and other interior walls cleaned, and repaired or replaced, all carpets shampooed and cleaned, the air conditioning and heating equipment serviced and repaired by a reputable and licensed service firm, all floors cleaned and waxed, all to the reasonable satisfaction of Landlord. Tenant shall remove all of Tenant's personal property and trade fixtures from the Premises, and all property not so removed shall be deemed abandoned by Tenant. Tenant, at its sole cost, shall repair any damage to the Premises caused by the removal of Tenant's personal property, machinery and equipment, which repair shall include, without limitation, the patching and filling of holes and repair of structural damage. If the Premises are not so surrendered at the termination of this Lease, Tenant shall indemnify, defend, protect and hold Landlord harmless from and against loss or liability resulting from delay by Tenant in so surrendering the Premises including without limitation, any proximate losses to Landlord due to lost opportunities to lease to succeeding tenants.

35. Authority. The undersigned parties hereby warrant that they have
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proper authority and are empowered to execute this Lease on behalf of Landlord and Tenant, respectively.

36. C. C. & R.'s. This Lease is made subject to all matters of public
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record affecting title to the property of which the Premises are a part. Tenant shall abide by and comply with all private conditions, covenants and restrictions of public record now or hereafter affecting the Premises and any amendment thereof, including, but not limited to, the following:

> Those Covenants, Conditions and Restrictions for the SHORELINE BUSINESS PARK regarding Architectural Control, Development and Use executed by New England Mutual Life Insurance Company and recorded on June 1, 1979, in Book E535 at Page 22, Santa Clara County Records.

All assessments and charges which are imposed, levied or assessed against the Parcel and Building pursuant to the above-described covenants, conditions and restrictions shall be a Outside Area Charge and Tenant shall pay such assessments and charges to Landlord as provided in Paragraph 12 above.

37. Brokers. Tenant represents and warrants to Landlord that it has not
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dealt with any broker respecting this transaction (other than Cornish & Carey) and hereby agrees to indemnify and hold Landlord harmless from and against any brokerage commission or fee, obligation, claim or damage (including reasonable attorneys' fees) paid or incurred respecting any broker (other than Cornish & Carey) claiming through Tenant or with which/whom Tenant has dealt.

38. Limitation on Landlord's Liability. Tenant, for itself and its
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successors and assigns (to the extent this Lease is assignable), hereby agrees that in the event of any actual, or alleged, breach or default by Landlord under this Lease that:

A. Tenant's sole and exclusive remedy against Landlord shall be as against Landlord's interest in the Building and Parcel;

B. No partner of Landlord shall be sued or named in a party in a suit or action (except as may be necessary to secure jurisdiction of the partnership);

C. No service of process shall be made against any partner of Landlord (except as may be necessary to secure jurisdiction of the partnership);

D. No partner of Landlord shall be required to answer or otherwise plead to any service of process;

E. No judgment will be taken against any partner of Landlord;

F. Any judgment taken against any partner of Landlord may be vacated and set aside at any time nunc pro tunc;

G. No writ of execution will ever be levied against the assets of any partner of Landlord;

H. The covenants and agreements of Tenant set forth in this Paragraph 38 shall be enforceable by Landlord and any partner of Landlord.

39. Hazardous Material.

A. Definitions. As used herein, the term "Hazardous Material" shall mean any substance: (i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; (ii) which is or becomes defined as a "hazardous waste," "hazardous substance," pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); (iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; (iv) the presence of which on the Premises causes or threatens to cause a nuisance upon the Premises or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises; (v) the presence of which on adjacent properties could constitute a trespass by Landlord or Tenant; (vi) without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons; (vii) without limitation which contains polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde foam insulation; or (viii) without limitation radon gas.

B. Permitted Use. Subject to the compliance by Tenant with the provisions of Subparagraphs C, D, E, F, G, H, and I below, Tenant shall be permitted to use and store on the Premises those Hazardous Materials listed in EXHIBIT "C" attached hereto, in the quantities set forth in EXHIBIT "C". In addition, Tenant shall be permitted to use and store on the Premises reasonable quantities of office and janitorial supplies without complying with provisions of Subparagraph C below.

C. Hazardous Materials Management Plan.

Prior to Tenant using, handling, transporting or storing any Hazardous Material at or about the Premises (including, without limitation, those listed in EXHIBIT "C"), Tenant shall submit to Landlord a Hazardous Materials Management Plan ("HMMP") for Landlord's review and approval, which approval shall not be unreasonably withheld. The HMMP shall describe: (aa) the quantities of each material to be used, (bb) the purpose for which each material is to be used, (cc) the method of storage of each material (dd) the method of transporting each material to and from the Premises and within the Premises, (ee) the methods Tenant will employ to monitor the use of the material and to detect any leaks or potential

hazards, and (ff) any other information any department of any governmental entity (city, state or federal) requires prior to the issuance of any required permit for the Premises or during Tenant's occupancy of the Premises. Landlord may, but shall have no obligation to review and approve the foregoing information and HMMP, and such review and approval or failure to review and approve shall not act as an estoppel or otherwise waive Landlord's rights under this Lease or relieve Tenant of its obligations under this Lease. If Landlord determines in good faith by inspection of the Premises or review of the HMMP that the methods in use or described by Tenant are not adequate in Landlord's good faith judgment to prevent or eliminate the existence of environmental hazards, then Tenant shall not use, handle, transport, or store such Hazardous Materials at or about the Premises unless and until such methods are approved by Landlord in good faith and added to an approved HMMP. Once approved by Landlord, Tenant shall strictly comply with the HMMP and shall not change its use, operations or procedures with respect to Hazardous Materials without submitting an amended HMMP for Landlord's review and approval as provided above.

D. Use Restriction. Except as specifically allowed in Subparagraph B above, Tenant shall not cause or permit any Hazardous Material to be used, stored, generated, discharged, transported to or from, or disposed of in or about the Premises, the Building, the Outside Area, and/or the Parcel or any other land or improvements in the vicinity of the Premises. Without limiting the generality of the foregoing, Tenant, at its sole cost, shall comply with all Laws relating to the storage, use, generation, transport, discharge and disposal by Tenant or its Agents of any Hazardous Material. If the presence of any Hazardous Material on the Premises, Building, Outside Area and/or Parcel caused or permitted by Tenant or its Agents results in contamination of the Premises, Building, Outside Area and/or Parcel or any soil, air, ground or surface waters under, through, over, on, in or about the Premises or Parcel, Tenant, at its expense, shall promptly take all actions necessary to return the Premises, Building, Outside Area and Parcel and/or the surrounding real property to the condition existing prior to the appearance of such Hazardous Material introduced to the Premises by Tenant or its Agents. In the event there is a release, discharge or disposal of or contamination of the Premises, Building, Outside Area and/or Parcel by a Hazardous Material which is of the type that has been stored, handled, transported or otherwise used or permitted by Tenant or its Agents on or about the Premises, Tenant shall have the burden of proving that such release, discharge, disposal or contamination is not the result of the acts or omissions of Tenant or its Agents.

E. Tenant Indemnity. Tenant shall defend, protect, hold harmless and indemnify Landlord and its Agents and Lenders with respect to all actions, claims, losses (including, diminution in value of the Premises), fines, penalties, fees (including, but not limited to, reasonable attorneys' and consultants' fees) costs, damages, liabilities, remediation costs, investigation costs, response costs and other expenses arising out of, resulting from, or caused by (i) any Hazardous Material used, generated, discharged, transported to or from, stored, or disposed of by Tenant or its Agents in, on, under, over, through or about the Premises, Parcel and/or the surrounding real property or (ii) any disposal or release of any Hazardous Material on the surface of the Parcel occurring during the Lease Term. Tenant shall not suffer any lien to be recorded against the Premises or Parcel as a consequence of the disposal of any Hazardous Material on the Premises or Parcel by Tenant or its Agents, including any so called state, federal

or local "super fund" lien related to the "clean up" of any Hazardous Material in, over, on, under, through, or about the Premises or Parcel.

F. Compliance. Tenant shall immediately notify Landlord of any inquiry, test, investigation, enforcement proceeding by or against Tenant or the Premises concerning any Hazardous Material. Any remediation plan prepared by or on behalf of Tenant must be submitted to Landlord prior to conducting any work pursuant to such plan and prior to submittal to any applicable government authority and shall be subject to Landlord's consent, which consent shall not be unreasonably withheld or delayed. Tenant acknowledges that Landlord, as the owner of the Premises, at its election, shall have the sole right to negotiate, defend, approve and appeal any action taken or order issued with regard to any Hazardous Material by any applicable governmental authority.

G. Assignment and Subletting. It shall not be unreasonable for Landlord to withhold its consent to any proposed assignment or subletting if (i) the proposed assignee's or subtenant's anticipated use of the Premises involves the storage, generation, discharge, transport, use or disposal of any Hazardous Material; (ii) if the proposed assignee or subtenant has been required by any prior landlord, lender or governmental authority to "clean up" or remediate any Hazardous Material; (iii) if the proposed assignee or subtenant is subject to investigation or enforcement order or proceeding by any governmental authority in connection with the use, generation, discharge, transport, disposal or storage of any Hazardous Material.

H. Surrender. Upon the expiration or earlier termination of the Lease, Tenant, at its sole cost, shall remove all Hazardous Materials from the Premises, the Building, Outside Area and/or Parcel that Tenant or its Agents introduced to the Premises, the Building, Outside Area and/or Parcel. If Tenant fails to so surrender the Premises, Tenant shall indemnify, protect, defend and hold Landlord harmless from and against all damages resulting from Tenant's failure to surrender the Premises as required by this Paragraph, including, without limitation, any actions, claims, losses, liabilities, fees (including, but not limited to, reasonable attorneys' and consultants' fees), fines, costs, penalties, or damages in connection with the condition of the Premises including, without limitation, damages occasioned by the inability to relet the Premises or a reduction in the fair market and/or rental value of the Premises by reason of the existence of any Hazardous Material in, on, over, under, through or around the Premises.

I. Right to Appoint Consultant. Landlord shall have the right to appoint a consultant to conduct an investigation to determine whether any Hazardous Material is being used, generated, discharged, transported to or from, stored or disposed of in, on, over, through, or about the Premises, in an appropriate and lawful manner. If Tenant has violated any Law or covenant in this Lease regarding the use, storage or disposal of Hazardous Materials on or about the Premises, Tenant shall reimburse Landlord for the cost of such investigation. Tenant, at its expense, shall comply with all reasonable recommendations of the consultant required to conform Tenant's use, storage or disposal of Hazardous Materials to the requirements of applicable Law or to fulfill the obligations of Tenant hereunder.

J. Holding Over. If any action of any kind is required or requested to be taken by any governmental authority to clean-up, remove, remediate or monitor any Hazardous Material (the presence of which is the result of the acts or omissions of Tenant or its Agents) and such action is not completed prior to the expiration or earlier termination of the Lease, Tenant shall be deemed to have impermissibly held over until such time as such required action is completed, and Landlord shall be entitled to all damages directly or indirectly incurred in connection with such holding over, including without limitation, damages occasioned by the inability to re-let the Premieres or a reduction of the fair market and/or rental value of the Premises.

K. Landlord's Indemnity. Landlord shall defend and, protect, hold harmless and indemnify Tenant from and against all claims, fines, penalties, damages, government orders, losses, liabilities costs and expenses (including reasonable attorneys' fees) arising out of any Hazardous Material used, generated, discharged, transported to or from, stored or disposed of in, on or under the Premises and/or Parcel by Landlord or its Agents.

L. Provisions Survive Termination. The provisions of this Paragraph 39 shall survive the expiration or termination of this Lease

M. Controlling Provisions. The provisions of this Paragraph 39 are intended to govern the rights and liabilities of the Landlord and Tenant hereunder respecting Hazardous Materials to the exclusion of any other provisions in this Lease that might otherwise be deemed applicable. The provisions of this Paragraph 39 shall be controlling with respect to any provisions in this Lease that are inconsistent with this Paragraph 39.

40. Separately Stated Reimbursement. The Monthly Installment of rent due for the three (3) months commencing October 1, 1996 of the Lease Term as specified in Paragraph 4.B, includes the sum of Eighty Thousand Dollars ($80,000.00), which sum represents, for Landlord's accounting purposes, a separately stated reimbursement by Tenant of the Eighty Thousand Dollars ($80,000.00) cost of certain renovations to the Premises.

41. Condition of Premises. Notwithstanding the provisions contained in Paragraph 14 of this Lease, Landlord agrees that the air conditioning units shall be delivered to Tenant in good working order and repair and that the roof of the Building shall be replaced by Landlord at Landlord's sole cost and expense in a reasonable period of time following Tenant's completion of its leasehold improvements.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

TENANT:

VeriSign, Inc.
a Delaware corporation

Dated: 8/19/96

By: /s/ Dana L. Evan

Name: Dana L. Evan

Title: CFO

LANDLORD:

SHORELINE INVESTMENTS VII
a California general partnership

Dated: 8/29/96

By: /s/ Robert P. Moore

Name: Robert P. Moore

Title: General Partner

Dated: 8/29/96

By: /s/ John J. Bertolotti

Name: John J. Bertolotti

Title: General Partner

EXHIBIT "A"

SITE PLAN

[Schematic description of site]

EXHIBIT "B"

DESCRIPTION OF PARCEL

Lot 3 of Tract 7033, as shown on Parcel Map recorded February 25, 1981, in Book 479 of Maps, pages 45 and 46, Santa Clara County Records, as said parcel is shown on the Santa Clara County Assessor's Maps as Book 116, page 11, parcel 24.

EXHIBIT 10.26

LEASE AGREEMENT

by and between

SHORELINE INVESTMENTS VII,

a California general partnership,

as LANDLORD

and VeriSign, Inc.

a Delaware corporation,

as TENANT

for Premises located at

1390 Shorebird Way

Mountain View, California

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LEASE AGREEMENT

1. Parties. This Lease, dated for reference purposes as of September 18, 1996, is made by and between SHORELINE INVESTMENTS VII, a California general partnership, ("Landlord"), and VeriSign, Inc., a Delaware corporation ("Tenant").

2. Demise of Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, upon the terms and conditions hereinafter set forth, those certain premises (the "Premises") situated in the City of Mountain View, County of Santa Clara, State of California, described as follows: approximately twenty-two thousand two hundred thirty-five (22,235) square feet of floor space commonly known as 1390 Shorebird Way, Mountain View, located in the building (the "Building"), as shown cross-hatched on the site plan (the "Site Plan") attached hereto as EXHIBIT "A". The Building is located on a parcel of land (the "Parcel") as shown on the Site Plan, which Parcel is described in EXHIBIT "B" attached hereto. Landlord shall not be required to make any alterations, additions or improvements to the Premises and the Premises shall be leased to Tenant in an "as-is" condition.

3. Term. The term of this Lease ("Lease Term") shall be for fifty-four (54) months, commencing on March 1, 1997 (the "Commencement Date") and ending on August 31, 2001 unless sooner terminated pursuant to any provision hereof. Notwithstanding said scheduled Commencement Date, if for any reason Landlord cannot deliver possession of the Premises to Tenant on said date, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder, but in such case Tenant shall not be obligated to pay rent until possession of the Premises is tendered to Tenant and the commencement and termination dates of this Lease shall be revised to conform to the date of Landlord's delivery of possession. In the event Landlord shall permit Tenant to occupy the Premises prior to the Commencement Date, such occupancy shall be subject to all the provisions of this Lease, excluding the obligation to pay the Monthly Installment of rent and Outside Area Charges.

4. Rent.

A. Time of Payment. Tenant shall pay to Landlord as rent for the Premises the sum specified in Subparagraph 4.B below (the "Monthly Installment") each month in advance on the first day of each calendar month, without deduction or offset, prior notice or demand, commencing on the Commencement Date and continuing through the term of this Lease, together with such additional rents as are payable by Tenant to Landlord under the terms of this Lease. The Monthly Installment for any period during the Lease Term which period is less than one (1) full month shall be a prorata portion of the Monthly Installment based upon a thirty (30) day month.

B. Monthly Installment. The Monthly Installment of rent payable each month during the period from March 1, 1997 through and including August 31, 1999, shall be the sum of Thirty-Eight Thousand Nine Hundred and Ten Dollars ($38,910) per month.

The Monthly Installment of rent payable each month during the period from September 1, 1999 through and including August 31, 2001, shall be the sum of Forty-One Thousand One Hundred Thirty-Five Dollars ($41,135.00) per month.

C. Late Charge. Tenant acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or deed of trust covering the Premises. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord within ten (10) days after such amount shall be due, Tenant shall pay to Landlord, as additional rent, a late charge equal to six percent (6%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of its other rights and remedies granted hereunder.

D. Additional Rent. All taxes, insurance premiums, Outside Area Charges, late charges, costs and expenses which Tenant is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Tenant's failure to pay such amounts, and all reasonable damages, costs, and attorneys' fees and expenses which Landlord may incur by reason of any default of Tenant or failure on Tenant's part to comply with the terms of this Lease, shall be deemed to be additional rent ("Additional Rent") and shall be paid in addition to the Monthly Installment of rent, and, in the event of nonpayment by Tenant, Landlord shall have all of the rights and remedies with respect thereto as Landlord has for the nonpayment of the Monthly Installment of rent.

E. Place of Payment. Rent shall be payable in lawful money of the United States of America to Landlord at SHORELINE INVESTMENTS VII, c/o REALPROP DEVELOPMENT COMPANY, 1710 Zanker Road, Suite 100, San Jose, California, 95112 or to such other person(s) or at such other place(s) as Landlord may designate in writing.

F. Advance Payment. Thirty days prior to occupancy, Tenant shall pay to Landlord the sum of Thirty-Eight Thousand Nine Hundred Ten Dollars ($38,910.00) to be applied to the Monthly Installment of rent first accruing under this Lease.

5. Security Deposit. Tenant shall deposit the sum of Forty Thousand Dollars ($40,000.00) (the "Security Deposit") upon execution of this Lease, to secure the faithful performance by Tenant of each term, covenant and condition of this Lease. If Tenant shall at any time fail to make any payment or fail to keep or perform any term, covenant or condition on its part to be made or performed or kept under this Lease, Landlord may, but shall not be

obligated to and without waiving or releasing Tenant from any obligation under this Lease, use, apply or retain the whole or any part of the Security Deposit (A) to the extent of any sum due to Landlord; (B) to make any required payment on Tenant's behalf; or (C) to compensate Landlord for any loss, damages, attorneys' fees or expense sustained by Landlord due to Tenant's default. In such event, Tenant shall, within five (5) days of written demand by Landlord, remit to Landlord sufficient funds to restore the Security Deposit to its original sum. No interest shall accrue on the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its general funds. Should Tenant comply with all the terms, covenants, and conditions of this Lease and at the end of the term of this Lease leave the Premises in the condition required by this Lease, then said Security Deposit, less any sums owing to Landlord or which Landlord is otherwise entitled to retain, shall be returned to Tenant within thirty (30) days after the termination of this Lease and vacancy of the Premises by Tenant.

6. Use of Premises. Tenant shall use the Premises only in conformance with applicable governmental laws, regulations, rules and ordinances for the purpose of administrative offices, computer labs, product development, storage and distribution and for no other purpose. Tenant shall indemnify, protect, defend, and hold Landlord harmless against any loss, expense, damage, attorneys' fees or liability arising out of the failure of Tenant to comply with any applicable law. Tenant shall not commit or suffer to be committed, any waste upon the Premises, or any nuisance, or other acts or things which may disturb the quiet enjoyment of any other tenant in the buildings adjacent to the Premises, or allow any sale by auction upon the Premises, or allow the Premises to be used for any unlawful purpose, or place any loads upon the floor, walls or ceiling which endanger the structure, or place any harmful liquids in the drainage system of the Building. No waste materials or refuse shall be dumped upon or permitted to remain upon any part of the Parcel outside of the Building, except in trash containers placed inside exterior enclosures designated for that purpose by Landlord. No materials, supplies, equipment, finished products or semifinished products, raw materials or articles of any nature shall be stored upon or permitted to remain on any portion of the Parcel outside of the Building. Tenant shall strictly comply with the provisions of Paragraph 39 below.

7. Taxes and Assessments.

A. Tenant's Property. Tenant shall pay before delinquency any and all taxes and assessments, license fees and public charges levied, assessed or imposed upon or against Tenant's fixtures, equipment, furnishings, furniture, appliances and personal property installed or located on or within the Premises. Tenant shall take all reasonable steps necessary to cause said fixtures, equipment, furnishings, furniture, appliances and personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant within ten (10) days after receipt of a written statement from Landlord setting forth the taxes applicable to Tenant's property.

B. Property Taxes. Tenant shall pay, as Additional Rent all Property Taxes levied or assessed with respect to the land comprising the Parcel and with respect to the Building and all improvements located on the Parcel which become due or accrue during the term of this

Lease. Tenant shall pay such Property Taxes to Landlord on or before the later of the following dates: (1) at least ten (10) days prior to the delinquency date; or (2) twenty (20) days after receipt of billing. If Tenant fails to do so, Tenant shall reimburse Landlord, on demand, for all interest, late fees and penalties that the taxing authority charges Landlord. In the event Landlord's mortgagee requires an impound for Property Taxes, then on the first day of each month during the Lease Term, Tenant shall pay Landlord one twelfth (1/12) of its annual share of such Property Taxes. Tenant's liability hereunder shall be prorated to reflect the Commencement and termination dates of this Lease.

For the purpose of this Lease, "Property Taxes" means and includes all taxes, assessments (including, but not limited to, assessments for public improvements or benefits), taxes based on vehicles utilizing parking areas, taxes based or measured by the rent paid, payable or received under this Lease, taxes on the value, use, or occupancy of the Premises, the Building and/or the Parcel, Environmental Surcharges directly attributable to Tenant's use or occupancy of the Premises, and all other governmental impositions and charges of every kind and nature whatsoever, whether or not customary or within the contemplation of the parties hereto and regardless of whether the same shall be extraordinary or ordinary, general or special, unforeseen or foreseen, or similar or dissimilar to any of the foregoing which, at any time during the Lease Term, shall be applicable to the Premises, the Building and/or the Parcel or assessed, levied or imposed upon the Premises, the Building and/or the Parcel, or become due and payable and a lien or charge upon the Premises, the Building and/or the Parcel, or any part thereof, under or by virtue of any present or future laws, statutes, ordinances, regulations or other requirements of any governmental authority whatsoever. The term "Environmental Surcharges" shall mean and include any and all expenses, taxes, charges or penalties imposed by the Federal Department of Energy, the Federal Environmental Protection Agency, the Federal Clean Air Act, or any regulations promulgated thereunder or any other local, state or federal governmental agency or entity now or hereafter vested with the power to impose taxes, assessments, or other types of surcharges as a means of controlling or abating environmental pollution or the use of energy. The term "Property Taxes" shall not include any federal, state or local net income, estate, or inheritance tax imposed on Landlord.

C. Other Taxes. Tenant shall, as Additional Rent, pay or reimburse
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Landlord for any tax based upon, allocable to, or measured by the area of the Premises or the Building or the Parcel; or by the rent paid, payable or received under this Lease; any tax upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Premises or any portion thereof; any privilege tax, excise tax, business and occupation tax, gross receipts tax, sales and/or use tax, water tax, sewer tax, employee tax, occupational license tax imposed upon Landlord or Tenant with respect to the Premises; any tax upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

8. Insurance.

A. Indemnity. Tenant agrees to indemnify, protect and defend Landlord
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against and hold Landlord harmless from any and all claims, causes of action, judgments,

obligations or liabilities, and all reasonable expenses incurred in investigating or resisting the same (including reasonable attorneys' fees), on account of, or arising out of, the operation, maintenance, use or occupancy of the Premises and the Parcel and all areas appurtenant thereto by Tenant or its Agents. This Lease is made on the express understanding that Landlord shall not be liable for, nor suffer loss by reason of, injury to person or property, from whatever cause (except for the active negligence or willful misconduct of Landlord), which in any way may be connected with the operation, use or occupancy of the Premises by Tenant or its Agents specifically including, without limitation, any liability for injury to the person or property of Tenant or its Agents.

B. Liability Insurance. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Landlord and Tenant against claims and liabilities arising out of the operation, use, or occupancy of the Premises and all areas appurtenant thereto, including parking areas. Such insurance shall be in an amount of not less than Three Million Dollars ($3,000,000.00) for bodily injury or death as a result of any one occurrence and Five Hundred Thousand Dollars ($500,000.00) for damage to property as a result of any one occurrence. The insurance shall be with companies approved by Landlord, which approval Landlord agrees not to withhold unreasonably. Tenant shall deliver to Landlord, prior to possession, and at least thirty (30) days prior to the expiration thereof, a certificate of insurance evidencing the existence of the policy required hereunder and such certificate shall certify that the policy (1) names Landlord as an additional insured, (2) shall not be canceled or altered without thirty (30) days prior written notice to Landlord, (3) insures performance of the indemnity set forth in Subparagraph 8.A above, (4) the coverage is primary and any coverage by Landlord is in excess thereto and (5) contains a cross-liability endorsement.

Landlord may maintain a policy or policies of comprehensive general liability insurance insuring Landlord (and such others as are designated by Landlord), against liability for personal injury, bodily injury, death and damage to property occurring or resulting from an occurrence in, on or about the Premises or the Outside Area, with such limits of coverage as Landlord may from time to time determine are reasonably necessary for its protection. The cost of any such liability insurance maintained by Landlord shall be a Outside Area Charge and Tenant shall pay, as Additional Rent, such cost to Landlord as provided in Paragraph 12 below.

C. Property Insurance. Landlord shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises and the Building, in the amount of the full replacement value thereof, providing protection against those perils included within the classification of "all risk" insurance, plus a policy of rental income insurance in the amount of one hundred percent (100%) of twelve (12) months rent (including, without limitation, sums payable as Additional Rent), plus, at Landlord's option, flood insurance and earthquake insurance, and any other coverages which may be required from time to time by Landlord's mortgagee. Tenant shall have no interest in nor any right to the proceeds of any insurance procured by Landlord on the Premises. Tenant shall, within twenty (20) days after receipt of billing, pay to Landlord as Additional Rent, an amount equal to the cost of such insurance procured and maintained by Landlord. Tenant acknowledges that such insurance procured by Landlord shall contain a deductible which reduces Tenant's cost for such

insurance and, in the event of loss or damage, Tenant shall be required to pay to Landlord the amount of such deductible, not to exceed an amount equal to one month's rent in the case of earthquake and not to exceed Ten Thousand Dollars ($10,000.00) in all other cases.

D. Tenant's Insurance; Release of Landlord. Tenant acknowledges that the insurance to be maintained by Landlord on the Premises pursuant to Subparagraph 8.C above will not insure any of Tenant's property. Accordingly, Tenant, at Tenant's own expense, shall maintain in full force and effect on all of its fixtures, equipment, leasehold improvements and personal property in the Premises, a policy of "All Risk" coverage insurance to the extent of at least ninety percent (90%) of their insurable value.

E. Mutual Waiver of Subrogation. Tenant and Landlord hereby mutually waive their respective rights for recovery against each other for any loss of or damage to the property of either party, to the extent such loss or damage is insured by any insurance policy required to be maintained by this Lease or otherwise in force at the time of such loss or damage. Each party shall obtain any special endorsements, if required by the insurer, whereby the insurer waives its right of subrogation against the other party hereto. The provisions of this Subparagraph E shall not apply in those instances in which waiver of subrogation would cause either party's insurance coverage to be voided or otherwise made uncollectible.

9. Utilities. Tenant shall pay for all water, gas, light, heat, power, electricity, telephone, trash pick-up, sewer charges, and all other services supplied to or consumed on the Premises, and all taxes and surcharges thereon. In addition, the cost of any utility services supplied to the Outside Area or not separately metered to the Premises shall be a Outside Area Charge and Tenant shall pay such costs to Landlord as provided in Paragraph 12 below.

10. Repairs and Maintenance.

A. Landlord's Repairs. Subject to the provisions of Paragraph 16, Landlord shall keep and maintain the exterior roof, structural elements and exterior walls of the Building in good order and repair. Landlord shall not, however, be required to maintain, repair or replace the interior surface of exterior walls, nor shall Landlord be required to maintain, repair or replace windows, doors, skylights or plate glass. Landlord shall have no obligation to make repairs under this Subparagraph until a reasonable time after receipt of written notice from Tenant of the need for such repairs. Tenant shall reimburse Landlord, as additional rent, within fifteen (15) days after receipt of billing, for the cost of such repairs and maintenance which are the obligation of Landlord hereunder, provided however, that Tenant shall not be required to reimburse Landlord for the cost of maintenance and repairs of the structural elements of the Building unless such maintenance or repair is required because of the negligence or willful misconduct of Tenant or its employees, agents, or invitees. As used herein, the term "structural elements of the Building" shall mean and be limited to the foundation, footings, floor slab (but not flooring), structural walls, and roof structure (but not roofing or roof membrane).

B. Tenant's Repairs. Except as expressly provided in Subparagraph 10.A above, Tenant shall, at its sole cost, keep and maintain the entire Premises and every part thereof, including without limitation, the windows, window frames, plate glass, glazing, skylights, truck

doors, doors and all door hardware, the walls and partitions, and the electrical, plumbing, lighting, heating, ventilating and air conditioning systems and equipment in good order, condition and repair. The term "repair" shall include replacements, restorations and/or renewals when necessary as well as painting. Tenant's obligation shall extend to all alterations, additions and improvements to the Premises, and all fixtures and appurtenances therein and thereto. Tenant shall, at all times during the Lease Term, have in effect a service contract for the maintenance of the heating, ventilating and air conditioning ("HVAC") equipment with an HVAC repair and maintenance contractor approved by Landlord, which approval shall not unreasonably withheld. The HVAC service contract shall provide for periodic inspection and servicing at least once every three (3) months during the term hereof, and Tenant shall provide Landlord with a copy of such contract and all periodic service reports.

Should Tenant fail to make repairs required of Tenant hereunder forthwith upon five (5) days notice from Landlord or should Tenant fail thereafter to diligently complete the repairs, Landlord, in addition to all other remedies available hereunder or by law and without waiving any alternative remedies, may make the same, and in that event, Tenant shall reimburse Landlord as additional rent for the cost of such maintenance or repairs within five (5) days of written demand by Landlord.

Landlord shall have no maintenance or repair obligations whatsoever with respect to the Premises except as expressly provided in Subparagraph 10.A and Paragraph 11 and 16. Tenant hereby expressly waives the provisions of Subsection 1 of Section 1932 and Sections 1941 and 1942 of the Civil Code of California and all rights to make repairs at the expense of Landlord as provided in Section 1942 of said Civil Code. There shall be no allowance to Tenant for diminution of rental value, and no liability on the part of Landlord, by reason of inconvenience, annoyance or injury to business arising from the making of, or the failure to make, any repairs, alterations, decorations, additions or improvements in or to any portion of the Premises or the Building or Outside Area (or any of the areas used in connection with the operation thereof, or in or to any fixtures, appurtenances or equipment). In no event shall Landlord be responsible for any consequential damages arising or alleged to have arisen from any of the foregoing matters. Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises, the Building, or the Outside Area, except for Landlord's gross negligence or willful misconduct, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents or contractors whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant.

11. Outside Area. Subject to the terms and conditions of this Lease and such rules and regulations as Landlord may from time to time prescribe, Tenant and Tenant's employees, invitees and customers shall, in common with others entitled to the use thereof, have the

non-exclusive right to use the access roads, parking areas and facilities located on the Parcel and designated by Landlord for the general use and convenience of the occupants of the Parcel, which areas and facilities are referred to herein as "Outside Area." This right shall terminate upon the termination of this Lease. Landlord reserves the right from time to time to make changes in the shape, size, location, amount and extent of the Outside Area. Tenant shall have the exclusive use of all of the parking spaces in the Outside Area. Tenant shall not abandon any inoperative vehicles or equipment on any portion of the Outside Area. Tenant shall make no alterations, improvements or additions to the Outside Area.

Landlord shall operate, manage, insure, maintain and repair the Outside Area in good order, condition and repair. The manner in which the Outside Area shall be maintained and the expenditures for such maintenance shall be at the discretion of Landlord. The cost of such repair, maintenance, operation, insurance and management, including without limitation, maintenance and repair of landscaping, irrigation systems, paving, sidewalks, fences, and lighting, shall be a Outside Area Charge and Tenant shall pay to Landlord its share of such costs as provided in Paragraph 12 below.

12. Outside Area Charges. Tenant shall pay to Landlord, as Additional Rent, upon demand but not more often than once each calendar month, an amount equal to One hundred percent (100%) of the Outside Area Charges as defined in Subparagraph 8.B and Paragraphs 9, 11, 13 and 36 of this Lease. Tenant acknowledges and agrees that the Outside Area Charges shall include an additional five percent (5%) of the actual expenditures in order to compensate Landlord for accounting, management and processing services.

13. Alterations. Tenant shall not make, or suffer to be made, any alterations, improvements or additions in, on, about or to the Premises or any part thereof, without the prior written consent of Landlord (which shall not be unreasonably withheld or delayed) and without a valid building permit issued by the appropriate governmental authority. As a condition to giving such consent, Landlord may require that Tenant agree to remove any such alterations, improvements or additions at the termination of this Lease, and to restore the Premises to their prior condition. Unless Landlord requires that Tenant remove any such alteration, improvement or addition, any alteration, addition or improvement to the Premises, except movable furniture and trade fixtures not affixed to the Premises, shall become the property of Landlord upon termination of the Lease and shall remain upon and be surrendered with the Premises at the termination of this Lease. Without limiting the generality of the foregoing, all heating, lighting, electrical (including all wiring, conduit, outlets, drops, buss ducts, main and subpanels), air conditioning, partitioning, drapery, and carpet installations made by Tenant regardless of how affixed to the Premises, together with all other additions, alterations and improvements that have become an integral part of the Building, shall be and become the property of the Landlord upon termination of the Lease, and shall not be deemed trade fixtures, and shall remain upon and be surrendered with the Premises at the termination of this Lease.

If, during the Term hereof, any alteration, addition or change of any sort to all or any portion of the Premises is required by law, regulation, ordinance or order of any public agency, Tenant shall promptly make the same at its sole cost and expense. If during the Term hereof,

any alteration, addition, or change to the Outside Area is required by law, regulation, ordinance or order of any public agency, Landlord shall make the same and the cost of such alteration, addition or change shall be a Outside Area Charge and Tenant shall pay said cost to Landlord as provided in Paragraph 12 above.

14. Acceptance of the Premises. By entry and taking possession of the Premises pursuant to this Lease, Tenant accepts the Premises as being in good and sanitary order, condition and repair and accepts the Premises in their condition existing as of the date of such entry, and Tenant further accepts the tenant improvements to be constructed by Landlord, if any, as being completed in accordance with the plans and specifications for such improvements, except for punch list items. Tenant acknowledges that neither Landlord nor Landlord's agents has made any representation or warranty as to the suitability of the Premises to the conduct of Tenant's business. Any agreements, warranties or representations not expressly contained herein shall in no way bind either Landlord or Tenant, and Landlord and Tenant expressly waive all claims for damages by reason of any statement, representation, warranty, promise or agreement, if any, not contained in this Lease. This Lease constitutes the entire understanding between the parties hereto and no addition to, or modification of, any term or provision of this Lease shall be effective until set forth in a writing signed by both Landlord and Tenant.

15. Default.

A. Events of Default. A breach of this Lease shall exist if any of the following events (hereinafter referred to as "Event of Default") shall occur:

(1) Default in the payment when due of any installment of rent or other payment required to be made by Tenant hereunder, where such default shall not have been cured within three (3) days after written notice of such default is given to Tenant;

(2) Tenant's breach or violation of any provision of Paragraph 25 below;

(3) Tenant's breach or violation of any provision of Paragraph 39 below;

(4) Tenant's failure to perform any other term, covenant or condition contained in this Lease where such failure shall have continued for twenty (20) days after written notice of such failure is given to Tenant;

(5) Tenant's vacating or abandonment of the Premises;

(6) Tenant's assignment of its assets for the benefit of its creditors;

(7) The sequestration of, attachment of, or execution on, any substantial part of the property of Tenant or on any property essential to the conduct of Tenant's business, shall have occurred and Tenant shall have failed to obtain a return or release of such

property within thirty (30) days thereafter, or prior to sale pursuant to such sequestration, attachment or levy, whichever is earlier;

(8) Tenant or any guarantor of Tenant's obligations hereunder shall commence any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seek appointment of a receiver, trustee, custodian, or other similar official for it or for all or any substantial part of its property;

(9) Tenant or any such guarantor shall take any corporate action to authorize any of the actions set forth in Clause 8 above; or

(10) Any case, proceeding or other action against Tenant or any guarantor of Tenant's obligations hereunder shall be commenced seeking to have an order for relief entered against it as debtor, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (i) results in the entry of an order for relief against it which is not fully stayed within seven (7) business days after the entry thereof or (ii) remains undismissed for a period of forty-five (45) days.

B. Remedies. Upon any Event of Default, Landlord shall have the following remedies, in addition to all other rights and remedies provided by law, to which Landlord may resort cumulatively, or in the alternative:

(1) Recovery of Rent. Landlord shall be entitled to keep this Lease in full force and effect (whether or not Tenant shall have abandoned the Premises) and to enforce all of its rights and remedies under this Lease, including the right to recover rent and other sums as they become due, plus interest at the Permitted Rate (as defined in Paragraph 33 below) from the due date of each installment of rent or other sum until paid.

(2) Termination. Landlord may terminate this Lease by giving Tenant written notice of termination. On the giving of the notice all of Tenant's rights in the Premises and the Building and Parcel shall terminate. Upon the giving of the notice of termination, Tenant shall surrender and vacate the Premises in the condition required by Paragraph 34, and Landlord may re-enter and take possession of the Premises and all the remaining improvements or property and eject Tenant or any of Tenant's subtenants, assignees or other person or persons claiming any right under or through Tenant or eject some and not others or eject none. This Lease may also be terminated by a judgment specifically providing for termination. Any termination under this paragraph shall not release Tenant from the payment of any sum then due Landlord or from any claim for damages or rent previously accrued or then accruing against Tenant. In no event shall any one or more of the following actions by Landlord constitute a termination of this Lease:

(a) maintenance and preservation of the Premises;

(b) efforts to relet the Premises;

(c) appointment of a receiver in order to protect Landlord's interest hereunder;

(d) consent to any subletting of the Premises or assignment of this Lease by Tenant, whether pursuant to provisions hereof concerning subletting and assignment or otherwise; or

(e) any other action by Landlord or Landlord's agents intended to mitigate the adverse effects from any breach of this Lease by Tenant.

(3) Damages. In the event this Lease is terminated pursuant to Subparagraph 15.B.2 above, or otherwise, Landlord shall be entitled to damages in the following sums:

(a) the worth at the time of award of the unpaid rent which has been earned at the time of termination; plus

(b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and

(d) any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom including, without limitation, the following: (i) expenses for cleaning, repairing or restoring the Premises; (ii) real estate broker's fees, advertising costs and other expenses of reletting the Premises; (iii) costs of carrying the Premises such as taxes and insurance premiums thereon, utilities and security precautions; (iv) expenses in retaking possession of the Premises; and (v) reasonable attorneys' fees and court costs.

(e) The "worth at the time of award" of the amounts referred to in Subparagraphs (a) and (b) of this Paragraph 15.B(3) is computed by allowing interest at the Permitted Rate. The "worth at the time of award" of the amounts referred to in Subparagraph (c) of this Paragraph 15.B(3) is computed by discounting such amount at the discount rate of the Federal Reserve Board of San Francisco at the time of award plus one percent (1%). The term "rent" as used in this Paragraph 15 shall include all sums required to be paid by Tenant to Landlord pursuant to the terms of this Lease.

16. Destruction. In the event that any portion of the Premises are destroyed or damaged by an uninsured peril, Landlord or Tenant may, upon written notice to the other, given

within thirty (30) days after the occurrence of such damage or destruction, elect to terminate this Lease; provided, however, that either party may, within thirty (30) days after receipt of such notice, elect to make any required repairs and/or restoration at such party's sole cost and expense, in which event this Lease shall remain in full force and effect, and the party having made such election to restore or repair shall thereafter diligently proceed with such repairs and/or restoration.

In the event the Premises are damaged or destroyed from any insured peril to the extent of fifty percent (50%) or more of the then replacement cost of the Premises, Landlord may, upon written notice to Tenant, given within thirty (30) days after the occurrence of such damage or destruction, elect to terminate this Lease. If Landlord does not give such notice in writing within such period, Landlord shall be deemed to have elected to rebuild or restore the Premises, in which event Landlord shall, at its expense, promptly rebuild or restore the Premises to their condition prior to the damage or destruction and Tenant shall pay to Landlord upon commencement of reconstruction the amount of any deductible from the insurance policy, not to exceed one month's rent in the case of earthquake and not to exceed Ten Thousand Dollars ($10,000.00) in all other cases.

In the event the Premises are damaged or destroyed from any insured peril to the extent of less than fifty percent (50%) of the then replacement cost of the Premises, Landlord shall, at Landlord's expense, promptly rebuild or restore the Premises to their condition prior to the damage or destruction and Tenant shall pay to Landlord upon commencement of reconstruction the amount of any deductible from the insurance policy, not to exceed an amount equal to one month's rent in the case of earthquake and not to exceed Ten Thousand Dollars ($10,000.00) in all other cases.

In the event that, pursuant to the foregoing provisions, Landlord is to rebuild or restore the Premises, Landlord shall, within thirty (30) days after the occurrence of such damage or destruction, provide Tenant with written notice of the time required for such repair or restoration. If such period is longer than two hundred seventy (270) days from the issuance of a building permit, Tenant may, within thirty (30) days after receipt of Landlord's notice, elect to terminate the Lease by giving written notice to Landlord of such election, whereupon the Lease shall immediately terminate. The period of time for Landlord to complete the repair or restoration shall be extended for delays caused by the fault or neglect of Tenant or because of acts of God, acts of public agencies, labor disputes, strikes, fires, freight embargoes, rainy or stormy weather, inability to obtain materials, supplies or fuels, acts of contractors or subcontractors, or delay of contractors or subcontractors due to such causes, or other contingencies beyond the control of Landlord. Landlord's obligation to repair or restore the Premises shall not include restoration of Tenant's trade fixtures, equipment, merchandise, or any improvements, alterations or additions made by Tenant to the Premises.

Unless this Lease is terminated pursuant to the foregoing provisions, this Lease shall remain in full force and effect; provided, however, that during any period of repairs or restoration, rent and all other amounts to be paid by Tenant on account of the Premises and this Lease shall be abated in proportion to the area of the Premises rendered not reasonably suitable

for the conduct of Tenant's business thereon. Tenant hereby expressly waives the provisions of Section 1932, Subdivision 2 and Section 1933, Subdivision 4 of the California Civil Code.

17. Condemnation.

A. Definition of Terms. For the purposes of this Lease, the term (1) "Taking" means a taking of the Premises or damage to the Premises related to the exercise of the power of eminent domain and includes a voluntary conveyance, in lieu of court proceedings, to any agency, authority, public utility, person or corporate entity empowered to condemn property; (2) "Total Taking" means the taking of the entire Premises or so much of the Premises as to prevent or substantially impair the use thereof by Tenant for the uses herein specified; provided, however, in no event shall a Taking of less than ten percent (10%) of the Premises be deemed a Total Taking; (3) "Partial Taking" means the taking of only a portion of the Premises which does not constitute a Total Taking; (4) "Date of Taking" means the date upon which the title to the Premises, or a portion thereof, passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor; and (5) "Award" means the amount of any award made, consideration paid, or damages ordered as a result of a Taking.

B. Rights. The parties agree that in the event of a Taking all rights between them or in and to an Award shall be as set forth herein and Tenant shall have no right to any Award except as set forth herein.

C. Total Taking. In the event of a Total Taking during the term hereof (1) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the Premises shall cease and terminate as of the Date of Taking; (2) Landlord shall refund to Tenant any prepaid rent and Tenant's Security Deposit; (3) Tenant shall pay Landlord any rent or charges due Landlord under the Lease, each prorated as of the Date of Taking; (4) Tenant shall receive from Landlord those portions of the Award attributable to trade fixtures of Tenant and for moving expenses of Tenant; and (5) the remainder of the Award shall be paid to and be the property of Landlord.

D. Partial Taking. In the event of a Partial Taking during the term hereof (1) the rights of Tenant under the Lease and the leasehold estate of Tenant in and to the portion of the Premises taken shall cease and terminate as of the Date of Taking; (2) from and after the Date of Taking the Monthly Installment of rent shall be an amount equal to the product obtained by multiplying the Monthly Installment of rent immediately prior to the Taking by a fraction, the numerator of which is the number of square feet contained in the Premises after the Taking and the denominator of which is the number of square feet contained in the Premises prior to the Taking; (3) Tenant shall receive from the Award the portions of the Award attributable to trade fixtures of Tenant; and (4) the remainder of the Award shall be paid to and be the property of Landlord.

18. Mechanics' Lien. Tenant shall (A) pay for all labor and services performed for, materials used by or furnished to, Tenant or any contractor employed by Tenant with respect to the Premises; (B) indemnify, defend, protect and hold Landlord and the Premises harmless and

free from any liens, claims, liabilities, demands, encumbrances, or judgments created or suffered by reason of any labor or services performed for, materials used by or furnished to, Tenant or any contractor employed by Tenant with respect to the Premises; (C) if the cost of such work is in excess of Five Thousand Dollars ($5,000.00), give notice to Landlord in writing five (5) days prior to employing any laborer or contractor to perform services related to, or receiving materials for use upon the Premises; and (D) permit Landlord to post a notice of nonresponsibility in accordance with the statutory requirements of California Civil Code Section 3094 or any amendment thereof. In the event Tenant is required to post an improvement bond with a public agency in connection with the above, Tenant agrees to include Landlord as an additional obligee.

19. Inspection of the Premises. Tenant shall permit Landlord and its agents to enter the Premises at any reasonable time for the purpose of inspecting the same, performing Landlord's maintenance and repair responsibilities, posting a notice of non-responsibility for alterations, additions or repairs and at any time within ninety (90) days prior to expiration of this Lease, to place upon the Premises, ordinary "For Lease" or "For Sale" signs.

20. Compliance with Laws. Tenant shall, at its own cost, comply with all of the requirements of all municipal, county, state and federal authorities now in force, or which may hereafter be in force, pertaining to the use and occupancy of the Premises, and shall faithfully observe all municipal, county, state and federal law, statutes or ordinances now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction or the admission of Tenant in any action or proceeding against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any such ordinance or statute in the use and occupancy of the Premises shall be conclusive of the fact that such violation by Tenant has occurred.

21. Subordination. The following provisions shall govern the relationship of this Lease to any underlying lease, mortgage or deed of trust which now or hereafter affects the Premises, the Building and/or the Parcel, or Landlord's interest or estate therein (the "Project") and any renewal, modification, consolidation, replacement, or extension thereof (a "Security Instrument").

A. Priority. This Lease is subject and subordinate to all Security Instruments existing as of the Commencement Date. However, if any Lender so requires, this Lease shall become prior and superior to any such Security Instrument.

B. Subsequent Security Instruments. At Landlord's election, this Lease shall become subject and subordinate to any Security Instrument created after the Commencement Date. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed so long as Tenant is not in default and performs all of its obligations under this Lease, unless this Lease is otherwise terminated pursuant to its terms.

C. Documents. Tenant shall execute any document or instrument required by Landlord or any Lender to make this Lease either prior or subordinate to a Security Instrument, which may include such other matters as the Lender customarily requires in connection with such agreements, including provisions that the Lender, if it succeeds to the interest of Landlord under

this Lease, shall not be (i) liable for any act or omission of any prior landlord (including Landlord), (ii) subject to any offsets or defenses which Tenant may have against any prior landlord (including Landlord), (iii) bound by any rent or Additional Rent paid more than one (1) month in advance of its date due under this Lease unless the Lender receives it from Landlord, (iv) liable for any defaults on the part of Landlord occurring prior to the time that the Lender takes possession of the Premises in connection with the enforcement of its Security Instrument, (v) liable for the return of any Security Deposit unless such deposit has been delivered to Lender, or (vi) bound by any agreement or modification of the Lease made without the prior written consent of Lender. Tenant's failure to execute any such document or instrument within ten (10) days after written demand therefor shall constitute a default by Tenant or, at Landlord's option, Landlord may execute such documents on behalf of Tenant as Tenant's attorney-in-fact. Tenant does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact to execute such documents in accordance with this Paragraph.

D. Tenant's Attornment. Tenant shall attorn (1) to any purchaser of the Premises at any foreclosure sale or private sale conducted pursuant to any Security Instrument encumbering the Project; (2) to any grantee or transferee designated in any deed given in lieu of foreclosure; or (3) to the lessor under any underlying ground lease should such ground lease be terminated.

E. Lender. As used in this Lease, the term "Lender" shall mean (1) any beneficiary, mortgagee, secured party, or other holder of any deed of trust, mortgage, or other written security device or agreement affecting the Project; and (2) any lessor under any underlying lease under which Landlord holds its interest in the Project.

22. Holding Over. This Lease shall terminate without further notice at the expiration of the Lease Term. Any holding over by Tenant after expiration shall not constitute a renewal or extension or give Tenant any rights in or to the Premises except as expressly provided in this Lease. Any holding over after the expiration with the consent of Landlord shall be construed to be a tenancy from month to month, at one hundred twenty-five percent (125%) of the monthly rent for the last month of the Lease Term, and shall otherwise be on the terms and conditions herein specified insofar as applicable.

23. Notices. Any notice required or desired to be given under this Lease shall be in writing with copies directed as indicated below and shall be personally served or given by mail. Any notice given by mail shall be deemed to have been given when forty-eight (48) hours have elapsed from the time such notice was deposited in the United States mails, certified and postage prepaid, return receipt requested, addressed to the party to be served with a copy as indicated herein at the last address given by that party to the other party under the provisions of this Paragraph 23. At the date of execution of this Lease, the address of Landlord is:

SHORELINE INVESTMENTS VII
c/o REALPROP DEVELOPMENT COMPANY
1710 Zanker Road, Suite 100
San Jose, CA 95112

and the address of Tenant is:

VeriSign, Inc.
2593 Coast Avenue
Mountain View, CA 94043

After the Commencement Date, the address of Tenant shall be at the Premises.

24. Attorneys' Fees. In the event either party shall bring any action or legal proceeding for damages for any alleged breach of any provision of this Lease, to recover rent or possession of the Premises, to terminate this Lease, or to enforce, protect or establish any term or covenant of this Lease or right or remedy of either party, the prevailing party shall be entitled to recover as a part of such action or proceeding, reasonable attorneys' fees and court costs, including reasonable attorneys' fees and costs for appeal, as may be fixed by the court or jury. The term "prevailing party" shall mean the party who received substantially the relief requested, whether by settlement, dismissal, summary judgment, judgment, or otherwise.

25. Nonassignment.

A. Landlord's Consent Required. Tenant's interest in this Lease is not assignable, by operation of law or otherwise, nor shall Tenant have the right to sublet the Premises, transfer any interest of Tenant therein or permit any use of the Premises by another party, without the prior written consent of Landlord to such assignment, subletting, transfer or use, which consent Landlord agrees not to withhold unreasonably subject to the provisions of Subparagraph 25.B below. A consent to one assignment, subletting, occupancy or use by another party shall not be deemed to be a consent to any subsequent assignment, subletting, occupancy or use by another party. Any assignment or subletting without such consent shall be void and shall, at the option of Landlord, terminate this Lease.

Landlord's waiver or consent to any assignment or subletting hereunder shall not relieve Tenant from any obligation under this Lease.

B. Transferee Information Required. If Tenant desires to assign its interest in this Lease or sublet the Premises, or transfer any interest of Tenant therein, or permit the use of the Premises by another party (hereinafter collectively referred to as a "Transfer"), Tenant shall give Landlord at least thirty (30) days prior written notice of the proposed Transfer and of the terms of such proposed Transfer, including, but not limited to, the name and legal composition of the proposed transferee, a financial statement of the proposed transferee, the nature of the proposed transferee's business to be carried on in the Premises, the payment to be made or other consideration to be given to Tenant on account of the Transfer, and such other pertinent information as may be requested by Landlord, all in sufficient detail to enable Landlord to evaluate the proposed Transfer and the prospective transferee. It is the intent of the parties hereto that this Lease shall confer upon Tenant only the right to use and occupy the Premises, and to exercise such other rights as are conferred upon Tenant by this Lease. The parties agree that this Lease is not intended to have a bonus value nor to serve as a vehicle whereby Tenant may profit by a future Transfer of this Lease or the right to use or occupy the Premises as a result of any

favorable terms contained herein, or future changes in the market for leased space. It is the intent of the parties that any such bonus value that may attach to this Lease shall be and remain the exclusive property of Landlord, except as set forth in Paragraph 25.B(2) below. Accordingly, in the event Tenant seeks to Transfer substantially its entire interest in this Lease or the Premises, Landlord shall have the following options, which may be exercised at its sole choice without limiting Landlord in the exercise of any other right or remedy which Landlord may have by reason of such proposed Transfer:

(1) Landlord may elect to terminate this Lease effective as of the proposed effective date of the proposed Transfer and release Tenant from any further liability hereunder accruing after such termination date by giving Tenant written notice of such termination within twenty (20) days after receipt by Landlord of Tenant's notice of intent to transfer as provided above. If Landlord makes such election to terminate this Lease, Tenant shall surrender the Premises, in accordance with Paragraph 34, on or before the effective termination date; or

(2) Landlord may consent to the proposed Transfer on the condition that Tenant agrees to pay to Landlord, as Additional Rent, fifty percent (50%) of any and all rents or other consideration (including key money) received by Tenant from the transferee by reason of such Transfer in excess of the rent payable by Tenant to Landlord under this Lease (less any brokerage commissions or advertising expenses incurred by Tenant in connection with the Transfer). Tenant expressly agrees that the foregoing is a reasonable condition for obtaining Landlord's consent to any Transfer; or

(3) Landlord may reasonably withhold its consent to the proposed Transfer.

26. Successors. The covenants and agreements contained in this Lease shall inure to the benefit of and be binding on the parties hereto and on their respective heirs, successors and assigns (to the extent the Lease is assignable).

27. Mortgagee Protection. In the event of any default on the part of Landlord, Tenant will give notice by registered or certified mail to any beneficiary of a deed of trust or mortgagee of a mortgage encumbering the Premises, whose address shall have been furnished to Tenant, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or judicial foreclosure, if such should prove necessary to effect a cure.

28. Landlord Loan or Sale. Tenant agrees promptly following request by Landlord to (A) execute and deliver to Landlord any documents, including estoppel certificates presented to Tenant by Landlord, (1) certifying that this Lease is unmodified and in full force and effect (or, if modified, specifying such modification and certifying that the Lease as so modified is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder (or specifying such defaults, if any, that are claimed), and (3) evidencing the status of the Lease as may be required either by a lender making a loan to

Landlord to be secured by a deed of trust or mortgage covering the Premises or a purchaser of the Premises from Landlord and (B) to deliver to Landlord the financial statement of Tenant with an opinion of a certified public accountant, including a balance sheet and profit and loss statement, for the last completed fiscal year all prepared in accordance with generally accepted accounting principles consistently applied. Tenant's failure to deliver an estoppel certificate promptly following such request shall be an Event of Default under this Lease.

29. Surrender of Lease Not Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subleases or subtenants, or operate as an assignment to Landlord of any or all such subleases or subtenants.

30. Waiver. The waiver by Landlord or Tenant of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained.

31. General.

A. Captions. The captions and paragraph headings used in this Lease are for the purposes of convenience only. They shall not be construed to limit or extend the meaning of any part of this Lease, or be used to interpret specific sections. The word(s) enclosed in quotation marks shall be construed as defined terms for purposes of this Lease. As used in this Lease, the masculine, feminine and neuter and the singular or plural number shall each be deemed to include the other whenever the context so requires.

B. Definition of Landlord. The term LANDLORD as used in this Lease, so far as the covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner at the time in question of the fee title of the Premises, and in the event of any transfer or transfers of the title of such fee, the Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall after the date of such transfer or conveyance be automatically freed and relieved of all liability with respect to performance of any covenants or obligations on the part of Landlord contained in this Lease, thereafter to be performed; provided that any funds in the hands of Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be turned over to the grantee, and provided further that nothing contained herein shall relieve the Landlord named herein of liability for breach of any covenants or obligations on the part of Landlord required to have been performed prior to the time of any such transfer. It is intended that the covenants and obligations contained in this Lease on the part of Landlord shall, subject as aforesaid, be binding upon each Landlord, its heirs, personal representatives, successors and assigns only during its respective period of ownership.

C. Time of Essence. Time is of the essence for the performance of each term, covenant and condition of this Lease.

D. Severability. In case any one or more of the provisions contained herein, except for the payment of rent, shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein. This Lease shall be construed and enforced in accordance with the laws of the State of California.

E. Joint and Several Liability. If Tenant is more than one person or entity, each such person or entity shall be jointly and severally liable for the obligations of Tenant hereunder.

F. Law. As used in this Lease, the term "Law", "Laws", "law" or "laws" shall mean any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any government agency or authority having jurisdiction over the parties to this Lease or the Premises or both, in effect at the Commencement Date of this Lease or any time during the Lease Term, including, without limitation, any regulation, order, or policy of any quasi-official entity or body (e.g., board of fire examiners, public utility or special district).

G. Agent. As used in this Lease, the term "Agent" shall mean, with respect to either Landlord or Tenant, its respective agents, employees, contractors (and their subcontractors), and invitees (and in the case of Tenant, its subtenants).

H. WAIVER OF JURY TRIAL.

LANDLORD AND TENANT HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY OF ANY CAUSE ACTION, CLAIM, COUNTERCLAIM OF CROSS-COMPLAINT IN ANY ACTION, PROCEEDING AND/OR HEARING BROUGHT BY EITHER LANDLORD AGAINST TENANT OR TENANT AGAINST LANDLORD ON ANY MATTER WHATSOEVER ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, OR REGULATION, EMERGENCY OR OTHERWISE, NOW OR HEREAFTER IN EFFECT.

INITIALS:/s/JB/s/RPM (Landlord)

/s/DLE (Tenant)

32. Sign. Tenant shall not place or permit to be placed any sign or decoration on the Parcel or the exterior of the Building without the prior written consent of Landlord. Tenant,

upon written notice by Landlord, shall immediately remove any sign or decoration that Tenant has placed or permitted to be placed on the Parcel or the exterior of the Building without the prior written consent of Landlord, and if Tenant fails to so remove such sign or decoration within five (5) days after Landlord's written notice, Landlord may enter upon the Premises and remove said sign or decoration and Tenant agrees to pay Landlord, as Additional Rent upon demand, the cost of such removal. At the termination of this Lease, Tenant shall remove any sign which it has placed on the Parcel or Building and shall repair any damage caused by the installation or removal of such sign.

33. Interest on Past Due Obligations. Any Monthly Installment of rent or any other sum due from Tenant under this Lease which is received by Landlord after the date the same is due shall bear interest from said due date until paid, at an annual rate equal to the greater of (the "Permitted Rate"): (1) ten percent (10%); or (2) five percent (5%) plus the rate established by the Federal Reserve Bank of San Francisco, as of the twenty-fifth (25th) day of the month immediately preceding the due date, on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act, as now in effect or hereafter from time to time amended. Payment of such interest shall not excuse or cure any default by Tenant. In addition, Tenant shall pay all reasonable costs and attorneys' fees incurred by Landlord in collection of such amounts.

34. Surrender of the Premises. On the last day of the Term hereof, or on the sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in their condition existing as of the Commencement Date of this Lease, ordinary wear and tear excepted, with all originally painted interior walls washed, and other interior walls cleaned, and repaired or replaced, all carpets shampooed and cleaned, the air conditioning and heating equipment serviced and repaired by a reputable and licensed service firm, all floors cleaned and waxed, all to the reasonable satisfaction of Landlord. Tenant shall remove all of Tenant's personal property and trade fixtures from the Premises, and all property not so removed shall be deemed abandoned by Tenant. Tenant, at its sole cost, shall repair any damage to the Premises caused by the removal of Tenant's personal property, machinery and equipment, which repair shall include, without limitation, the patching and filling of holes and repair of structural damage. If the Premises are not so surrendered at the termination of this Lease, Tenant shall indemnify, defend, protect and hold Landlord harmless from and against loss or liability resulting from delay by Tenant in so surrendering the Premises including without limitation, any proximate losses to Landlord due to lost opportunities to lease to succeeding tenants.

35. Authority. The undersigned parties hereby warrant that they have proper authority and are empowered to execute this Lease on behalf of Landlord and Tenant, respectively.

36. C. C. & R.'s. This Lease is made subject to all matters of public record affecting title to the property of which the Premises are a part. Tenant shall abide by and comply with all private conditions, covenants and restrictions of public record now or hereafter affecting the Premises and any amendment thereof, including, but not limited to, the following:

Those Covenants, Conditions and Restrictions for the SHORELINE BUSINESS PARK regarding Architectural Control, Development and Use executed by New England Mutual Life Insurance Company and recorded on June 1, 1979, in Book E535 at Page 22, Santa Clara County Records.

All assessments and charges which are imposed, levied or assessed against the Parcel and Building pursuant to the above-described covenants, conditions and restrictions shall be a Outside Area Charge and Tenant shall pay such assessments and charges to Landlord as provided in Paragraph 12 above.

37. Brokers. Tenant represents and warrants to Landlord that it has not dealt with any broker respecting this transaction (other than Cornish & Carey) and hereby agrees to indemnify and hold Landlord harmless from and against any brokerage commission or fee, obligation, claim or damage (including reasonable attorneys' fees) paid or incurred respecting any broker (other than Cornish & Carey) claiming through Tenant or with which/whom Tenant has dealt. Tenant shall pay any brokerage commissions due Cornish & Carey as a result of this transaction.

38. Limitation on Landlord's Liability. Tenant, for itself and its successors and assigns (to the extent this Lease is assignable), hereby agrees that in the event of any actual, or alleged, breach or default by Landlord under this Lease that:

A. Tenant's sole and exclusive remedy against Landlord shall be as against Landlord's interest in the Building and Parcel;

B. No partner of Landlord shall be sued or named in a party in a suit or action (except as may be necessary to secure jurisdiction of the partnership);

C. No service of process shall be made against any partner of Landlord (except as may be necessary to secure jurisdiction of the partnership);

D. No partner of Landlord shall be required to answer or otherwise plead to any service of process;

E. No judgment will be taken against any partner of Landlord;

F. Any judgment taken against any partner of Landlord may be vacated and set aside at any time nunc pro tunc;

G. No writ of execution will ever be levied against the assets of any partner of Landlord;

H. The covenants and agreements of Tenant set forth in this Paragraph 38 shall be enforceable by Landlord and any partner of Landlord.

39. Hazardous Material.

A. Definitions. As used herein, the term "Hazardous Material" shall mean any substance: (i) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; (ii) which is or becomes defined as a "hazardous waste," "hazardous substance," pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); (iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; (iv) the presence of which on the Premises causes or threatens to cause a nuisance upon the Premises or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises; (v) the presence of which on adjacent properties could constitute a trespass by Landlord or Tenant; (vi) without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons; (vii) without limitation which contains polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde foam insulation; or (viii) without limitation radon gas.

B. Permitted Use. Subject to the compliance by Tenant with the provisions of Subparagraphs C, D, E, F, G, H, and I below, Tenant shall be permitted to use and store on the Premises those Hazardous Materials listed in EXHIBIT "C" attached hereto, in the quantities set forth in EXHIBIT "C". In addition, Tenant shall be permitted to use and store on the Premises reasonable quantities of office and janitorial supplies without complying with provisions of Subparagraph C below.

C. Hazardous Materials Management Plan.

Prior to Tenant using, handling, transporting or storing any Hazardous Material at or about the Premises (including, without limitation, those listed in EXHIBIT "C"), Tenant shall submit to Landlord a Hazardous Materials Management Plan ("HMMP") for Landlord's review and approval, which approval shall not be unreasonably withheld. The HMMP shall describe: (aa) the quantities of each material to be used, (bb) the purpose for which each material is to be used, (cc) the method of storage of each material (dd) the method of transporting each material to and from the Premises and within the Premises, (ee) the methods Tenant will employ to monitor the use of the material and to detect any leaks or potential hazards, and (ff) any other information any department of any governmental entity (city, state or federal) requires prior to the issuance of any required permit for the Premises or during Tenant's occupancy of the Premises. Landlord may, but shall have no obligation to review and approve the foregoing information and HMMP, and such review and approval or failure to review and approve shall not act as an estoppel or otherwise waive Landlord's rights under this Lease or relieve Tenant of its obligations under this Lease. If Landlord determines in good faith by inspection of the Premises or review of the HMMP that the methods in use or described by Tenant are not adequate in Landlord's good faith judgment to prevent or eliminate the existence

of environmental hazards, then Tenant shall not use, handle, transport, or store such Hazardous Materials at or about the Premises unless and until such methods are approved by Landlord in good faith and added to an approved HMMP. Once approved by Landlord, Tenant shall strictly comply with the HMMP and shall not change its use, operations or procedures with respect to Hazardous Materials without submitting an amended HMMP for Landlord's review and approval as provided above.

D. Use Restriction. Except as specifically allowed in Subparagraph B above, Tenant shall not cause or permit any Hazardous Material to be used, stored, generated, discharged, transported to or from, or disposed of in or about the Premises, the Building, the Outside Area, and/or the Parcel or any other land or improvements in the vicinity of the Premises. Without limiting the generality of the foregoing, Tenant, at its sole cost, shall comply with all Laws relating to the storage, use, generation, transport, discharge and disposal by Tenant or its Agents of any Hazardous Material. If the presence of any Hazardous Material on the Premises, Building, Outside Area and/or Parcel caused or permitted by Tenant or its Agents results in contamination of the Premises, Building, Outside Area and/or Parcel or any soil, air, ground or surface waters under, through, over, on, in or about the Premises or Parcel, Tenant, at its expense, shall promptly take all actions necessary to return the Premises, Building, Outside Area and Parcel and/or the surrounding real property to the condition existing prior to the appearance of such Hazardous Material introduced to the Premises by Tenant or its Agents. In the event there is a release, discharge or disposal of or contamination of the Premises, Building, Outside Area and/or Parcel by a Hazardous Material which is of the type that has been stored, handled, transported or otherwise used or permitted by Tenant or its Agents on or about the Premises, Tenant shall have the burden of proving that such release, discharge, disposal or contamination is not the result of the acts or omissions of Tenant or its Agents.

E. Tenant Indemnity. Tenant shall defend, protect, hold harmless and indemnify Landlord and its Agents and Lenders with respect to all actions, claims, losses (including, diminution in value of the Premises), fines, penalties, fees (including, but not limited to, reasonable attorneys' and consultants' fees) costs, damages, liabilities, remediation costs, investigation costs, response costs and other expenses arising out of, resulting from, or caused by (i) any Hazardous Material used, generated, discharged, transported to or from, stored, or disposed of by Tenant or its Agents in, on, under, over, through or about the Premises, Parcel and/or the surrounding real property or (ii) any disposal or release of any Hazardous Material on the surface of the Parcel occurring during the Lease Term. Tenant shall not suffer any lien to be recorded against the Premises or Parcel as a consequence of the disposal of any Hazardous Material on the Premises or Parcel by Tenant or its Agents, including any so called state, federal or local "super fund" lien related to the "clean up" of any Hazardous Material in, over, on, under, through, or about the Premises or Parcel.

F. Compliance. Tenant shall immediately notify Landlord of any inquiry, test, investigation, enforcement proceeding by or against Tenant or the Premises concerning any Hazardous Material. Any remediation plan prepared by or on behalf of Tenant must be submitted to Landlord prior to conducting any work pursuant to such plan and prior to submittal to any applicable government authority and shall be subject to Landlord's consent, which consent shall

not be unreasonably withheld or delayed. Tenant acknowledges that Landlord, as the owner of the Premises, at its election, shall have the sole right to negotiate, defend, approve and appeal any action taken or order issued with regard to any Hazardous Material by any applicable governmental authority.

G. Assignment and Subletting. It shall not be unreasonable for Landlord to withhold its consent to any proposed assignment or subletting if (i) the proposed assignee's or subtenant's anticipated use of the Premises involves the storage, generation, discharge, transport, use or disposal of any Hazardous Material; (ii) if the proposed assignee or subtenant has been required by any prior landlord, lender or governmental authority to "clean up" or remediate any Hazardous Material; (iii) if the proposed assignee or subtenant is subject to investigation or enforcement order or proceeding by any governmental authority in connection with the use, generation, discharge, transport, disposal or storage of any Hazardous Material.

H. Surrender. Upon the expiration or earlier termination of the Lease, Tenant, at its sole cost, shall remove all Hazardous Materials from the Premises, the Building, Outside Area and/or Parcel that Tenant or its Agents introduced to the Premises, the Building, Outside Area and/or Parcel. If Tenant fails to so surrender the Premises, Tenant shall indemnify, protect, defend and hold Landlord harmless from and against all damages resulting from Tenant's failure to surrender the Premises as required by this Paragraph, including, without limitation, any actions, claims, losses, liabilities, fees (including, but not limited to, reasonable attorneys' and consultants' fees), fines, costs, penalties, or damages in connection with the condition of the Premises including, without limitation, damages occasioned by the inability to relet the Premises or a reduction in the fair market and/or rental value of the Premises by reason of the existence of any Hazardous Material in, on, over, under, through or around the Premises.

I. Right to Appoint Consultant. Landlord shall have the right to appoint a consultant to conduct an investigation to determine whether any Hazardous Material is being used, generated, discharged, transported to or from, stored or disposed of in, on, over, through, or about the Premises, in an appropriate and lawful manner. If Tenant has violated any Law or covenant in this Lease regarding the use, storage or disposal of Hazardous Materials on or about the Premises, Tenant shall reimburse Landlord for the cost of such investigation. Tenant, at its expense, shall comply with all reasonable recommendations of the consultant required to conform Tenant's use, storage or disposal of Hazardous Materials to the requirements of applicable Law or to fulfill the obligations of Tenant hereunder.

J. Holding Over. If any action of any kind is required or requested to be taken by any governmental authority to clean-up, remove, remediate or monitor any Hazardous Material (the presence of which is the result of the acts or omissions of Tenant or its Agents) and such action is not completed prior to the expiration or earlier termination of the Lease, Tenant shall be deemed to have impermissibly held over until such time as such required action is completed, and Landlord shall be entitled to all damages directly or indirectly incurred in connection with such holding over, including without limitation, damages occasioned by the inability to re-let the Premieres or a reduction of the fair market and/or rental value of the Premises.

K. Landlord's Indemnity. Landlord shall defend and, protect, hold harmless and indemnify Tenant from and against all claims, fines, penalties, damages, government orders, losses, liabilities costs and expenses (including reasonable attorneys' fees) arising out of any Hazardous Material used, generated, discharged, transported to or from, stored or disposed of in, on or under the Premises and/or Parcel by Landlord or its Agents.

L. Provisions Survive Termination. The provisions of this Paragraph 39 shall survive the expiration or termination of this Lease

M. Controlling Provisions. The provisions of this Paragraph 39 are intended to govern the rights and liabilities of the Landlord and Tenant hereunder respecting Hazardous Materials to the exclusion of any other provisions in this Lease that might otherwise be deemed applicable. The provisions of this Paragraph 39 shall be controlling with respect to any provisions in this Lease that are inconsistent with this Paragraph 39.

40. Separately Stated Reimbursement. The Monthly Installment of rent due for the two (2) months commencing March 1, 1997 of the Lease Term as specified in Paragraph 4.B, includes the sum of Sixty Thousand Dollars ($60,000.00), which sum represents, for Landlord's accounting purposes, a separately stated reimbursement by Tenant of the Sixty Thousand Dollars ($60,000.00) cost of certain renovations to the Premises.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

TENANT:

VeriSign, Inc.

a Delaware corporation

Dated: 10/7/96 By: /s/ Dana L. Evan

Name: Dana L. Evan

Title: CFO

LANDLORD:

SHORELINE INVESTMENTS VII

a California general partnership

Dated: 10/7/96 By: /s/ Robert P. Moore

Name: Robert P. Moore

Title: General Partner

Dated: 10/7/96 By: /s/ John J. Bertolotti

Name: John J. Bertolotti

Title: General Partner

EXHIBIT "B"

DESCRIPTION OF PARCEL

Lot 2 of Tract 7033, as shown on Parcel Map recorded February 25, 1981, in Book 479 of Maps, pages 45 and 46, Santa Clara County Records, as said parcel is shown on the Santa Clara County Assessor's Maps as Book 116, page 11, parcel 25.

EXHIBIT "C"

LIST OF HAZARDOUS MATERIALS
TENANT WILL USE ON THE PREMISES

Hazardous Material	Maximum Quantity

EXHIBIT 10.27

SUBLEASE

ARTICLE I

REFERENCE DATA

1.1 Subjects Referred To.

Each reference in this Sublease to any of the following subjects shall be construed to incorporate the date stated for that subject in this Section 1.1:

Date of Sublease:	September 5, 1996.
Sublandlord:	Security Dynamics Technologies, Inc., a Delaware corporation
Sublandlord's Address:	One Alewife Center Cambridge, Massachusetts 02140-2312
Subtenant:	VeriSign, Inc., a Delaware corporation
Subtenant's Address:	2593 Coast Avenue Mountain View, CA 94043 Attn: Gerald Hatley, Director of Operations
Overlandlord:	David L. Wightman and David R. Vickery, as Trustees of One Alewife Center Realty Trust, under Declaration of Trust dated November 5, 1987, recorded with the Middlesex South District Registry of Deeds in Book 18671, Page 237, filed with Middlesex South Registry District of the Land Court as Document No. 763134.
Overlandlord's Address:	124 Mount Auburn Street Cambridge, MA 02138-5701
Overlease:	Lease dated as of March 13, 1989 between Overlandlord as landlord and Sublandlord as tenant, as amended (the "Overlease"), a copy of which Overlease is attached hereto as Exhibit A.

Land:	The land in Cambridge, Massachusetts, as more particularly described in the Overlease.
Building:	One Alewife Center Cambridge, Massachusetts
Overleased Premises:	The portion of the Building and Land as more particularly described in the Overlease.
Premises:	That part of the Overleased Premises consisting of approximately 12,787 square feet on the Third Floor of the Building, all as shown on Exhibit B attached hereto.
Rentable Floor Area of Premises:	Approximately 12,787 Square Feet
Commencement Date:	September 5, 1996
Term Expiration Date:	March 12, 1998
Monthly Fixed Rent:	
From the Commencement Date through December 31, 1996:	$17,646.00 per month
From January 1, 1997 through December 31, 1997:	$19,180.50 per month
From January 1, 1998 through March 12, 1998:	$20,139.50 per month
Permitted Uses:	All uses permitted in the Overlease

1.2 Exhibits.

The exhibits listed below in this section are incorporated in this Sublease by reference and are to be construed as part of this Sublease:

EXHIBIT A	Overlease
EXHIBIT B	Floor Plan of Premises

ARTICLE II

PREMISES AND TERM

2.1 Premises. Subject to and with the benefit of the provisions of this Sublease, Sublandlord hereby subleases the Premises to Subtenant, and Subtenant subleases the Premises from Sublandlord.

The Premises are subleased, and Subtenant accepts the Premises, in their condition "as is" on the Commencement Date. Subtenant shall not make any alterations, changes or structural additions to the Premises except as provided herein and in the Overlease, which requires the Overlandlord's prior written approval to same.

Sublandlord further grants Subtenant the right to use, as appurtenant to the Premises and in common with Sublandlord, Overlandlord, and all others now or hereafter entitled thereto, (a) such lobbies, reception areas, hallways, stairways, elevators, shipping and receiving areas and common areas in the Building as are necessary for access to and from the Premises, and (b) reasonable employee and guest parking in the parking areas available to Sublandlord under the Overlease.

2.2 Term. To have and to hold beginning on the Commencement Date and continuing until the Term Expiration Date (the "Term").

ARTICLE III

RENT

3.1 Monthly Fixed Rent. Subtenant shall pay Sublandlord the Monthly Fixed Rent in advance on the first calendar day of each month included in the Term; and for any portion of a calendar month at the beginning of or end of the Term, the corresponding fraction of the Monthly Fixed Rent in advance. Notwithstanding the foregoing, provided Subtenant is not in default hereunder, Subtenant shall not pay Monthly Fixed Rent for the first 30 days of the Term.

3.2 Operating Expenses. Subtenant shall pay as additional rent when due all costs of electricity furnished to the Premises during the Term and all costs for heating, ventilation and air conditioning furnished to the Premises as Additional Services under the Overlease during the Term. In the event that a check meter is installed to measure electricity usage Subtenant shall pay one-half of the cost of such installation.

3.3 Payment. All payments of Monthly Fixed Rent and additional rent shall be made to Sublandlord at Sublandlord's Address set forth in Section 1.1 or to such other address as Sublandlord may designate by notice to Subtenant from time to time.

ARTICLE IV

SUBLANDLORD'S COVENANTS AND WARRANTIES

4.1 Sublandlord's Obligations. Sublandlord shall make reasonable efforts to cause Overlandlord to fulfill its obligations set forth in the Overlease with respect to the Premises.

4.2 Overlease. The copy of the Overlease attached hereto as Exhibit A is true and accurate. Except as shown as Exhibit A, the Overlease has not been modified, amended or terminated and is in full force and effect. Sublandlord is not in default under the Sublease, nor has Sublandlord done or failed to do anything which with notice, the passage of time or both could ripen into a default. To Sublandlord's knowledge, Overlandlord is not in default under any of its obligations under the Overlease.

4.3 Quiet Enjoyment. Upon payment of the rent and performance of and compliance with the covenants, terms and conditions upon Subtenant's part to be performed and complied with hereunder, Subtenant shall lawfully, peacefully and quietly have, hold, occupy and enjoy the Premises during the Term without hindrance or molestation by Sublandlord or any persons lawfully claiming by, through or under Sublandlord, subject to the terms and conditions of this Sublease and the Overlease.

ARTICLE V

SUBTENANT'S COVENANTS

Subtenant covenants during the Term and such further time as Subtenant occupies any part of the Premises:

5.1 Subtenant's Payments. Subtenant shall pay all Monthly Fixed Rent and additional rent when due. Such additional rent shall include without limitation all cots of electricity furnished to the Premises during the Term and all costs for heating, ventilation and air conditioning furnished to the Premises as Additional Services under the Overlease during the Term.

5.2 Maintenance and Repair. Subtenant shall keep the Premises in good and clean order, repair and condition, excepting only reasonable wear and tear, damage by fire or other casualty and eminent domain takings, and in compliance with the Overlease. Subtenant shall be responsible for arranging for all services and equipment for Subtenant's telephones, faxes, telecopiers, telexes, networking, computers and any other communications equipment and cabling in accordance with the Overlease.

5.3 Occupancy and Use. Subtenant shall not use the Premises for any uses other than the Permitted Uses, and shall not make any use of the Premises which is prohibited by any applicable law, ordinance, code, regulation, license, permit, variances or governmental order.

5.4 Assignment and Subletting. Subtenant shall not assign, transfer, mortgage or pledge this Sublease, or sublease (which term shall be deemed to include the granting of concessions and licenses and the like) all or any part of the Premises, or suffer or permit this Sublease or the leasehold estate hereby created or any other rights arising under this Sublease to be assigned, transferred or encumbered, in whole or in part, whether voluntarily, involuntarily or by operation of law, or permit the occupancy of the Premises by anyone other than Subtenant. Any attempted assignment, transfer, mortgage, pledge, sublease or encumbrance, except for said occupancy by any affiliate, shall be void.

5.5 Insurance. Subtenant shall maintain in force during the Term at Subtenant's expense, the insurance coverages in such amounts and with such companies as are required under the Overlease as set forth therein, including without limitation comprehensive general liability insurance, property and casualty insurance with respect to the Premises and all property of Subtenant. Subtenant shall deposit with Sublandlord certificates evidencing such insurance on or before the Commencement Date (or the day of any entry into the Premises by Subtenant if earlier than the Commencement Date).

ARTICLE VI

CASUALTY AND TAKING

6.1 Termination of Overlease. In the event that during the Term, all or any part of the Premises, Overleased Premises, Building or Land are destroyed or damaged by fire or other casualty or taken by eminent domain, and either Sublandlord or Overlandlord terminates the Overlease pursuant to its terms because of such damage, destruction or taking, then this Sublease shall likewise terminate on the same date that the Overlease terminates. Sublandlord shall give Subtenant prompt notice of such termination and the date on which it shall occur.

6.2 Repair and Restoration. In the event any such damage, destruction or taking of the Premises occurs and this Sublease is not terminated pursuant to Section 6.1 above, then Sublandlord shall use best efforts to cause Overlandlord to repair and restore the Premises as required by the terms of the Overlease. A just proportion of the Monthly Fixed Rent and any additional rent hereunder shall be abated until Overlandlord shall have put the Premises or what may remain thereof into proper condition for use and occupancy, and in the case of a taking which permanently reduces the area of the Premises, a just proportion of such rent shall be abated for the remainder of the Term.

6.3 Reservation of Award. Any and all rights to receive awards made for damages to the Premises, Building or Land and the leasehold hereby created, or any one or more of them, accruing by reason of exercise of eminent domain or by reason of anything lawfully done in pursuance of public or other authority, are reserved to Sublandlord and Overlandlord. Subtenant hereby releases and assigns to Sublandlord and Overlandlord all Subtenant's rights to such award and covenants to deliver such further assignments and assurances thereof as Sublandlord or Overlandlord may from time to time request. However, Subtenant shall retain the right to pursue a separate award for relocation expenses and damages to its trade fixtures.

ARTICLE VII

OVERLEASE

7.1 Sublease Subject to Overlease. This Sublease is subject to the Overlease and subject to the consent of Overlandlord and its mortgagee. All rights of Sublandlord under the Overlease with respect to renewals, extensions, expansions, options to lease or purchase, if any, shall continue to be vested solely in Sublandlord, shall not accrue to Subtenant, and Subtenant shall not have any rights with respect thereto.

7.2 Compliance with Overlease and Indemnity. Subtenant shall at all times comply with all regulations, restrictions and conditions applicable to Sublandlord as tenant under the Overlease. Subtenant agrees to indemnify and save harmless Sublandlord from and against any and all liability, damage, penalties, judgments, claims, actions, expenses and costs (including reasonable attorneys' fees) arising from injury to any person or property sustained by anyone in and about the Premises, Building and Land and by reason of any act or omission of Subtenant or its employees, officers, agents, contractors or invitees.

7.3 Overlandlord's Rights. Overlandlord shall have all rights with respect to the Premises which it has reserved to itself as landlord under the Overlease.

7.4 Termination of Overlease. In the event that Overlandlord terminates the Overlease pursuant to its terms or the Overlease otherwise terminates or expires, this Sublease shall likewise and simultaneously terminate.

ARTICLE VIII

MISCELLANEOUS

8.1 Notices from One Party to the Other. All notices required or permitted hereunder shall be in writing and addressed, if to the Subtenant, at Subtenant's Address or such other address as Subtenant shall have last designated by notice in writing to Sublandlord and, if to Sublandlord, at Sublandlord's Address or such other address as Sublandlord shall have last designated by notice in writing to Subtenant. Any notice shall be deemed duly given when mailed to such address postage prepaid, registered or certified mail, return receipt requests, or when delivered to such address by hand.

8.2 Estoppel Certificate. Upon not less than 20 days prior notice by the requesting party, either party shall execute, acknowledge and deliver to the other a statement in writing, addressed to such person as the requesting party shall designate, certifying (a) that this Sublease is unmodified and in full force and effect (or if there have been modifications specifying the date and the nature thereof in reasonable detail), (b) the dates to which Monthly Fixed Rent and additional rent have been paid, and (c) that the requesting party is not in default hereunder (or, if in default, specifying the nature of such default in reasonable detail). Any such certificate may be relied upon by the person to which it is addressed as to the facts stated therein.

8.3 Brokerage. Subtenant and Sublandlord mutually represent and warrant that they have dealt with no broker in connection with this transaction except for Spaulding & Slye (the "Brokers"). Each agrees to defend, indemnify and save the other harmless from and against any and all cost, expense or liability for any compensation, commissions or charges claimed by any broker or agent other than the Brokers, with respect to the indemnifying party's dealings in connection with this Sublease. Sublandlord shall pay the commission due to the Brokers pursuant to the separate agreement.

8.4 Applicable Law and Construction. This Sublease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. If any term, covenant, condition or provision of this Sublease or the application thereof to any person or circumstances shall be declared invalid or unenforceable by the final ruling of a court of competent jurisdiction having final review, the remaining terms, covenants, conditions and provisions of this Sublease and their application to persons or circumstances shall not be affected thereby and shall continue to be enforced and recognized as valid agreements of the parties.

There are no oral or written agreements between Sublandlord and Subtenant affecting this Sublease. This Sublease may be amended, and the provisions hereof may be waived or modified, only by instruments in writing executed by Sublandlord and Subtenant.

The titles of the several Articles and Sections contained herein are for convenience only and shall not be considered in construing this Sublease.

Unless repugnant to the context, the words "Sublandlord" and "Subtenant" appearing in this Sublease shall be construed to mean those named above and their respective heirs, executors, administrators, successors and assigns, and those claiming through or under them respectively. If there be more than one tenant, the obligations imposed by this Sublease upon Subtenant shall be joint and several.

EXECUTED as a sealed instrument in two or more counterparts on the day and year first above written.

Sublandlord:

SECURITY DYNAMICS TECHNOLOGIES, INC.

By: /s/ Linda E. Saris

Title: V.P. Operations

Subtenant:

VERISIGN, INC.

By: /s/ Dana L. Evans

Title: CFO

CONSENT

The undersigned, the Trustees of the One Alewife Center Realty Trust, as aforesaid, Overlandlord under the above referenced Overlease, hereby consent to the within Sublease.

IN WITNESS WHEREOF, the Overlandlord has executed this instrument under seal on the date written above.

Date: September 18, 1996

/s/ David L. Wightman

David L. Wightman, as Trustee as aforesaid

/s/ David R. Vickery

David R. Vickery, as Trustee as aforesaid

EXHIBIT A

ONE ALEWIFE CENTER

OFFICE LEASE

STANDARD FORM

THIS LEASE ("Lease") made at Cambridge, Massachusetts, between David L. Wightman and David R. Vickery, as Trustees of ONE ALEWIFE CENTER REALTY TRUST under a Declaration of Trust dated November 5, 1987, recorded with Middlesex South District Registry of Deeds at Book 18671, Page 237, and filed with Middlesex South Registry District of the Land Court as Document No. 763134 ("Landlord"), and Security Dynamics, Inc., a _____ corporation with a principal place of business at 2067 Massachusetts Avenue, Cambridge, Massachusetts 02140 ("Tenant").

W I T N E S S E T H:

ARTICLE 1

Reference Data and Definitions

1.01. Reference Data.

LANDLORD'S REPRESENTATIVE: RVM Management, Inc.

LANDLORD'S ADDRESS (FOR PAYMENT OF RENT):

One Alewife Center Realty Trust
124 Mount Auburn Street
Cambridge, MA 02138-5701

LANDLORD'S ADDRESS (FOR NOTICES AND COMMUNICATIONS):

c/o RVM Management, Inc.
124 Mount Auburn Street
Cambridge, MA 02138-5701

TENANT'S ADDRESS (FOR NOTICE AND BILLING):

As stated above prior to the Term Commencement Date; thereafter, the Premises.

TENANT'S REPRESENTATIVE: Gerald F. Kiley

PREMISES: The southeast quarter of the third floor of the Building shown outlined in red on Exhibit B.

RENTABLE AREA OF PREMISES: 6,681 square feet.
USEABLE AREA OF PREMISES: 5,855 square feet.
RENTABLE AREA OF THE BUILDING: 89,504 square feet.

ESTIMATED TERM COMMENCEMENT DATE: March 13, 1989.

BASIC RENT COMMENCEMENT DATE: Subject to the second sentence of this paragraph, six months after the Term Commencement Date and, in addition, Basic Rent due under this Lease shall be abated for the first three months of the second Lease Year. In the event a monetary Event of Default occurs or is continuing during either period of abated Basic Rent, Tenant's right to said abated Basic Rent shall be suspended until such time as the Event of Default has been cured. A non-monetary Event of Default shall have no effect on Tenant's right to abated Basic Rent as outlined above.

INITIAL TERM: 5 LEASE YEARS

BASIC RENT: $25.00 per square foot of Rentable Area per year for the first 5 Lease Years.

$167,025.00 per year

$13,918.75 per month

ESTIMATED COST OF TAXES AND OPERATING EXPENSES FOR THE FIRST CALENDAR YEAR:
$ * per month during first Calendar Year.
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* See Section 6.01.

INITIAL MONTHLY PAYMENT (Basic Rent plus Tenant's share of Estimated Cost of
----
Taxes and Operating Expenses over and above the Operating Expense Base and Tax Base): $_____.

TAX BASE: $3.00 per square foot of Rentable Area of the Building per year.

OPERATING EXPENSE BASE: $3.00 per square foot of Rentable Area of the Building per year.

Note: Payments of Estimated Cost of Taxes and Operating Expenses begin on the Term Commencement Date.

TENANT'S SHARE: 7.46%

SECURITY DEPOSIT: $41,756.25 in the form of a Letter of Credit, in form and substance satisfactory to Landlord, is due upon execution of Lease by Tenant.

GUARANTOR: N/A

PERMITTED USES: General Office, engineering, research and development, and service related uses consistent with a first class office building.

1.02. General Provisions. For all purposes of this Lease unless otherwise expressed and provided herein or therein or unless the context otherwise requires:

(a) The words herein, hereof, hereunder and other words of similar import refer to this Lease as a whole and not to any particular article, section or other subdivision of this Lease.

(b) A pronoun in one gender includes and applies to the other genders as well.

(c) Each definition stated in Section 1.01 or 1.02 of this Lease applies equally to the singular and the plural forms of the term or expression defined.

(d) Any reference to a document defined in Section 1.02 of this Lease is to such document as originally executed, or, if modified, amended or supplemented in accordance with the provisions of this Lease, to such document as so modified, amended or supplemented and in effect at the relevant time of reference thereto.

(e) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

(f) All references in Section 1.01 hereof are subject to the specific definitions thereof (if any) in Exhibit A attached hereto and made a part hereof.

(g) Each term or expression set forth in Exhibit A hereto shall have the meaning stated immediately after it.

(h) Whenever any opinion, determination, consent, approval or decision is required or permitted to be made by Landlord pursuant to this Lease, such opinion, determination, consent, approval or decision shall be made by Landlord in its sole reasonable judgment and discretion unless expressly set forth to the contrary herein.

ARTICLE 2

PREMISES

2.01. Premises. Landlord hereby leases and lets to Tenant, and Tenant hereby takes and hires from Landlord, upon and subject to the terms, conditions, covenants and provisions hereof, the Premises subject to the Permitted Exceptions. Landlord reserves the right to relocate within or without the Premises pipes, ducts, vents, flues, conduits, wires and appurtenant fixtures which service other parts of the Building or the Land; provided that such work is done in such a manner that it does not unreasonably interfere with Tenant's use of the Premises.

2.02. Appurtenances. Subject to availability and the Rules and Regulations, Tenant may use on a non-exclusive basis the Common Areas and the Land as appurtenant to the Premises for the purposes for which they were designed.

ARTICLE 3

Term

3.01. Term Commencement. The Lease Term shall commence on the Term Commencement Date. Tenant will execute an agreement acknowledging the Term Commencement Date within 10 days after the occurrence of the Term Commencement Date (Exhibit C).

3.02. Termination. The Lease Term shall end on the Lease Termination Date.

3.03. Extension Option. Provided that an Event of Default has not occurred and is not then continuing, Tenant may extend the term of this Lease beyond the Initial Term for an additional five (5) Lease Years, subject to all of the terms and conditions hereof except the adjustment to Basic Rent as provided in Section 4.02, by delivering written notice to Landlord no less than one hundred eighty (180) days prior to the fifth anniversary of the Term Commencement Date.

ARTICLE 4

Rent

4.01. Basic Rent. Tenant shall pay Landlord for the Premises, without offset or deduction and without previous demand therefor, the Basic Rent as annual rent during each year of the Lease Term. Basic Rent shall be paid in equal monthly installments in advance on the first day of each calendar month during the Lease Term. The first installment of Basic rent shall be paid on the Basic Rent Commencement Date. Subsequent installments of Basic Rent shall be paid on the first day of very calendar month thereafter. Basic Rent for partial months at the beginning or end of the Lease Term shall be pro-rated and paid on the Basic Rent Commencement Date and the first day of the calendar month in which the Stated Expiration Date is to occur.

4.02. Computation of Basic Rent. The Basic Rent for each of the first five (5) Lease Years shall be as stated in Article 1.01 hereof.

The Basic Rent for the Premises for each Lease Year of the Extension Period shall be an amount determined by multiplying the Basic Rent as stated in Article 1.01 hereof by a fraction, the numerator of which shall be 85% of the C.P.I. for the month or other reporting period immediately preceding the fifth anniversary of the Term Commencement Date and the denominator of which shall be the C.P.I. for the month or other reporting period immediately preceding the term Commencement Date.

Basic Rent so determined shall be exclusive of (and in addition to) amounts due hereunder for Taxes, Operating Expenses, and Estimated Cost of Electrical Service.

4.03. Computation of Basic Rent for the Expansion Premises. The Basic Rent for the Expansion Premises (provided that Tenant exercises its rights relative to said premises pursuant to Section 25.01) shall be an amount determined by multiplying of the Basic Rent as stated in Article 1.01 hereof by a fraction, the numerator of which shall be 85% of the C.P.I. for the month or other reporting period immediately preceding the Expansion Premises Term Commencement

Date and the denominator of which shall be the C.P.I. for the month or other reporting period immediately preceding the Term Commencement Date.

Basic Rent so determined shall be exclusive of (and in addition to) amounts due hereunder for Taxes, Operating Expenses and Estimated Cost of Electrical Service.

4.04. C.P.I. Change of Reference Period; Substituted Index. In the event that the United States Department of Labor changes the base reference period for determining the C.P.I., the rent adjustment shall continue to be calculated with 1967-1969 as the base reference period using such figures or conversion formulas as the United States Department of Labor may publish at the time such base reference period is changed.

If publication of the C.P.I. shall be discontinued, Landlord shall reasonably designate comparable statistics on the cost of living for the City of Boston, as they shall be computed and published by a Governmental Authority or if such statistics are not published by a Governmental Authority, comparable statistics published by a responsible financial periodical of recognized authority. In the event of use of comparable statistics in place of the C.P.I., there shall be made in the method of computation of Basic Rent such revisions as the circumstances may require to carry out the intent of this Article.

ARTICLE 5

Use of Premises

5.01. Use Restricted. The Premises may be used for the Permitted Use as defined in Article 1.01 and for no other purpose. No improvements may be made in or to the Premises except as otherwise provided in this Lease. Tenant shall comply with any restrictions shown on Exhibit F hereto.

5.02. Parking Area. Landlord agrees to provide to Tenant within the Parking Area at no cost during the Initial Term of this Lease 20 parking spaces, and to use its best efforts to provide to Tenant an additional 10 parking spaces, solely for the purpose of providing parking for automobiles of invitees, guests, independent contractors, employees or agents of Tenant, but not for the public generally and for no other purpose. Landlord shall have the right to relocate the Parking Area, or portions thereof, to other locations within the Land or on adjacent land, either on grade or in a parking structure. If Tenant exercises its Expansion Option per Section 25.01, an additional 10 parking spaces will be provided by Landlord, at no cost during the Initial Term of this Lease. At such time after the Initial Term as surface parking is no longer available and structured parking is substituted therefor, Tenant shall be allocated its pro rata share of the parking spaces within such structure (determined with respect to all buildings served by such structure), and Tenant agrees to pay at a fair market rate (to be determined at that time but, in any event, not more than the rate charged to other occupants of the Building) for its spaces on a monthly basis. Said fair market rate for structured parking shall be subject to adjustment on an annual basis. The use of the Parking Area shall be regulated and shall be subject to the Rules and Regulations.

ARTICLE 6

Taxes; Operating Expenses; Estimated Cost of Electrical Services

6.01. Expenses and Taxes. If with respect to the first Calendar Year Tenant's Share of (a) Operating Expenses and taxes exceeds the Operating Expense Base and the Tax Base (whether as the result of an increase in rate or assessment or both), and if with respect to any subsequent Calendar Year occurring during the Lease Term, Tenant's Share of (a) Operating Expenses exceeds the Operating Expense Base or (b) taxes exceed the Tax Base (whether as a result of an increase in rate or assessment or both), Tenant shall pay to Landlord the amount of each such excess. Any amount due with respect to this Section 6.01 shall be due within ten (10) days after receipt by the Tenant of the statement described in Section 6.02 hereof.

6.02. Annual Statement of Additional Rent Due. Within a reasonable time after the end of each Calendar Year, Landlord shall render to Tenant a statement, prepared in accordance with generally accepted accounting practices, showing (i) for the Calendar Year just ended (a) Taxes, (b) Operating Expenses and (c) Tenant's obligation under Section 6.01, and (ii) for the then current Calendar Year, an estimate for (a) Operating Expenses (b) Taxes and (c) Tenant's obligation under Section 6.01. Landlord may from time to time send to Tenant during each Calendar Year a revised statement for the then current year, adjusting the previous estimates for Operating Expenses, Taxes, and Tenant's obligation under Section 6.01, and shall include in such revised statement an explanation of such adjustments.

6.03. Monthly Payments of Additional Rent. Tenant shall pay to Landlord (a) in advance for each calendar month of the Lease Term falling between receipt by Tenant of the statement described in Section 6.02 and receipt by Tenant of the next such statement, as Additional Rent, an amount equal to 1/12/th/ of Tenant's estimated obligation under Section 6.01 shown thereon, and (b) if any such revised statement shall show amounts due from Tenant, Tenant shall pay such amounts in a lump sum within ten (10) days after receipt of the applicable statement. The amount due under this Section 6.03 shall be paid with Tenant's monthly payments of Basic Rent, except that payments under Section 6.03 shall also be due on the Term Commencement Date and the first day of every month between the Term Commencement Date and the Basic Rent Commencement Date, and shall be credited by Landlord to Tenant's obligations under Section 6.01. If the total amount paid hereunder exceeds the amount due under such Section, such excess shall be credited by Landlord against the monthly installments of Additional Rent next falling due or refunded to Tenant upon the expiration or termination of this Lease (unless such termination is the result of an Event of Default). Payment on account of Taxes and Operating Expenses shall commence upon the Term Commencement Date.

6.04. Accounting Periods. Landlord shall have the right from time to time to change the periods of accounting hereunder to any other annual period than a Calendar Year, and upon any such change, all items referred to in this Article 6 shall be appropriately apportioned. In all statements rendered under Section 6.02, amounts for periods partially within and partially without the accounting periods shall be appropriately apportioned, and any items which are not determinable at the time of a statement shall be included therein on the basis of Landlord's estimate and with respect thereof Landlord shall render promptly after determination a supplemental statement and appropriate adjustment shall be made according thereto.

6.05. Abatement of Taxes. Landlord may at any time and from time to time make application to the appropriate Governmental Authority for an abatement of Taxes. If (i) such an application is successful and (ii) Tenant has made any payment in respect of Taxes pursuant to this Article 6 for the period with respect to which the abatement was granted, Landlord shall (a) deduct from the amount of the abatement all expenses incurred by it in connection with the application, (b) credit to Tenant's account Tenant's Share (adjusted for any period for which Tenant had made a partial payment) of abatement, with interest, if any, paid by the Governmental Authority on such abatement, and (c) retain the balance, if any.

6.06. Electric Service; Payment as Additional Rent. Subject to Section 8.05, Landlord shall furnish, at Tenant's expense, electricity to the Premises. Landlord shall install, as part of Landlord's Work, check meters to measure the amount of electricity consumed in the Premises. Landlord shall periodically render statements to Tenant (no more frequently than once per month) itemizing the amount of electricity consumed in the Premises during the preceding period and the cost thereof to Landlord, together with reasonable supporting documentation. Tenant shall pay to Landlord, as Additional Rent, within ten (10) days of its receipt of each such statement, the amount shown thereon as reimbursement to Landlord for the cost of providing such electricity.

ARTICLE 7

Improvements, Repairs, Additions, Replacements

7.01. Preparation of the Premises. The Premises shall be constructed as provided in the Work Letter.

7.02. Alterations and Improvements. Tenant shall not make alterations or additions to the Premises except in accordance with plans and specifications therefor first approved in writing by Landlord. Tenant shall not hang shades, curtains, signs, awnings or other materials, attach any materials to or make any change in the appearance of any glass visible from outside of the Premises, add any window treatment of any kind or make improvements or install furniture visible from outside of the Premises, without Landlord's prior written consent. Without limitation, Landlord shall not be deemed unreasonable for withholding approval of any alterations or additions which would (a) delay completion of the Premises or the Building, (b) adversely affect the character, outside appearance, value, usefulness, or rentability of the Building or any part thereof, or any of the facilities, equipment or improvements therein, (c) involve any structural changes or weaken or impair (temporarily or permanently) the structure or lessen the value or usable area of the Building or the Land either during the making of any alteration, addition or improvement or upon their completion, (d) require unusual expense on the part of Landlord to readapt the Premises to normal office use upon termination of this Lease or (e) increase (i) the cost of construction or insurance or (ii) Taxes. All alterations and additions shall be part of the Premises unless and until Landlord shall specify the same for removal at Tenant's expense in a notice delivered to Tenant at the time of Landlord's approval of said alterations and additions. All of Tenant's alterations and additions and installation of furnishings shall be coordinated with any work being performed by Landlord and shall be performed in such manner as to maintain harmonious labor relations and not to damage the Building, the Land, or the Premises or interfere with the Building operation or the Land operation and, except for installation of furnishings, shall be performed by contractors or workmen first approved in writing by Landlord. Except for work done by or through Landlord, Tenant before its work is

started shall: secure all licenses and permits necessary therefor; deliver to Landlord a statement of the names of all its contractors and subcontractors and the estimated cost of all labor and material to be furnished by them; and cause each contractor to carry workmen's compensation insurance in statutory amounts covering all the contractor's and subcontractor's employees and comprehensive public liability insurance with such limits as Landlord may reasonably require, but in no event less than $300,000-$500,000, and property damage insurance with limits of not less than $100,000 (all such insurance to be written in companies rated "A" by A. M. Best and Company, and approved by Landlord and insuring Landlord and Tenant as well as the contractors), and to deliver to Landlord certificates of all such insurance. Tenant agrees to pay promptly when due the entire cost of any work done in the Premises by Tenant, its agents, employees, or independent contractors, and not to cause or permit any liens for labor or materials performed or furnished in connection therewith to attach to the Premises and immediately to discharge any such liens which may so attach. All construction work done by Tenant, its agents, employees or independent contractors shall be done in a good and workmanlike manner and in compliance with all Legal Requirements and Insurance Requirements and the Rules and Regulations. Landlord may inspect such work at any time or times and shall promptly give notice to Tenant of any observed material defects. If any observed material defects are not promptly corrected or if work performance does not conform to the approved plans and specifications, Landlord at its sole option may stop all work from continuing until all defects are cured or all work conforms to the approved plans and specifications.

7.03. Maintenance. Tenant shall, at all times during the Lease Term, and at its own cost and expense, (i) keep and maintain (or cause to be kept and maintained) the Premises in good repair and condition (ordinary wear and tear and damage by fire or casualty only excepted) and (ii) use all reasonable precaution to prevent waste, damage, or injury thereto. Landlord shall maintain the Common Areas of the Building and Building systems as further defined in Schedule A in good condition and working order, the cost of which shall be included in Operating Expenses, except to the extent such repair is required as a result of an act or omission of Tenant, in which case Tenant shall pay the cost of such repair. Landlord shall, at all times during the Lease Term, and at its own cost and expense, maintain and repair structural elements of the Building such as the roof, exterior walls, and floor slabs.

7.04. Redelivery. On the Lease Termination Date, Tenant shall quit and surrender the Premises free and clear of all tenants, occupants, liens, and encumbrances whatsoever except (i) Permitted Exceptions and (ii) encumbrances, restrictions or reservations caused by or consented to by Landlord and Land Lessor. Tenant shall, subject to the provisions of Articles 17 and 18 hereof, surrender the Premises to Landlord broom clean and in good condition and repair (ordinary wear and tear, damage by fire or casualty only excepted) with all damages occasioned by Tenant's removal of Tenant's fixtures or equipment repaired at Tenant's expense to Landlord's reasonable satisfaction.

ARTICLE 8

BUILDING SERVICES

8.01. Building Services. Landlord shall furnish, or cause to be furnished, during the Lease Term the Basic Services.

8.02. Other Janitors. No persons shall be employed by Tenant to do janitorial work in the Premises and no persons other than the janitors of the Building shall clean the Premises unless Landlord shall give its written consent thereto. Any person employed by Tenant with Landlord's consent to do janitorial work shall, while in the Building, either inside or outside the Premises, be subject to and under the control and direction of the Landlord's Representative (but not as agent or servant of said Landlord's Representative).

8.03. Additional Services. Tenant will pay Landlord a reasonable charge for any extra cleaning of the Premises required because of the carelessness or indifference of Tenant and for any Additional Services rendered at the request of Tenant. If the cost of cleaning the Premises shall be increased due to the installation in the Premises, at Tenant's request, of any unique or special materials, finish, or equipment, Tenant shall pay the Landlord an amount equal to such increase in cost. All charges for Additional Services shall be Additional Rent and shall be due and payable within ten (10) days of the date on which they are billed.

8.04. Limitations on Landlord's Liability. Landlord shall not be liable in damages, nor in default hereunder, for any failure or delay in furnishing any of the Basic Services or Additional Services when such failure or delay is occasioned by Force Majeure or by the act or Default of Tenant. No such failure or delay shall be held or pleaded as an eviction or disturbance in any manner whatsoever of Tenant's possession or give Tenant any right to terminate this Lease or give rise to any claim for set-off or any abatement of Rent or of any of Tenant's obligations under this Lease.

8.05. Electric Service. Subject to Section 6.06 Landlord shall furnish electrical energy required for lighting the Premises and operating Tenant's office equipment used in the Premises. Landlord may, at any time, elect to discontinue the furnishing of electrical energy. In the event of any such election by Landlord: (1) Landlord shall give reasonable advance notice of any such discontinuance to Tenant; (2) Landlord shall permit Tenant to receive electrical service directly from the public utility supplying service to the Building and to use (in common with others) the existing feeders, risers, wiring, and other electrical facilities serving the Premises for such purpose to the extent they are suitable and safely capable; (3) Landlord shall pay such charges and costs, if any, as such public utility may impose in connection with the installation of Tenant's meters and pay for such other installations as such public utility may require, as a condition to providing comparable electrical service to Tenant unless Landlord is required to discontinue the furnishing of electrical energy, in which event all of the costs and charges set forth in this clause (3) shall be paid by Tenant; (4) Tenant's obligations under Section 6.06 shall end; and (5) Tenant shall thereafter pay, directly to the utility furnishing the same, all charges for electrical services to the Premises.

ARTICLE 9

TENANT'S PARTICULAR COVENANTS

9.01. Pay Rent. Tenant shall pay when due all Rent and all charges for utility services rendered to the Premises not included in Rent and, as further Additional Rent, all charges of Landlord for Additional Services.

9.02. Occupancy of the Premises. Tenant shall occupy the Premises continuously from the Term Commencement Date for the Permitted Uses only. Tenant shall not (i) injure or deface

the Premises or the Building (ii) install any sign in or on any window, demising wall, corridor, elevator foyer, or Common Area, (iii) permit in the Premises any inflammable fluids or chemicals not reasonably related to the Permitted Uses, nor (iv) permit any nuisance or any use thereof which is improper, offensive, contrary to any Legal Requirement or Insurance Requirement or liable to render necessary any alteration or addition to the Building.

9.03. Rules and Regulations. Tenant shall not obstruct in any manner any portion of the Building or the Land. Tenant will comply with all Rules and Regulations. Landlord, upon giving notice to the Tenant, has the right at any time to add, delete or reasonably change the Rules and Regulations.

9.04. Safety. Tenant shall keep the Premises equipped with all safety appliances required by Legal Requirements or Insurance Requirements because of any use made by Tenant. Tenant shall procure all Authorizations so required because of such use and, if requested by Landlord, shall do any work so required because of such use, it being understood that the foregoing provisions shall not be construed to broaden in any way the Permitted Uses.

9.05. Equipment. Tenant shall not place a load upon the floor of the Premises exceeding the live load for which the floor has been designed (70psi); and shall not move any safe or other heavy equipment in, about or out of the Premises except in such manner and at such time as Landlord shall in each instance authorize. Tenant shall isolate and maintain all of Tenant's business machines and mechanical equipment which cause or may cause airborne or structure-borne vibration or noise, whether or not it may be transmitted to any other Premises, so as to eliminate such vibration or noise.

9.06. Electrical Equipment. Tenant shall not, without prior written notice to Landlord in each instance (i) connect to the Building electric distribution system anything other than normal office equipment or (ii) operate such equipment on a regular basis beyond normal Building operating hours. Tenant's use of electrical energy in the Premises shall not at any time exceed the capacity of any of the electrical conductors or equipment in or otherwise serving the Premises. Tenant shall not, without prior written notice to Landlord in each instance, connect to the Building electric distribution system any fixtures, appliances, or equipment which operate on a voltage in excess of 120 volts nominal or make any alteration or addition to the electric system of the Premises.

9.07. Pay Taxes. Tenant shall pay promptly when due all Taxes upon personal property (including, without limitation, fixtures, and equipment) in the Premises to whomsoever assessed.

ARTICLE 10

Requirements of Public Authority

10.01. Legal Requirements. Tenant shall, at its own cost and expense, promptly observe and comply with all Legal Requirements pertaining to the Premises. Tenant shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims, and demands, that may in any manner arise out of or be imposed because of the failure of Tenant to comply with the covenants of this Article 10.

10.02. Contests. Tenant shall have the right to contest by appropriate legal proceedings diligently conducted in good faith, in the name of the Tenant, or Landlord (if legally required), or both (if legally required), without cost, expense, liability, or damage to Landlord, the validity or application of any Legal Requirement and, if compliance with any of the terms of any such Legal Requirement may legally be delayed pending the prosecution of any such proceeding, Tenant may delay such compliance therewith until the final determination of such proceeding, provided in each case that: (a) Landlord shall not be subject to civil or criminal penalty or to prosecution for a crime, nor shall the Land, the Building, or any equipment and improvements therein or any part thereof be subject to being condemned or vacated, or subject to any lien or encumbrance, by reason of non-compliance or otherwise by reason of such contest; (b) before the commencement of such contest, Tenant shall furnish to Landlord the bond of a surety company satisfactory to Landlord, in form and substance satisfactory to Landlord and in an amount equal to one hundred percent (100%) of the cost of such compliance (as estimated by Landlord) and shall indemnify Landlord against the cost of such compliance and liability resulting from or incurred in connection with such contest or non-compliance; (c) such non-compliance or contest shall not constitute or result in any violation of the Mortgage, the Land Lease, any Future Mortgage, or any Future Land Lease, or if the Mortgagee, the Land Lessor, any Future Land Lessor, or any Future Mortgagee shall condition such non-compliance or contest upon the taking of action or furnishing of security by Landlord, such action shall be taken and such security shall be furnished at the expense of Tenant; and (d) Tenant shall keep Landlord and, if required or requested, the Land Lessor, the Mortgagee, any Future Mortgagee, or any Future Land Lessor regularly advised as to the status of such proceedings in good faith. Landlord shall be deemed subject to prosecution for a crime if Landlord, the Land Lessor, the Mortgagee, any Future Land Lessor or any Future Mortgagee or any of their officers, directors, partners, shareholders, agents or employees, is charged with a crime of any kind whatever unless such charge is withdrawn five (5) days before such party is required to plead or answer thereto. This Section 10.02 shall survive the expiration or earlier termination of this Lease.

ARTICLE 11

COVENANT AGAINST LIENS

11.01. Mechanics Liens. Landlord's right, title and interest in the Premises or the Land or the Building shall not be subject to or liable for liens of mechanics or materialmen for work done on behalf of tenant in connection with improvements to the Premises. Notwithstanding such restriction, if because of any act or omission of Tenant, any mechanic's lien or other lien, charge or order for payment of money shall be filed against any portion of the Premises or the Land or the Building, Tenant shall, at its own cost and expense, cause the same to be discharged of record or bonded within fifteen (15) days after the filing thereof. Landlord acknowledges responsibility for the discharge of all mechanic's liens and other liens charged against the Premises in connection with the initial preparation of the Premises as provided in the Work Letter.

11.02. Right to Discharge. Without otherwise limiting any other remedy of Landlord for default hereunder, if Tenant shall fail to cause such liens to be discharged of record or bonded within the aforesaid fifteen (15) day period, then Landlord shall have the right to cause the same to be discharged. All amounts (including reasonable attorneys' fees) paid by Landlord to cause such liens to be discharged shall constitute Additional Rent, payable immediately upon demand by Landlord.

ARTICLE 12

ACCESS TO PREMISES

12.01. Access. Landlord or Landlord's agents and designees shall have the right, but not the obligation, to enter upon the Premises at all reasonable times and, in the case of an emergency, at any time to examine same, make any repairs, which Landlord deems necessary (Tenant will be responsible for the cost of the repairs made by Landlord which are Tenant's responsibility under this Lease; Landlord shall bill Tenant for these repairs, and Tenant agrees to pay all such bills within 30 days of receipt) and to exhibit the Premises to prospective purchasers, mortgagees, and tenants, but in the latter case only during ordinary business hours and only during the last six (6) months of the Lease Term. Landlord agrees to provide Tenant with reasonable notice, when possible, before entering the Premises.

ARTICLE 13

ASSIGNMENT AND SUBLETTING:
OCCUPANCY ARRANGEMENTS

13.01. Subletting and Assignment. Subject to Exhibit F to this Lease, Tenant shall not (either voluntarily or by operation of law) enter (nor may Landlord cause, suffer or permit Tenant to enter) into a Prohibited Occupancy Arrangement, and any Prohibited Occupancy Arrangement shall be absolutely void and ineffective for any purpose. Tenant shall not enter into any other Occupancy Arrangement, either voluntarily or by operation of law, without the prior written consent of Landlord which consent shall not be unreasonably withheld.

Subject to Exhibit F to this Lease, if Tenant intends to enter into an Occupancy Arrangement which requires Landlord's consent, Tenant shall so notify Landlord in writing, stating the name of (and a financial statement with respect to) the Person with whom Tenant intends to enter into such Arrangement, the exact terms of the Arrangement and a precise description of the portion of the Premises intended to be subject thereto. Within thirty (30) days of receipt of such writing, Landlord shall (i) withhold its consent to such Occupancy Arrangement, (ii) consent to such Occupancy Arrangement, or (iii) terminate this Lease with respect to so much of the Premises as is intended to be subject thereto. Landlord consent shall not be unreasonably withheld to such Occupancy Arrangement.

If the Landlord consents to such Occupancy Arrangement, Tenant shall (i) enter into such Arrangement on the exact terms described to Landlord within fourteen (14) days of Landlord's consent and deliver to Landlord, to Land Lessor, and to the Mortgagee an executed original counterpart of such Occupancy Arrangement and (ii) remain liable for the payment and performance of the terms and covenants of this Lease. If Tenant enters into such an Arrangement, Tenant shall pay to Landlord when received the excess, if any, of amounts received in respect of such Occupancy Arrangement over the Rent. Any consent by Landlord to an Occupancy Agreement shall be subject to and require the prior written consent of the Mortgagee and, if required by the Land Lease, the Land Lessor.

If Landlord terminates this Lease, all Rent due shall be adjusted as of the day the Premises (or portion thereof) are redelivered to Landlord. Any portion of the Premises so redelivered shall be in the condition specified in Section 7.04 hereof.

Notwithstanding anything contained herein to the contrary, Tenant shall have the absolute right, without Landlord's consent, to assign this Lease to or sublet the Premises to any corporation of which at the time Tenant shall be a subsidiary, (herein, a corporation owning 50% or more of stock of Tenant), or to any subsidiary of a corporation of which at the time Tenant shall be a subsidiary or to any corporation or entity acquiring all or substantially all of the stock or assets of Tenant or to any corporation which at the time is a subsidiary of the Tenant (herein, a corporation in which the Tenant owns 50% or more of stock of such corporation).

ARTICLE 14

INDEMNITY

14.01. Tenant's Indemnity. To the fullest extent permitted by law, Tenant shall indemnify and save harmless Landlord and Land Lessor from and against any and all liabilities, damages, penalties, and judgments and from and against any claims, actions, proceedings, and expenses and costs in connection therewith, including reasonable counsel fees, arising from injury to person or property sustained by anyone in and about the Premises, or the Building or the Land resulting from any act or omission of Tenant, or Tenant's officers, agents, servants, employees, contractors, sublessees, or invitees. Tenant shall, at its own cost and expense, defend (with counsel first approved by Landlord) any and all suits or actions (just or unjust) in which Landlord or the Land Lessor may be impleaded with others upon any such above-mentioned matter, claim or claims, except as may result from the acts as set forth in Section 14.02. All merchandise, furniture, fixtures, and property of every kind, nature, and description of Tenant or Tenant's employees, agents, contractors, invitees, visitors, or guests which may be in or upon the Premises, the Land or the Building during the Lease Term shall be at the sole risk and hazard of Tenant, and if the whole or any part thereof shall be damaged, destroyed, stolen, or removed by reason of any cause of reason whatsoever, other than the negligence or willful default of Landlord, no part of said damage or loss shall be charged to or borne by Landlord.

14.02. Landlord's Liability. Except for its intentional acts or gross negligence or the intentional acts or gross negligence of its officers, agents, servants, employees or contractors, Landlord shall not be responsible or liable for any damage or injury to any property, fixtures, buildings, or improvements, or to any person or persons, at any time in the Premises or the Building or the Land, including any damage or injury to Tenant or to any of Tenant's officers, agents, servants, employees, contractors, invitees, customers, or sublessees.

ARTICLE 15

INSURANCE

15.01. Liability Insurance. Tenant shall provide or cause to be provided at its expense, and keep in force during the Lease Term: (i) comprehensive general liability insurance (containing a broad form Liability Extension Endorsement) in a good and solvent insurance company or companies licensed to do business in the Commonwealth of Massachusetts, whose rating is at least an A by A. M. Best selected by Tenant, and reasonably satisfactory to Landlord, and in an amount reasonably required by Landlord but in any event not less than Two Million Dollars ($2,000,000.00) with respect to injury or death to any one person and Two Million Dollars ($2,000,000.00) with respect to injury or death to more than one person in any one accident or other occurrence and Five Hundred Thousand Dollars ($500,000.00) with respect to

damages to property; and (ii) workers' compensation and employers' liability insurance with statutory limits covering all of Tenant's employees on the Premises.

15.02. General. All insurance policies required by this Article 15 shall include Landlord, Land Lessor, the Mortgagee, Landlord's Representative, and any Future Mortgagee as additional named insureds. Tenant agrees to deliver an original certificate of insurance to Landlord as of the date hereof and thereafter not less than thirty (30) days prior to the expiration of any such policy. Such insurance shall not be cancelable without thirty (30) days' prior written notice to Landlord.

15.03. Casualty Insurance. Tenant shall cause its improvements and betterments to the Premises, but excluding the improvements and betterments relating to the preparation of the Premises in accordance with the Work Letter, to be insured for the benefit of Landlord, Tenant, Land Lessor, the Mortgagee, and any Future Mortgagee as their respective interests may appear, by "All Risk" type coverage in an amount equal to the greater of (i) the replacement cost thereof, if insurance in such amount is available, or (ii) the amount necessary to avoid the effect of co-insurance provisions of the applicable policies. In addition, Tenant shall obtain the following endorsements to such policy: (i) Agreed Amount and (ii) an Inflation Guard Endorsement with an annual percentage of at least 1.50%. Certificates thereof shall be delivered to Landlord. Landlord shall, at Tenant's cost and expense, cooperate fully with Tenant and execute any and all consents and other instruments and take all other actions necessary to obtain the largest possible recovery. Landlord shall not carry any insurance concurrent in coverage and contributing in the event of loss with any insurance required to be furnished by Tenant hereunder if the effect of such separate insurance would be to reduce the protection or the payment to be made under Tenant's insurance.

ARTICLE 16

WAIVER OF SUBROGATION

16.01. Waiver of Subrogation. All insurance policies carried by either party covering the Premises, including but not limited to contents, fire and casualty insurance, shall expressly waive any right on the part of the insurer to make any claim against the other party or against the Land Lessor. The parties hereto agree that their policies will include such waiver clause or endorsement.

16.02. Waiver of Rights. Landlord and Tenant each hereby waive all claims, causes of action, and rights of recovery against the other and against the Land Lessor and their respective partners, agents, officers, and employees, for any damage to or destruction of persons, property, or business which shall occur on or about the Premises and shall result from any of the perils insured under any and all policies of insurance maintained by Landlord and Tenant, regardless of cause, including the negligence and intentional wrongdoing of either party and their respective agents, officers, and employees but only to the extent of recovery, if any, under such policy or policies of insurance; provided, however, that this waiver shall be null and void to the extent that any such insurance shall be invalidated by reason of this waiver.

ARTICLE 17

DAMAGE OR DESTRUCTION

17.01. Substantial Damage. If the Building or any part thereof shall be damaged by fire or other casualty to the extent that substantial alteration or reconstruction of the Building shall, in Landlord's sole reasonable opinion, be required (whether or not the Premises shall have been damaged) or if as a result the Mortgagee or any Future Mortgagee requires that Proceeds payable be used to retire any mortgage debt, Landlord may, at its option, terminate this Lease by notifying Tenant in writing of such termination within sixty (60) days after the date of such damage. If this Lease is so terminated, Rent shall be abated as of the date of such damage.

17.02. Restoration. If Landlord does not terminate this Lease pursuant to Section 17.01, Landlord shall, within seventy-five (75) days after receipt of Landlord of the Proceeds payable in respect of such fire or other casualty, proceed with reasonable diligence to repair and restore the Building (subject to Force Majeure) to substantially the same condition in which it was immediately prior to the occurrence of the casualty to the extent of Landlord's Work and the value of Landlord's Contribution. Landlord shall not be required to rebuild, repair or replace any part of Tenant's furniture, furnishings or fixtures or equipment, whether same were installed or constructed pursuant to the Working Drawings or thereafter (collectively, "Improvements"). Tenant shall be obligated to rebuild, repair and replace all damaged Tenant's Leasehold Improvements. Landlord's obligation to restore the Building or the portion of the Premises damaged by such casualty shall not require Landlord to spend an amount in excess of the Proceeds actually received by Landlord and allocable thereto. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage or the repair thereof, except that, Landlord shall allow Tenant a fair diminution of Rent during the time and to the extent the Premises are unfit for occupancy.

ARTICLE 18

EMINENT DOMAIN

18.01. Total Taking. If the Premises or the Building should be the subject of a Total Taking, then this Lease shall terminate as of the date when physical possession of the Building or the Premises is taken by the condemning authority.

18.02. Partial Taking. If there occurs a Partial Taking, Landlord (whether or not the Premises are affected thereby) may terminate this Lease by giving written notice thereof to Tenant within sixty (60) days after the right of election accrues, in which event this Lease shall terminate as of the date when physical possession of such portion of the Building or Premises is taken by the condemning authority. If upon any such Partial Taking this Lease is not terminated, Rent shall be abated by an amount representing that part of the Rent properly allocable to the portion of the Premises so taken and Landlord shall, at Landlord's sole expense, restore and reconstruct the Building and the Premises to substantially their former condition to the extent that the same, in Landlord's judgment, may be feasible, but such work shall not exceed the scope of Landlord's Work and the value of Landlord's Contribution (as such terms are defined in the Work Letter). In no event shall Landlord be required to spend an amount to restore or reconstruct the portion of the Premises unaffected by the Partial Taking in excess of the net amount (after expenses of collection) of the Proceeds received by Landlord as compensation awarded upon a Taking.

18.03. Awards and Proceeds. All Proceeds payable in respect of a Taking shall be the property of Landlord. Tenant hereby assigns to Landlord all rights of Tenant in or to such Proceeds, provided that Tenant shall be entitled to separately petition the condemning authority for a separate award for its moving expenses and trade fixtures but only if such a separate award will not diminish the amount of the Proceeds payable to Landlord. Tenant shall receive all proceeds payable in respect of a Taking to the extent the proceeds payable are clearly identified, by the condemning authority, as belonging to Tenant.

ARTICLE 19

QUIET ENJOYMENT

19.01. Landlord's Covenant. Provided that an Event of Default has not occurred and is not then continuing, Tenant shall, subject to the Permitted Exceptions, quietly have and enjoy the Premises during the Lease Term, without hindrance or molestation from any Person lawfully claiming by, through, or under Landlord.

19.02. Subordination. This Lease is and shall be subject and subordinate to (i) the Land Lease, (ii) the Mortgage, (iii) any Future Land Lease and (iv) any Future Mortgage, and to each advance made or hereafter to be made under the Mortgage or any Future Mortgage. This Section 19.02 shall be self-operative and not further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall execute and deliver promptly any certificate, in recordable form, that Landlord, the Land Lessor, the Mortgagee, any Future Land Lessor or any Future Mortgagee may request.

19.03. Notice to Mortgagee and Land Lessor. No act or failure to act on the part of Landlord which would entitle Tenant under the terms of this Lease or by law to be relieved to Tenant's obligations hereunder or to terminate this Lease, shall result in a release or termination of such obligations or a termination of this Lease unless (i) Tenant shall have first given notice of Landlord's act or failure to act to the Land Lessor, the Mortgagee, any Future Land Lessor, and any Future Mortgagee specifying the act or failure to act on the part of the Landlord which could or would give basis to Tenant's rights; and (ii) Land Lessor, the Mortgagee, any Future Land Lessor and any Future Mortgagee, after receipt of such notice, have failed or refused to correct or cure the condition complained of within a reasonable time thereafter; but nothing contained in this Section 19.03 shall be deemed to impose any obligation on the Land Lessor, the Mortgagee, any Future Land Lessor or any Future Mortgagee to correct or cure any such condition. "Reasonable time" as used above shall mean a period of not less than thirty (30) Business Days and shall include (but not be limited to) a reasonable time to obtain possession of the premises leased to Landlord by Land Lessor pursuant to the Land Lease of the Land Lessor, the Mortgagee, any Future Land Lessor, or any Future Mortgagee, as the case may be, elects to do so and a reasonable time to correct or cure the condition if such condition is determined to exist.

19.04. Other Provisions Regarding Mortgagees. If this Lease or the Rent due hereunder is assigned to the Mortgagee or any Future Mortgagee as collateral security for a loan, neither the Mortgagee nor any Future Mortgagee, as the case may be, shall be deemed to have assumed any of Landlord's obligations hereunder solely as a result of said assignment. Either the Mortgagee or any Future Mortgagee to whom this Lease has been so assigned shall be deemed to have assumed such obligations only if (i) by the terms of the instrument of assignment the Mortgagee or any Future Mortgagee, as the case may be, specifically elects to assume such obligations or

(ii) the Mortgagee or any Future Mortgagee, as the case may be, have (a) foreclosed its mortgage, (b) accepted a deed in lieu thereof, or (c) taken possession of the Premises by entry or otherwise. Even if the Mortgagee or any Future Mortgagee, as the case may be, so assumes the obligations of Landlord hereunder, (i) any such obligation under Section 24.01 to return the Security Deposit to the Tenant shall be limited to the amount actually received by the Mortgagee or any Future Mortgagee, as the case may be, with respect thereto, and (ii) the Mortgagee or any Future Mortgagee, as the case may be, will be liable for breaches of any of Landlord's obligations hereunder only to the extent such breaches occur during the period of ownership by the Mortgagee or any Future Mortgagee, as the case may be, after foreclosure (or any conveyance by a deed in lieu thereof), all as set forth in Section 26.11 hereof.

19.05. Attornment; Further Provisions Regarding the Land Lessor. Tenant agrees to attorn to Land Lessor in the event Land Lessor requests such attornment at any time prior to the expiration of ninety days after the Tenant has given notice to Land Lessor that this Lease has been terminated by the exercise by Land Lessor of a remedy under the Land Lease and that Tenant no longer wishes to comply with the provisions of this Lease. If the Land Lessor or any Future Land Lessor succeeds to the interest of Landlord, in no event shall Land Lessor or any Future Land Lessor be liable for any act or omission of Landlord, liable for the return of the Security Deposit, if any, subject to any offsets or defenses which Tenant may have against Landlord, bound by any Rent which Tenant might have prepaid for more than the current month, or bound by any amendment or modification of this Lease made without Land Lessor's or any Future Land Lessor's written consent.

ARTICLE 20

Defaults; Events of Default

20.01. Defaults. The following shall, if any requirement for notice or lapse of time or both has not been met, constitute Defaults, and, if such conditions have been met, constitute Events of Default hereafter:

(1) The occurrence of any event set forth in Article 21 hereof;

(2) Subject to Section 20.01(5) below, the failure of Tenant to pay Rent (or any other payment due to Landlord under this Lease) when the same shall be due and payable and the continuance of such failure for a period of 10 days after receipt by Tenant of notice in writing from Landlord specifying such failure; or

(3) The failure of Tenant to observe any covenant made by it in Sections 5.01, 7.01, 9.03, 13.01, 15.01, 15.02, and 15.03 hereof; or

(4) The failure of Tenant to keep, observe, or perform any of the other covenants, conditions, and agreements herein contained on Tenant's part to be kept, observed, or performed and the continuance of such failure without the curing of same for a period of 30 days after receipt by Tenant of notice in writing from Landlord specifying in reasonable detail the nature of such failure; or

(5) If Tenant shall default in the timely payment of Rent more than one time in any period of twelve (12) months during the Term hereunder, then, notwithstanding

that such defaults shall have each been cured within the applicable period, then any similar default shall be deemed to be deliberate and Landlord may thereafter serve a notice of termination upon Tenant without affording to Tenant an opportunity to cure such default.

20.02. Tenant's Best Efforts; Service Charge. Subject to Section 20.01, in the event that the Default of which Landlord gives notice is of such a nature that it cannot be cured upon receipt of notice from Landlord, then such Default shall not be deemed to continue so long as Tenant, after receiving such notice, proceeds to cure the Default as soon as reasonably possible and continues to take all steps necessary to complete the same within a period of time which, under all prevailing circumstances, shall be reasonable. No Default shall be deemed to continue if and so long as tenant shall be so proceeding to cure the same in good faith or be delayed in or prevented from curing the same by reason of Force Majeure. If any default described in this Article 20 requires written notice from Landlord to Tenant, Tenant shall pay to Landlord, in addition to all other costs and expenses, the sum of $250 as a service charge for each such notice of default. Landlord shall agree to waive the $250 service charge for the first two notices given by Landlord to Tenant in each Lease Year.

ARTICLE 21

Insolvency

21.01. Insolvency. If (1) there occurs with respect to Tenant an Insolvency or (2) any execution or attachment is issued against Tenant or any of its property and as a result thereof the Premises are taken or occupied by some Person other than the Tenant, except as may herein be permitted, then an Event of Default hereunder shall be deemed to have occurred so that the provisions of Article 22 hereof shall become effective and Landlord shall have the rights and remedies provided for therein.

ARTICLE 22

Landlord's Remedies; Damages on Default

22.01. Landlord's Remedies. If an Event of Default shall occur, Landlord may, at its option, give to Tenant a notice terminating this Lease upon a date specified in such notice, which date shall be not less than ten (10) Business Days after the date of receipt by Tenant of such notice from Landlord, and upon the date specified in said notice, the term and estate hereby vested in Tenant shall cease and any and all other right, title, and interest of Tenant hereunder shall likewise cease without further notice or lapse of time, as fully and with like effect as if the entire Lease Term had elapsed, but Tenant shall continue to be liable to Landlord as hereinafter provided.

If such Event of Default results from Tenant's failure to pay Tenant's Cost as required by the Work Letter, Landlord may, at its option, in addition to or in lieu of the other remedies available to Landlord, refuse Tenant access to the Premises. In such event the Term Commencement Date shall be the earlier of (i) the date determined in accordance with paragraph 3 of the Work Letter or (ii) the Substantial Completion Date.

If such Event of Default results from Tenant's failure to pay a charge for an Additional Service pursuant to Section 8.03 hereof, Landlord may, without further notice to Tenant, discontinue any or all of such Additional Services.

If an Event of Default shall occur and is continuing, Landlord shall be relieved of its undertakings under Article 13 hereof.

22.02. Surrender. Upon termination of this Lease as the result of an Event of Default, Tenant shall quit and peacefully surrender the Premises to Landlord. Landlord, upon or at any time after any such termination, may without further notice, enter the Premises and possess itself thereof by summary proceedings or otherwise, and may dispossess Tenant and remove Tenant and all other Persons and property from the Premises and may have, hold and enjoy the Premises and the right to receive all rental income of and from the same.

22.03. Right to Relet. At any time or from time to time after any such termination, Landlord may relet the Premises or any part thereof, in the name of Landlord or otherwise, for such term or terms (which may be greater or less then the period which would otherwise have constituted the balance of the Lease Term) and on such conditions (which may include concessions or free rent) as Landlord, in its reasonable discretion, may determine and may collect and receive the rents therefor. Landlord shall in no way be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon any such reletting.

22.04. Survival of Covenants. No such termination of this Lease shall relieve Tenant of its liability and obligations under this Lease and such liability and obligations shall survive any such termination. Tenant shall indemnify and hold Landlord harmless from all loss, cost, expense, damage, or liability arising out or in connection with such termination.

22.05. Damages. Upon such termination, Tenant shall pay to the Landlord the Rent up to the time of such termination. Tenant shall also pay Landlord monthly on the days on which Basic Rent would have been payable, as damages for Tenant's default, the amount by which:

(1) the amount of Rent which would be payable under this Lease by Tenant if this Lease were still in effect, exceeds

(2) the net proceeds of any reletting, after deduction of all Landlord's reasonable reletting expenses, including, without limitation, all repossession costs, brokerage commissions, legal expenses, attorneys' fees, alteration costs, and expenses for preparation for such reletting.

At any time after such termination, whether or not Landlord shall have collected any monthly difference as aforesaid, Landlord shall be entitled to recover from Tenant on demand, as and for liquidated and agreed damages for Tenant's Default, the difference between

(1) the aggregated Rent which would have been payable under this Lease by Tenant from the date of such termination until the Stated Expiration Date, less

(2) the fair and reasonable rental value of the Premises for the same period less Landlord's reasonable estimate of expenses to be incurred in connection with

releting the Premises, including, without limitation, all repossession costs, brokerage commissions, legal expenses, attorneys' fees, alteration costs, and expenses of preparation for such releting.

If the Premises or any part thereof are relet by the Landlord before presentation of proof of such liquidated damages to any court, commission or tribunal, the amount of rent reserved upon such releting shall be prima facie the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the releting.

Nothing herein contained shall limit or prejudice the right of the Landlord to prove and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute and or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount of the difference referred to above.

22.06. Right to Equitable Relief. In the event there shall occur a Default or threatened Default, Landlord shall be entitled to enjoin such Default or threatened Default and shall have the right to invoke any right and remedy allow at law or in equity or by statute or otherwise as though re-entry, summary proceedings, and other remedies were not provided for in this Lease.

22.07. Right to Self Help. If an Event of Default shall occur and be continuing, Landlord shall have the right, but shall not be obligated, to enter upon the Premises and to perform such obligation notwithstanding the fact that no specific provision for such substituted performance by Landlord is made in this Lease with respect to such Default. In performing such obligation, Landlord may make any payment of money or perform any other act. The aggregate of (i) all sums so paid by Landlord (ii) interest (at the rate of 1 1/2% per month or the highest rate permitted by law, whichever is less) on such sum, and (iii) all necessary incidental costs and expenses in connection with the performance of any such act by Landlord, shall be deemed to be Rent under this Lease and shall be payable to Landlord immediately upon demand. Landlord may exercise the foregoing rights without waiving any other of its rights without waiving any other of its rights or releasing Tenant from any of its obligations under this Lease.

22.08. Further Remedies. Upon any termination of this Lease pursuant to Section 22.01, or at any time thereafter, Landlord may, in addition to and without prejudice to any other rights and remedies Landlord shall have at law or in equity, re-enter the Premises, and recover possession thereof and may dispossess any or all occupants of the Premises in the manner prescribed by the statute relating to summary proceedings, or similar statutes; but Tenant in such case shall remain liable to Landlord as hereinbefore provided.

ARTICLE 23

Waivers

23.01. No Waivers. Failure of Landlord or Tenant to complain of any act or omission on the part of the other party no matter how long the same may continue, shall not be deemed to be a waiver by either party of any of its rights hereunder. No waiver by either party at any time, expressed or implied, of any breach of any provision of this Lease shall be deemed a waiver of a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. No acceptance by Landlord of any partial payment shall constitute an

accord or satisfaction but shall only be deemed a partial payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy.

ARTICLE 24

Security Deposit

24.01. Security Deposit. Tenant has deposited the Security Deposit with Landlord. Landlord shall hold the Security Deposit as security for the full and faithful payment or performance by Tenant of its obligations under this Lease and not as a prepayment of Rent. Landlord may commingle the Security Deposit with other funds of Landlord but shall not be liable to Tenant for the payment of interest thereon or profits therefrom. Landlord may expended such amounts from the Security Deposit as may be necessary to cure any Default and, in such case, Tenant shall pay to Landlord the amount so expended, on demand. Landlord may assign the Security Deposit to any subsequent owner of the Building and thereafter Landlord shall have no further liability to Tenant with respect thereto. As soon as reasonably practicable after the Lease Termination Date, Landlord shall (i) inspect the Premises, (ii) make such payments from the Security Deposit as may be required to cure any outstanding Events of Defaults, (iii) make such payments from the Security Deposit as may be required per Section 7.08, and (iv) pay the balance of the Security Deposit to Tenant.

ARTICLE 25

Option to Expand

25.01. Expansion Option. Provided that an Event of Default has not occurred and is not then continuing, Tenant shall have the option to take subject to this Lease the Expansion Premises for a period commencing on the Expansion Premises Term Commencement Date and ending on the Lease Termination Date, subject to all the terms and conditions hereof, by delivering written notice to Landlord no less than one hundred eighty (180) days prior to the Expansion Premises Term Commencement Date. Tenant shall pay as Basic Rent for the Expansion Premises for the period commencing on the Expansion Premises Term Commencement Date and ending on the day prior to the fifth anniversary of the Term Commencement Date an amount to be determined in accordance with Section 4.03.

25.02. Further Expansion Option. Provided that an Event of Default has not occurred and is not then continuing, and subject to contiguous space of not less than the same desired area not being available in the Building, and further subject to availability of the space desired by Tenant in another building in Alewife Center, Tenant shall have the option to lease not less than 15,000 square feet in another building, at Alewife Center (the Further Expansion Premises), at the office rent, parking rent and tenant work letter then being offered, by delivering written notice to Landlord no less than one hundred eighty (180) days prior to the desired Term Commencement Date for the Further Expansion Premises. In the event this Further Expansion Option is exercised, this Lease shall be terminated as of the Term Commencement Date for the Further Expansion Premises.

25.03. Notice of Available Space. Landlord agrees to give Tenant notice during the Initial Term of this Lease of any space becoming available for occupancy within the Building after the initial occupying of such space.

ARTICLE 26

General Provisions

26.01. Late Payment of Rent. If any installment of Basic Rent or any payment of Additional Rent is paid more than five days after the date the same was due, it shall bear interest from the due date until paid in full at the lesser of (i) 18% per annum or (ii) the highest rate permitted by law.

26.02. Force Majeure. In the event that Landlord or Tenant shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of Force Majeure, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

26.03. Notices and Communications. All notices, demands, requests and other communications provided for or permitted under this Lease shall be in writing, either delivered by hand or sent by registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

(a) if to Landlord at the address stated in Section 1.01 hereof, or at such other address as Landlord shall have designated in writing to Tenant and to such Persons as Landlord shall have designated in writing to Tenant; or

(b) if to Tenant at the address stated in Section 1.01 hereof, or at such other address as Tenant shall have designated in writing to Landlord, with a copy to such Persons as Tenant shall have designated in writing to Landlord; or

(c) if to the Land Lessor address it to Alewife Land Corporation, c/o W. R. Grace & Co., 62 Whittemore Avenue, Cambridge, Massachusetts, Attention: O. Mario Favorito, Esquire, or to such other address as the Land Lessor shall have give to Tenant or Landlord; or

(d) if to the Mortgagee, address it to:

Any notice provided for herein shall become effective only upon and at the time of receipt by the Person to whom it is given, unless such notice is mailed by first-class registered or certified mail, in which case it shall be deemed to be received on the earlier of (i) the third Business Day following the mailing thereof or (ii) the day of its receipt, if a Business Day, or the next succeeding Business Day.

26.04. Certificates, Estoppel Letter. Either party shall, without charge, at any time and from time to time hereafter, within ten (10) days after written request of the other, certify by written instrument duly executed and acknowledged to the Mortgagee or any Future Mortgagee or purchaser, or proposed Future Mortgagee or proposed purchaser, or any other Person specified in such request: (a) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment, (b) as to the validity and force and

effect of this Lease, in accordance with its tenor as then constituted, (c) as to the existence of any Default or Event of Default, (d) as to the existence of any offsets, counterclaims or defenses thereto on the part of such other party, (e) as to the Term Commencement Date and Stated Expiration Date, (f) as to the amount or Rent due and payable and the date to which such Rent has been paid, (g) the amount of the security deposit forwarded to Landlord and (h) as to any other matters as may reasonably be so requested. Any such certificate may be relied upon by the party requesting it and any other Person to whom the same may be exhibited or delivered, and the contents of such certificate shall be binding on the party executing same.

Tenant shall in addition, within 5 Business Days of the Term Commencement Date, execute and deliver to Landlord a tenant estoppel letter substantially in the form attached hereto as Exhibit D.

26.05. Renewal. If this Lease is renewed or extended, the provisions of the Work Letter shall not apply.

26.06. Right to Relocate. Landlord may, at its option, upon not less than sixty (60) Business Days prior written notice to Tenant, relocate Tenant (effective as of the date specified in the notice) to other space in the Building of approximately the same Rentable Area, provided that the Landlord shall place the other space in substantially the same condition, quality, buildout and features as the Premises are then in and shall pay all costs associated with such move. In such an event (i) the other space shall be substituted for the Premises hereunder, (ii) the terms and provisions of this Lease shall remain in full force and effect and (iii) Tenant shall (a) relocate as requested by Landlord and (b) execute all documents (including but not limited to a termination or amendment of this Lease with respect to the Premises) as Landlord may reasonably request.

26.07. Holding Over. If Tenant occupies the premises after the Lease Termination Date without having entered into a new lease of the Premises with Landlord, Tenant shall be a tenant-at-sufferance subject to all of the terms and provisions of this Lease at twice the then effective Basic Rent. Such a holding over, even if with the consent of Landlord, shall not constitute an extension or renewal of this Lease.

26.08. Governing Law. This Lease and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the Commonwealth of Massachusetts.

26.09. Partial Invalidity. If any term, covenant, condition, or provision of this Lease or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition, and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

26.10. Notice of Lease. The parties will at any time, at the request of either one, promptly execute duplicate originals of an instrument, in recordable form, which will constitute a Notice of Lease, setting forth a description of the Premises, the Lease Term and any other portions thereof, excepting the rental provisions, as either party may request.

26.11. Interpretation; Consents. The section headings used herein are for reference and convenience only, and shall not enter into the interpretation hereof. This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. The term "Landlord" whenever used herein, shall mean only the owner at the time of Landlord's interest herein, and upon any sale or assignment (other than as collateral security for a loan) of the interest of Landlord herein, its respective successors in interest and/or assigns shall, during the term of ownership of its respective estates herein, be deemed to be Landlord and the liability of Landlord, if any, hereunder shall in any event be limited to the Landlord's interest in the Building. The term "Landlord" shall also include any agent or manager authorized to act on behalf of the then current Landlord.

26.12. Entire Agreement. No oral statement or prior written matter shall have any force or effect. Tenant agrees that its decision to enter into this Lease has not been made in reliance upon any representation, statement or promise made by Landlord or Landlord's agents or representatives, except as is expressly set forth in this Lease. This Agreement shall not be modified or canceled except by writing subscribed to by all parties.

26.13. Parties. Except as herein otherwise expressly provided, the covenants, conditions and agreements contained in this Lease shall be binding upon the heirs, successors, and assigns of the parties hereto.

26.14. Broker's Indemnity. Each party warrants and represents that it has had no dealing with any broker or agent other than Codman Associates and The Leggat Company in connection with this Lease and covenants to defend with such other party from and against any and all cost, expense or liability for any compensation, commissions and charges claimed by any broker or agent other than Codman Company and The Leggat Company or the negotiation thereof. It is understood that the commission due to Codman Company and The Leggat Company under this Lease will be paid by Landlord.

26.15. Non-Disturbance Agreements. Landlord agrees to provide non-disturbance agreements from the following parties:

a. Any present leasehold mortgagee.

b. Any future leasehold mortgagee to which Tenant may be required to subordinate this Lease.

c. Any present ground lessor.

d. Any future ground lessor to which this Lease may be subordinated.

e. Any future ground mortgagee to which the ground lease may be subordinated (unless, as a condition to such subordination, the ground lessor is required to deliver a non-disturbance agreement concerning the ground lease).

Executed as a sealed instrument as of the _____ day of _____, 198___.

LANDLORD: ONE ALEWIFE CENTER REALTY TRUST

Trustees as aforesaid and not individually, nor on behalf of the beneficiaries individually

By: /s/ David R. Vickery

, Trustee

By: /s/ David L. Wightman

, Trustee

TENANT: Security Dynamics Technologies, Inc.

By: /s/ Charles R. Stuckey

Name: Charles R. Stuckey
Title: President and CEO

EXHIBIT A

ONE ALEWIFE CENTER
DEFINITION OF TERMS

Attached to and incorporated by reference into a Lease (the "Lease") between One Alewife Center Realty Trust ("Landlord") and ("Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

Additional Rent. All sums and other charges (other than Basic Rent) due from Tenant to Landlord, or incurred by Landlord as the result of a Default.

Additional Services. Services provided to Tenant or in respect of the Premises which are not described in Schedule A to the Lease.

Adjusted Operating Expense Base. The amount determined by multiplying the Operating Expense Base by the Adjustment Factor.

Adjusted Tax Base. The amount determined by multiplying the Tax Base by the Adjustment Factor.

Adjustment Factor. With respect to the First Calendar Year and the Last Calendar Year, the percentage computed by dividing (i) the number of days of each such period falling within the First Calendar Year or Last Calendar Year by (ii) 365.

Affiliate. With respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, the term control when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms controlling and controlled by have meanings correlative to the foregoing.

Authorizations. All franchises, licenses, permits and other governmental consents issued by Governmental Authorities pursuant to Legal Requirements which are or may be required for the use and occupancy of the Premises, the Parking Area, the Building, and the conduct or continuation of a Permitted Use therein.

Basic Services. The services described in Schedule A hereto.

Building. The building currently under construction on the Land to be known as One Alewife Center.

Building Standard Tenant Finishes. The standards set by Landlord for the quality of work done on the Premises described in Schedule 2 to the Work Letter.

Business Day. A day which is not a Saturday, Sunday or other day on which banks in Boston, Massachusetts, are authorized or required by law or executive order to remain closed.

Calendar Year. The First Calendar Year, the Last Calendar Year and any full calendar year (January 1 through December 31) occurring during the Lease Term.

[C.P.I. "Consumer Price Index-All Urban Consumers - (CPI-U) - U.S. City Average - All Items (Index Base of 1967=100)" as published by the U.S. Department of Labor.]

Common Areas. All areas devoted to the common use of occupants of the Building or the provision of Services to the Building, including but not limited to the atrium, air shafts, elevator shafts and elevators, stairwells and stairs, restrooms, mechanical rooms, janitor closets, vending area, loading docks and loading facilities and other similar facilities for the provision of Services or the use of all occupants of multi-tenant floors or all occupants of the Building.

Control. As defined in the definition of Affiliate.

Corporation. A corporation, company, association, business trust or similar organization wherever formed.

Default. Any event or condition specified in Article 20 hereof so long as any applicable requirement for the giving of notice of lapse of time or both have not been fulfilled.

Event of Default. Any event or condition specified in (a) Article 20 hereof (if all applicable periods for the giving of notice or lapse of time or both have been fulfilled) or (b) in Article 21 hereof.

Expansion Premises. The space show as "Expansion Premises" containing approximately 3,000 square feet of Rentable Area on the third floor of the Building which may be made subject to this Lease by the exercise by Tenant of the Expansion Rights, as identified in Exhibit B.

Expansion Rights. The rights granted to Tenant with respect to the Expansion Premises pursuant to Section 25.01 hereof.

Expansion Premises Term Commencement Date. Three years after the Term Commencement Date or anytime between month 24 or month 36 during the Term of this Lease, provided that Tenant exercises the Expansion Option.

Extended Expiration Date. The day before the tenth anniversary of the Term Commencement Date (provided that Tenant exercises the Extension Option).

Extension Option. The right granted to Tenant pursuant to Section 3.03 hereof to extend the Lease Term for the Extension Period.

Extension Period. The period commencing on the fifth anniversary of the Term Commencement Date and ending on the day before the tenth anniversary of the Term Commencement Date provided that Reynolds, Vickery, Messina, and Griefen, Inc. is able to relocate in similar space, to their satisfaction, either in the Building or elsewhere in the Alewife Center park.

First Calendar Year. The partial Calendar Year period commencing on the Term Commencement Date and ending on the next succeeding December 31.

Force Majeure. Acts of God, strikes, lock outs, labor troubles, inability to procure materials, failure of power, restrictive Legal Requirements, riots and insurrection, acts of the public enemy, wars, earthquakes, hurricanes and other natural disasters, fires, explosions, any act, failure to act or Default of the other party to this Lease or any other reason beyond the reasonable control of any party to this Lease; provided, however, lack of money shall not be deemed such a cause.

Future Land Lease. After the date hereof, any operating lease, overriding lease, ground lease, land lease or underlying lease covering the Building or the Land except for the Land Lease.

Future Land Lessor. The holder of the lessor's interest in any Future Land Lease.

Future Mortgage. Any mortgage, other than the Mortgage, which shall hereafter encumber the Land Lease, any Future Land Lease, the Building, the Land or any portion thereof and to all renewals, modifications, consolidations, replacements and extensions thereof and all substitutions therefor.

Future Mortgagee. The holder of a Future Mortgage.

General Contractor. Contractor chosen by Landlord.

Governmental Authority. United States of America, the Commonwealth of Massachusetts, the City of Cambridge, County of Middlesex, and any political subdivision thereof and any agency, department, commission, board, bureau or instrumentality of any of them.

Land Lease. The Lease between the Land Lessor and Landlord dated as of November 5, 1987, as amended by First Amendment to Ground Lease dated February 22, 1988.

Land Lessor. Alewife Land Corporation, a Massachusetts corporation, or any successor or assignee of or under the Land Lease.

Insolvency. The occurrence with respect to any Person of one or more of the following events: the death, dissolution, termination of existence (other than by merger or consolidation), insolvency, appointment of a receiver for all or substantially all of the property of such person, the making of a fraudulent conveyance or the execution of an assignment or trust mortgage for the benefit of creditors by such Person, or the filing of a petition of bankruptcy or the commencement of any proceedings by or against such Person under a bankruptcy, insolvency or other law relating to the relief or the adjustment of indebtedness, rehabilitation or reorganization of debtors; provided that if such petition or commencement is involuntarily made against such a Person and is dismissed within sixty (60) days of the date of such filing or commencement, such events shall not constitute an insolvency hereunder.

Insurance Requirements. All terms of any policy of insurance maintained by Landlord or Tenant and applicable to (or affecting any condition, operation, use or occupancy of), the Land, the Building, or the Premises or any part of parts of either, all requirements of the issuer of any such policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions).

Land. The land on Whittemore Avenue, Cambridge shown on Plan 537 of 1985 recorded with Middlesex South District Registry of Deeds.

Landlord's Contribution. The amount contributed by Landlord as a credit toward the cost of finishing the Premises shown on Schedule 2 to the Work Letter.

Landlord's Work. The work to be done by Landlord with respect to the Premises described on Schedule 2 to the Work Letter.

Last Calendar Year. The partial Calendar Year commencing on January 1 of the Calendar Year in which the Lease Termination Date occurs of the Lease Term and ending on the Lease Termination Date.

Lease Term. The period commencing on the Term Commencement Date and ending on the Lease Termination Date.

Lease Termination Date. The earlier to occur of (1) the Stated Expiration Date, (2) the termination of this Lease by Landlord as the result of an Event of Default, (3) the termination of this Lease pursuant to Articles 17 (Damage or Destruction) or 18 (Eminent Domain) hereof.

Lease Year. A period commencing on the Term Commencement Date (or an anniversary thereof) and ending on the day before the next succeeding anniversary thereof. For example, the first Lease Year is a period commencing on the Term Commencement Date and ending on the day before the first anniversary thereof. The last Lease Year shall end on the Lease Termination Date.

Legal Requirements. All statutes, codes, ordinances (and all rules and regulations thereunder), all executive orders and other administrative orders, judgments, decrees, injunctions and other judicial orders of or by any Governmental Authority which may at any time be applicable to parts or appurtenances of the Premises or Building or to any condition or use thereof and the provisions of all Authorizations.

Mortgage. Collectively, (i) that certain Construction Loan Leasehold Mortgage and Security Agreement granted by Landlord to the Mortgagee dated February 22, 1988 recorded with Middlesex South Registry of Deeds at Book ___, Page ___, and filed with Middlesex South Registry District of the Land Court as Document No. 767707, and (ii) that certain Collateral Assignment of Leases and Rents made by Landlord in favor of the Mortgagee, dated February 22, 1988, recorded with said Deeds at Book ___, Page ___, and filed with said Registry District as Document No. 767708.

Mortgagee. The Provident Institution for Savings in the Town of Boston, or any successor or assignee of or under the Mortgage.

Occupancy Arrangement. With respect to the Premises or any portion thereof or the Lease, and whether (a) written or unwritten or (b) for all or any portion of the Lease Term, an assignment, a sublease, any tenancy at will, a tenancy at sufferance, or any other arrangement (including but not limited to a license or concession) pursuant to which a Person occupies the Premises for any purpose.

Operating Expense Base. With respect to each Calendar Year the amount determined by multiplying the Rentable Area of the Premises by the amount hereinbefore set forth as the Operating Expense Base per square foot of Rentable Area of the Building per year, but with respect to the First Calendar Year and the Last Calendar Year, the Adjusted Operating Expense Base.

Operating Expenses. All expenses, costs, and disbursements of every kind and nature which Landlord shall pay or become obligated to pay (to the extent not previously paid by Landlord) in connection with the operation and maintenance of the Building, including all facilities in operation on the Term Commencement Date and such additional facilities in subsequent years as may be determined by Landlord to be necessary or beneficial for the operation of the Building, Parking Area and Land and the provision of Basic Services or any other services provided tenants, including, but not limited to, (a) wages, salaries, fees and costs to Landlord of all Persons engaged in connection therewith, including taxes, workmen's compensation insurance and all benefits relating thereto, (b) the cost of (i) all supplies, tools and equipment used in the operation of the Land, Parking Area or Building and materials (including work clothes of all employees and the cleaning thereof), (ii) electricity and lighting with respect to any portion of the Land, Building or Parking Area not required to be paid by any tenant pursuant to its lease, (iii) water, heat, fuel, sewer charges, utilities, air conditioning and ventilating for the Building, (iv) all maintenance, janitorial, and service agreements, (v) all insurance, including the cost of casualty and liability insurance applicable to the Parking Area, the Land, the Building and Landlord's personal property used in connection therewith, (vi) painting, repairs and general maintenance, (vii) capital items which are for the purpose of reducing Operating Expenses or upgrading services or which are at any time required by a Governmental Authority or an Insurance Requirement amortized over the reasonable life of the capital items on a straight line basis with the reasonable life being determined by Landlord in accordance with generally accepted accounting principles, (viii) reasonable expenses incurred in pursuing an application for an abatement of taxes pursuant to Section 6.06 hereof to the extent not deducted from the abatement, if any, received, (ix) legal (excluding legal fees with respect to lease negotiations), accounting and other professional fees and disbursements (excluding leasing commissions), (x) telephone and stationery expenses, (xi) charges of independent contractors and consultants performing work included within this definition of Operating Expenses, and (xii) cleaning (including snow removal) and exterior and interior landscaping of the Common Areas and Parking Area, and (c) fees to be paid to the property manager. Operating Expenses shall not include (i) capital items except as provided above or (ii) specific costs billed to and paid by specific tenants. Operating Expenses shall not include payments to Affiliates of Landlord to

the extent such payments exceed customary charges for the goods or services provided by such Affiliate.

If during any Lease Year less than 95% of the Rentable Area of the Building is leased and occupied by tenants, then the Operating Expenses for such Lease Year shall be increased proportionately to reflect the amount of Operating Expenses which, in Landlord's sole judgment, would have been incurred during such Lease Year of 95% of the Rentable Area of the Building was leased and occupied by tenants.

If during all or part of any Lease Year, Landlord shall not furnish any particular item of work or service (which would otherwise constitute an Operating Expense hereunder) to any portion of the Building due to the fact that (A) such portion is not occupied or leased, (B) such item of work or service is not required or desired by the tenant of such portion, (C) such tenant is itself obtaining and providing such item of work or service or (D) for any other reason, then, for the purpose of computing Operating Expenses, the cost of such item for such period shall be deemed to be increased by an amount equal to the additional costs and expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such item of work or service.

Parking Area. The on-grade parking area located on the Land, as the same may be relocated as provided in Section 5.02.

Partial Taking. Any Taking which is not a Total Taking.

Permitted Exceptions. Any liens or encumbrances on the Premises in the nature of (a) liens for Taxes, assess but not yet due and payable, (b) easements, reservations, restrictions and rights of way encumbering or affecting the Land on the date of this Lease, (c) the rights of Landlord, Tenant and other Persons to whom Landlord has granted such rights to exercise in common with respect to the Land and the Common Areas the rights granted to Tenant hereunder, (d) mortgages of record or to be placed on record after the date hereof and related instruments securing or concerning debts which are secured by the Land or the Building, (e) any matters which this Lease shall become subordinate to pursuant to Article 19 of this Agreement and (f) Title Conditions.

Person. An individual, a Corporation, a company, a voluntary association, a partnership, a trust, an unincorporated organization or a government or any agency, instrumentality or political subdivision thereof.

Premises. The Initial Premises and, after the exercise of the Expansion Rights, the Initial Premises and the Expansion Premises. Premises, Initial Premises and Expansion Premises as defined herein shall refer to the area bounded by the exterior glass of the Building, ceiling, floor slab and demising walls, with respective maintenance responsibilities between Landlord and Tenant as outlined in Article 7.03.

Proceeds. Any amount which a Person is obligated to pay as a result of the occurrence of any event described in Article 17 or 18 hereof, less any costs, expenses and fees (including attorneys' fees) with respect to the collection thereof.

Prohibited Occupancy Arrangement. An Occupancy Arrangement which (i) provides for any rent or other payment based in whole or in part on the net income or profits derived by any person from the Premises or (ii) is a "disqualified lease" as defined in Section 168(j)(3)(B)(iii) of the Internal Revenue Code of 1954, as amended, and the Treasury Regulations promulgated thereunder (the "Code").

Rent. Basic Rent and all Additional Rent.

Rentable Area of the Premises. The number of square feet stated in Section 1.01, whether the same should be more or less as a result of minor variations resulting from actual construction and completion of the Building or Premises so long as such work is done in accordance with the terms and provisions hereof. The calculation was made according to the following formula:

(i) On single tenant floors, the usable area measure from the inside surfaces of the outer glass of the Building, plus Tenant's pro rata share of Common Areas.

(ii) On multi-tenant floors, the usable area measured from the inside surface of the outer glass of the Building to the midpoint of all demising walls of the space being measured plus the area of each corridor adjacent to and required as the result of the layout of the space being measured, measured from the midpoint of the adjacent demising walls, plus Tenant's pro rata share of Common Areas.

Rules and Regulations. Reasonable Rules and Regulations promulgated by Landlord and uniformly applicable to Persons occupying the Building regulating the details of the operation and use of the Building and the Land, as such rules and regulations may thereafter be amended. The initial Rules and Regulations are attached to the Lease as Exhibit E.

Services. Basic Services and Additional Services.

Space Plan. A detailed plan to be prepared by Tenant showing all improvements which Tenant wishes to make to the Premises.

Special Work. Work done in or with respect to the Premises which is not part of Landlord's Work or the cost of which exceeds Landlord's Contribution.

Stated Expiration Date. The later to occur of (1) the day before the fifth anniversary of the Term Commencement Date, or (2) the Extended Expiration Date (if Tenant exercises the Extension Option).

Substantial Completion Date. The date on which the City of Cambridge issues a certificate of occupancy for the Premises, and the Premises together with the appurtenant areas of the Building necessary for access and service thereto, have been completed in accordance with Article 7 hereof except for items of work and adjustment of equipment and fixtures which are not necessary to make the Premises reasonably tenantable for the Permitted Uses and because of season or weather or nature of the item cannot practicably be done at the time.

Taking. The taking or condemnation of title to all or any part of the Land or the possession or use of the Building or the Premises by a competent person for any public use or purpose or any proceeding or negotiations which might result in such a taking or any sale or lease in lieu of or in anticipation of such a taking.

Tax Base. With respect to each Calendar Year the amount determined by multiplying the Rentable Area of the Premises by the amount hereinbefore set forth as the Tax Base per square foot of Rentable Area of the Building per year, but with respect to the First Calendar Year and the Last Calendar Year, the Adjusted Tax Base.

Taxes. All taxes, special or general assessments, water rents, rates and charges, sewer rents and other impositions and charges imposed by Governmental Authorities of every kind and nature whatsoever, extraordinary as well as ordinary and each and every installment thereof which shall or may during the term of this Lease be charged, levied, laid, assessed, imposed, become due and payable or become liens upon or for or with respect to the Land or any part thereof and the Building or the Premises, appurtenances or equipment owned by Landlord thereon or therein or any part thereof or on this Lease under or by virtue of all present or future Legal Requirements and any tax based on a percentage fraction or capitalized value of the Rent (whether in lieu of or in addition to the taxes hereinbefore described). Taxes shall not include inheritance, estate, excise, succession, transfer, gift, franchise, income, gross receipt, or profit taxes except to the extent such are in lieu of or in substitution for Taxes as now imposed on the Building, the Land, the Premises or this Lease.

Tenant. As defined in the preamble hereof.

Tenant's Cost. The cost of work done in connection with the completion of the Premises in excess of (i) the cost of Landlord's Work and (ii) Landlord's Contribution.

Tenant's Share. The percentage of the Rentable Area of the Building represented by the Rentable Area of Premises.

Term Commencement Date. The earlier of (a) the later of (x) the date specified by Landlord in the notice delivered pursuant to Section 7.03 or (y) the Substantial Completion Date, (b) the date, if any, determined in accordance with Sections 7.04 or 22.01, or (c) the date on which Tenant first occupies the Premises for the Permitted Uses.

Title Conditions. All covenants, agreements, restrictions, easements and declarations of record on the date hereof so far as the same may be from time to time in force and applicable any other covenants, agreements, reservations, rights-of-way, restrictions, easements and declarations

of record executed, delivered and/or recorded after the date hereof, provided that such instruments do not materially inhibit the use of the Premises as set forth herein.

Total Taking. (i) a Taking of: (a) the fee interest in all or substantially all of the Building or (b) such title to or easement in, over, under or such rights to occupy and use any part or parts of the Building to the exclusion of Landlord as shall have the effect, in the good faith judgment of the Landlord, of rendering the portion of the Building remaining after such Taking (even if restoration were made) unsuitable for the continued use and occupancy of the Building for the Permitted Uses or (ii) a Taking of all or substantially all of the Premises or such title to or easement in, on or over the Premises to the exclusion of Tenant which in the good faith judgment of the Landlord prohibits access to the Premises or the exercise by Tenant of any rights under this Lease.

Work Letter. The Work Letter attached hereto as Exhibit X.

Working Drawings. The Working Drawings for the finishing of the Premises developed by Landlord and Tenant in accordance with the Work Letter. The Working Drawings shall be prepared in compliance with all applicable Legal Requirements and stamped by registered Massachusetts professionals, and shall consist of all architectural and engineering plans which are required to finish the Premises or to obtain any Authorization required therefor.

SCHEDULE A
ONE ALEWIFE CENTER
LANDLORD'S SERVICES

I. CLEANING

A. General

1. All cleaning work will be performed during non-business hours, Monday through Friday, unless otherwise necessary for stripping, waxing, etc.

2. Abnormal waste removal (e.g., computer installation paper, bulk packaging, wood or cardboard crates, refuse from cafeteria operation, etc.) shall be Tenant's responsibility, at Tenant's sole cost and expense.

B. Daily Operations (5 times per week)

1. Tenant Areas

a. Empty and clean all waste receptacles; wash receptacles as necessary.

b. Vacuum all rugs and carpeted areas.

c. Empty, and damp-wipe all ashtrays.

2. Lavatories

a. Sweep and wash floors with disinfectant.

b. Wash both sides of toilet seats with disinfectant.

c. Wash all mirrors, basins, bowls, urinals.

d. Spot clean toilet partitions.

e. Empty and disinfect sanitary napkin disposal receptacles.

f. Refill toilet tissue, towel, soap, and sanitary napkin dispensers.

3. Public Areas

a. Wipe down entrance doors and clean glass (interior and exterior).

b. Vacuum elevator carpets and wipe down doors and walls.

c. Clean water coolers.

C. Operations as Needed

1. Tenant and Common Areas

a. Buff all resilient floor areas.

D. Weekly Operations

1. Tenant Areas, Lavatories, Common Areas

a. Hand-dust and wipe clean all horizontal surfaces with treated cloths to include furniture, office equipment, windowsills, venetian blinds, door ledges, chair rails, baseboards, etc., within normal reach.

b. Sweep all stairways.

E. Monthly Operations

1. Tenant and Common Areas

a. Thoroughly vacuum seat cushions on chairs, sofas, etc.

b. Vacuum and dust grillwork.

2. Lavatories

a. Wash down interior walls and toilet partitions.

F. As Required and Weather Permitting

1. Entire Building (less atrium area)

a. Clean inside of all windows once a year.

b. Clean outside of all windows once a year.

G. Yearly

1. Tenant and Common Areas

a. Strip and wax all resilient tile floor areas.

II. HEATING, VENTILATING, AND AIR CONDITIONING

1. Heating, ventilating, and air conditioning ("HVAC") as required to provide reasonably comfortable temperatures for normal occupancy on Business Days from 8:00 a.m. to 6:00 p.m. HVAC will be provided at other times upon twenty-four (24) hours prior written request with the cost thereof to be paid directly by the tenants sharing such services.

2. Maintenance of any additional or special air conditioning equipment and the associated operating cost will be at Tenant's expense.

III. WATER

Hot water for lavatory purposes and cold water for drinking, lavatory and toilet purposes.

IV. ELEVATORS

For the use of all tenants and the general public for access to and from all floors of the Building. Programming of elevators (including, but not limited to, service elevators) shall be as Landlord from time to time determines best for the Building as a whole.

V. RELAMPING OF LIGHT FIXTURES

Tenant will reimburse Landlord for the cost of replacement lamps, ballasts and starters.

VI. CAFETERIA AND VENDING INSTALLATIONS

1. Any space to be used primarily for lunchroom or cafeteria operation within the Premises shall be Tenant's responsibility to keep clean and sanitary, it being understood that Landlord's approval of such use must be first obtained in writing.

2. Vending machines or refreshment service installations by Tenant must be approved by Landlord in writing and shall be restricted to use by employees and business callers. All cleaning necessitated by such installations shall be at Tenant's expense.

VII. EXTERIOR WORK

Landlord will remove snow from walkways and the Parking Area and maintain landscaped areas of the Land as necessary.

[INSERT ALEWIFE CENTER EXHIBIT B DIAGRAM HERE]

EXHIBIT C
ONE ALEWIFE CENTER
TERM COMMENCEMENT AGREEMENT

Attached to and incorporated by reference into a Lease (the "Lease") between One Alewife Center Realty Trust ("Landlord") and ("Tenant"). Term defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

Landlord and Tenant hereby acknowledge that the permanent certificate of occupancy for the Premises has been issued by the City of Cambridge, and stipulate that for all purposes the Term Commencement Date of the Lease is March 13, 1989.

LANDLORD: ONE ALEWIFE CENTER REALTY TRUST

(By: _____
Trustees as aforesaid (, Trustee
and not individually, (
nor on behalf of the (
beneficiaries individually (By: _____
, Trustee

TENANT: _____

By: _____
Name:
Title:

EXHIBIT D
ONE ALEWIFE CENTER
TENANT ESTOPPEL LETTER

Attached to and incorporated by reference into a Lease (the "Lease") between One Alewife Center Realty Trust ("Landlord") and ("Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

, 199_

Gentlemen:

Reference is made to our Lease (the "Lease") dated _____, made with One Alewife Center Realty Trust. Terms defined in or by reference in the Lease used herein but not otherwise defined herein shall have the same meanings herein as therein.

The undersigned, as Tenant, hereby ratifies the Lease and certifies that:

1. the Term Commencement Date is _____;

2. the undersigned presently occupies the Premises;

3. The Basic Rent of $_____ was payable beginning on the Basic Rent Commencement Date;

4. the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (except by agreement(s) dated _____) and neither party thereto is in default thereunder except as specified herein;

5. the Lease represents the entire agreement between Landlord and Tenant;

6. the Stated Expiration date is _____;

7. all conditions under the Lease to be performed by the Landlord have been performed satisfactorily;

8. Landlord's Contribution has been made and received and Landlord's Work has been completed;

9. on this date there are no existing defenses or offsets which the undersigned has against the enforcement of the Lease by the Landlord;

10. no Rent has been paid in advance other than the Security Deposit;

11. there are _____ square feet of Rentable Area in the Premises; and

12. Basic Rent for _____., 199_, has been paid.

Very truly yours,

_____ (Tenant)

By: _____ (Title)

EXHIBIT E
ONE ALEWIFE CENTER
RULES AND REGULATIONS

Attached to and incorporated by reference into a Lease (the "Lease") between One Alewife Center Realty Trust ("Landlord") and ("Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

1. Sidewalks, doorways, vestibules, halls, stairways and other similar area shall not be obstructed by tenants or used by any tenant for any purpose other than ingress and egress to and from the Premises and for going from one part of the Building to another part of the Building.

2. Plumbing fixtures and appliances shall be used only for the purpose for which designated, and no sweeping, rubbish, rags or suitable material shall be thrown or placed therein. Repairs resulting from such damage to any such fixtures or appliances from misuse by a tenant shall be paid by him, and Landlord shall not in any case be responsible therefor.

3. No signs, advertisements or notices shall be painted or affixed on or to any windows, doors, corridors or other parts of the Building except as shall be fist approved by Landlord.

4. Landlord will provide and maintain an alphabetical directory board for all tenants in the Building, and no other directly shall be permitted unless previously consented to by Landlord in writing.

5. Movement of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which requires use of elevators or stairways, or movement through the Building entrances or lobby, shall be restricted to such hours as Landlord may designate, and such movement shall be subject to control of Landlord.

6. Landlord shall have the authority to prescribe the weight and manner that safes, file cabinets and other heavy equipment are positioned.

7. Passenger elevators are to be used only for the movement of persons and routine deliveries to a tenant's premises, unless an exception is approved by the Landlord in writing.

8. All locks for doors in each tenant's premises shall be building standard and no tenant shall place any additional lock or locks on any door in its leased area without Landlord's written consent. All requests for duplicate keys shall be made through Landlord and charged to the tenant.

9. Corridor doors, when not in use, shall be kept closed.

10. Tenants shall lock all office doors leading to corridors and turn out all lights at the close of their working day.

11. Tenants shall not tamper with or attempt to adjust temperature control thermostats in their respective Premises. Landlord shall adjust thermostats to maintain required temperatures for heating, ventilating and air conditioning.

12. Tenants will comply with any measures instituted for the security of the building which may include the signing in or out in a register in the building lobby after hours and on weekends.

13. Tenants shall not make or permit any improper noises in the building or otherwise interfere in any way with other tenants or persons having business with them.

14. No vending machines of any type shall be allowed in tenant space without the prior written consent of Landlord.

15. No birds or animals shall be brought into to kept in, on or about public or tenant areas.

16. Landlord will not be responsible for lost or stolen personal property, money or jewelry from tenant's premises or public areas regardless of whether such loss occurs when area is locked against entry or not.

17. Landlord reserves the right to rescind any of these rules and regulations and to make such other and further rules and regulations as in its reasonable judgment shall form time to time, be required for the safety, protection, care and cleanliness of the Building, the operation thereof, the preservation of good order therein and the protection and comfort of the tenants and their agent, employees and invitees. Such rules and regulations, when made and written notice thereof is given to a tenant, shall be binding upon it in like manner as if originally herein prescribed.

EXHIBIT F

Restrictions on Permitted Uses*

[Insert any further restrictions on the Permitted Uses applicable at the time the lease is being signed].

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* Note to the Property Manager: The restrictions on uses set forth in this Exhibit F shall only be effective as long as the leases containing such restrictions on use remain in force and effect.

EXHIBIT X

ONE ALEWIFE CENTER
WORK LETTER
STANDARD FORM

Attached to and incorporated by reference into a Lease (the "Lease") between One Alewife Center Realty Trust ("Landlord") and ("Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

1. Preparation of the Premises. Landlord shall do Landlord's Work. All other work must be of a quality equal to or better than the Building Standard Tenant Finishes. Landlord shall also do the work described in the Working Drawings. If (i) the cost of such work exceeds Landlord's Contribution or (ii) Landlord further agrees to do, at Tenant's request, any Special Work, Tenant shall pay the amount of Tenant's Cost to Landlord in accordance with Paragraph 8 hereof.

2. Time for Completion. Landlord shall use due diligence to have the Premises ready for occupancy on or before the Estimated Term Commencement Date.

3. Delays. If Landlord shall be delayed in substantially completing the work in the Premises as the result of

(a) delay in delivery to Landlord of any plans, design work and detailed drawing, or

(b) Tenant's requests for Special Work or changes to the Working Drawings pursuant to Paragraph 7 hereof (notwithstanding Landlord's approval of such changes), or

(c) delays in performance by Tenant or any Person employed by Tenant which shall cause delays in the completion of any work to be done by Landlord or which shall otherwise delay the substantial completion of the Premises, or

(d) any fault, negligence, omission, or failure to act on the part of Tenant or its agents, contractors, workmen, mechanics, suppliers or invitees,

the Premises shall be deemed to be substantially completed on (and the Term Commencement Date shall be) the Estimated Commencement Date.

4. Space Plan. Tenant has delivered to Landlord _____, the Space Plan, together with any other information required by the attached Schedule 1 which may be necessary for Landlord to construct all improvements described by Tenant in the Premises. Upon receipt of the Space Plan, Landlord will review the Space Plan to confirm that the Space Plan conforms to the requirements listed in Schedule 1. Landlord shall meet with Tenant and advise Tenant informally of Landlord's estimate of Tenant's Cost. In the event the

Space Plan does not conform to the requirements of Schedule 1, or Tenant determines that the estimated Tenant's Cost associated with the work shown thereon is not within the scope of its budget, Landlord will return the Space Plan to Tenant for corrections and/or revisions. Tenant will deliver a corrected Space Plan to Landlord no later than ten (10) days after Landlord returns the Space Plan. Upon mutual approval of the Space Plan, Landlord will notify Tenant in writing that preparation of Working Drawings has begun.

5. Working Drawings. At Landlord's expense, Working Drawings have been completed and agreed to by Landlord and Tenant.

6. Tenant's Cost. Upon receipt of approved Working Drawings, Landlord agrees to promptly price the cost of constructing the improvements in accordance with the Working Drawings, and to submit to Tenant an estimate of Tenant's Cost (including detail of the cost of such work, less the Landlord's Contribution), together with a schedule for completion of the work. Tenant shall approve such cost within five (5) days, otherwise said work will not be done.

7. Special Work. It is understood that Tenant at its own expense may authorize changes in the work after approval of the Working Drawings and the cost of the work shown thereon. Such changes to the Working Drawings made by Tenant shall be priced at the cost of (i) making such changes and (ii) the cost of the work shown thereon (including the General Contractor's overhead, profit and general conditions) plus 10% of (i) and (ii) to cover Landlord's overhead and general conditions.

8. Payment of Tenant's Cost. Tenant shall make progress payments towards Tenant's Cost as follows:

(i) 50% of the estimated Tenant's Cost of such work shall be paid at the time such work is authorized by Tenant; and

(ii) the balance after application by Landlord of the amount received by Landlord pursuant to clause (i) of this Paragraph 8, within ten (10) days after receipt of a statement rendered from time to time, but not more often than once every thirty (30) days, by Landlord or any contractor of Landlord with respect to all or any portion of Tenant's Cost.

9. Tenant's Access to the Premises. Tenant and Tenant's agents, at Tenant's sole risk, may with Landlord's prior consent, enter the Premises prior to the Term Commencement Date in order to do such work as may be required to make the Premises ready for Tenant's use and occupancy thereof. If Landlord permits such entry prior to the Term Commencement Date, such permission shall be conditioned upon Tenant and Tenant's agent, contractors, workmen, mechanics, suppliers and invitees, working in harmony with Landlord and the General Contractor and with other tenants and occupants of the Building. If at any time such entry shall cause or threaten to cause disharmony or otherwise interfere with the orderly completion or operation of the Building, Landlord shall have the right to withdraw such permission upon twenty-four (24) hours written notice to Tenant. Any

such entry into and occupation of the Premises shall be deemed to be under all of the terms, covenants, conditions and provisions of this Lease, except the covenant to pay Rent. Landlord shall not be liable in any way for any injury, loss or damage which may occur to any of Tenant's work and installations made in the Premises or to properties placed therein prior to the term Commencement Date, the same being at Tenant's sole risk.

10. Notice to Commence. Approximately fifteen (15) days prior thereto Landlord shall furnish Tenant a notice stating the Substantial Completion Date.

11. Tenant's Representative. Landlord may rely on Tenant's Representative with respect to all matters which pertain to this Work Letter, Tenant having authorized Tenant's Representative to make decisions binding upon Tenant with respect to such matters.

12. Landlord agrees to guarantee all work performed in the preparation of the premises in accordance with this Work Letter for a period of one year from the term Commencement Date.

SCHEDULE 1

ONE ALEWIFE CENTER
MINIMUM INFORMATION REQUIRED OF TENANT SPACE PLAN

Floor Plan Indicating:
- ----------

1. Location and type of all partitions.
2. Location and types of all doors - indicate hardware and provide keying schedule.
3. Location and type of glass partitions, windows and doors - indicate framing if not building standard.
4. Location of telephone equipment room accompanied by an approval of the telephone company.
5. Indicate critical dimensions necessary for construction.
6. Location of all Building standard electrical items - outlets, switches, telephone outlets. (Building Standard lighting will be determined by Building architect.)
7. Location and type of all Non-Building Standard electrical items including lighting.
8. Location and type of equipment that will require special electrical requirements. Provide manufacturers' specifications for use and operation.
9. Location, weight per square foot and description of any exceptionally heavy equipment or filing system exceeding 50 psf live load.
10. Requirements for special air conditioning or ventilation.
11. Type and color of floor covering.
12. Location, type and color of wall covering.
13. Location, type and color of Building Standard and Non-Building Standard paint or finishes.
14. Location and type of plumbing.
15. Location and type of kitchen equipment.

Details Showing:
- ----------

1. All millwork with verified dimensions and dimensions of all equipment to be built-in.
2. Corridor entrance.
3. Bracing or support of special walls, glass partitions, etc., if desired. If not included with the space plan, the Building architect will design all support or bracing required at Tenant's expense.

SCHEDULE 2

ONE ALEWIFE CENTER

BUILDING STANDARD TENANT FINISHES

PARTITIONS AND DOORS:

1. Demising

a. Partitions separating tenants shall be constructed of 2-1/2" metal studs 16" o.c. with one layer of 1/2" gypsum wallboard on each side. These partitions will be insulated and will extend full height through the ceiling to the underside of the floor slab above.

b. Each space shall have one principal entry door which shall be fully height (8'-6") and solid core stain grade wood with side light, including a closer and lever type lockset.

2. Interior

a. Partitions within a tenant area shall be constructed of 2-1/2" metal studs with a 1/2" layer of gypsum wall board on each side to the ceiling.

b. Doors shall have hollow metal or wood frames as landlord may choose and shall be full height solid core stain grade wood with lever handled latchsets.

3. Quantities

The total linear footage of partitions for each tenant are based on one linear foot for each 15 square feet of net useable area. Door quantities are based on one door for each 25 linear foot of partitioning.

CEILINGS:

Tenant area ceilings shall be suspended 2' x 2' U.S.G. Acoustone Glazier or equal acoustical ceiling tile with a tegular edge installed in a T-grid bar suspension system or as the landlord may authorize.

WINDOWS:

All windows will have mini-horizontal blinds. Color: Rock Grey

ELECTRIC:
- --------

1. Tenant area light fixtures shall be low brightness 2' x 4' lay-in air-handling parabolic warm-white 3 tube fluorescent fixtures. Common lobbies, toilets and service areas shall have light, as selected by landlord.

2. Light switches shall be single pole, quite type wall switches with matching face plate.

3. Outlets shall be 120 volts duplex receptacles with matching face plate.

4. Quantities:

   Tenant area light fixture quantities are based on an average of one fixture per 100 square feet of net usable area. Switch quantities are based on an average of one per ten light fixtures. Duplex receptacle quantities are based on an average of one outlet per 125 square feet of net usable area.

FLOOR COVERING:
- --------------

Floor coverings shall be in accordance with all applicable codes and shall be approved by the landlord. Vinyl base shall be 2- 1/2" high.

PAINTING:
- --------

1. All painting partitions shall receive two coats of latex paint. Colors shall be selected from building standard color chart.

2. Doors and frames shall have one primer coat and two finish coats of enamel or natural finish as the landlord may authorize.

LANDLORD'S WORK

Landlord will provide the shell space including exterior windows with horizontal blinds; interior face of exterior wall taped and sanded; exposed concrete floors; sprinkler mains not including branches or related work; HVAC system, up to and including distribution boxes and associated temperature control work as indicated on base building drawings, electrical power distribution for lighting and outlets up to and including distribution panels as shown on base building drawings.

Common Areas, including entrances, main corridor, elevators, lavatory facilities and signage, will be finished by Landlord.

LANDLORD'S CONTRIBUTION

All interior tenant finish work must be done by Landlord using contractors chosen by landlord.

Landlord will contribute up to $_____ per square foot of usable area as a credit toward the cost of such work (a contribution of approximately _____ for the Premises). Landlord estimates that as of the date of this Lease, Landlord's contribution will provide the following quantities of Building Standard Tenant Finishes:

1. Principal Entry Doors: One

2. Interior Partitions: One linear foot for each 15 square feet of usable area, including a 2- 1/2" vinyl base and painting of all exposed surfaces.

3. Interior Doors: One for each 372 square feet of usable area.

4. Ceilings: All

5. Light Fixtures: One fixture for every 100 square feet of usable area.

6. Light Switches: One rocket-type switch for every 1,000 square feet of usable area.

7. Electrical Outlets: One duplex receptacle outlet for every 125 square feet of usable area.

8. Sprinkler Heads: 1 per every 225 square feet of usable area.

9. Carpet: Selected from Building architect's selection list.

10. HVAC: In accordance with base building layout.

ONE ALEWIFE CENTER

OFFICE LEASE

SECURITY DYNAMICS, INC.

AMENDMENT NO. 1

Reference is made to the lease dated March 13, 1989 ("Lease") by and between
-----
David L. Wightman and David R. Vickery, Trustees of One Alewife Center Realty Trust under Declaration of Trust dated as of November 5, 1987, recorded with Middlesex South District Registry of Deeds at Book 18671, Page 237, and filed with Middlesex South Registry of the Land Court as Document No. 763134 as Lessor ("Landlord") and Security Dynamics, Inc., a Massachusetts corporation with a
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place of business at One Alewife Center, Cambridge, Massachusetts 02140 ("Tenant"). Terms defined in or by reference in the Lease not otherwise defined
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herein shall have the same meanings herein as therein.

Landlord and Tenant desire to amend the Lease so as to increase the Rentable Area of the Premises on the terms hereinafter set forth. For good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree to amend the Lease as follows:

1. Article 1, Section 1.01, Reference Data, is amended by adding the following additional definitions thereto:

Expansion Premises: 1,888 square feet of Rentable Area of the third floor of the Building.

Expansion Premises Term: The period commencing on July 1, 1992, or sooner, if the Premises are substantially completed with a certificate of occupancy and ending on the Stated Expiration Date.

Expansion Premises Term Commencement Date: July 1, 1992, or sooner, if the Premises are substantially completed with a certificate of occupancy. Tenant will execute an agreement acknowledging the Term Commencement Date within 10 days after the occurence of the Term Commencement Date.

Expansion Premises Basic Rent Commencement Date: July 1, 1992. Same as current rent.

This section is further amended by deleting therefrom the definitions of the terms "Premises" and "Tenant's Share" and substituting therefore respectively the following:

Premises: The original Premises and, after the Expansion Premises Term Commencement Date, the addition of the Expansion Premises.

Tenant's Share: 9.57%

Landlord will contribute all tenant finishes toward the interior tenant finish improvements of the Expansion Premises based on tenant plans dated November 22, 1991. Landlord will provide 10 additional parking spaces with the Expansion Premises.

In all other respects, the terms and provisions of the Lease are hereby ratified and confirmed.

Executed as a sealed instrument as of the 27day of January, 1992.

LANDLORD: ONE ALEWIFE CENTER REALTY TRUST

Trustee as aforesaid and not individually, nor on behalf of the beneficiaries individually

By: /s/ David R. Vickery
David R. Vickery, Trustee

By: /s/ David L. Wightman
David L. Wightman, Trustee

TENANT: SECURITY DYNAMICS, INC.

By: /s/ Charles R. Stuckey Jr.
President

ONE ALEWIFE CENTER

OFFICE LEASE

SECURITY DYNAMICS, INC.

AMENDMENT NO. 2

Reference is made to the lease dated March 13, 1989 and Amendment No. 1 dated January 27, 1992 ("Lease") by and between David L. Wightman and David R. Vickery, Trustees of One Alewife Center Realty Trust under Declaration of Trust dated as of November 5, 1987, recorded with Middlesex South District Registry of Deeds at Book 18671, Page 237, and filed with Middlesex South Registry of the Land Court as Document No. 763134 as Lessor ("Landlord") and Security Dynamics, Inc., a Massachusetts corporation with a place of business at One Alewife Center, Cambridge, Massachusetts 02140 ("Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

Landlord and Tenant desire to amend the Lease so as to increase the Rentable Area of the Premises and Extend the term based upon the terms hereinafter set forth. For good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree to amend the Lease as follows:

1. Article 1, Section 1.01, Reference Data, is amended by adding the following additional definitions thereto:

   Expansion Premises: 1,578 square feet of Rentable Area adjacent to the existing premises on the third floor of the building.

This section is further amended by deleting therefrom the definitions of the terms "Premises," "Term," "Basic Rent," "Tax Base," "Operating Base" and "Tenant's Share" and substituting therefore respectively the following:

   Premises: Effective as of the execution of this lease amendment 1,578 rentable square feet of adjacent space will be added to the existing premises which will then comprise a total of 10,047 rentable square feet.

   Term: Four years and 6 months. Tenant shall take occupancy of the premises on September 10, 1993. However, the rent will commence on 3/13/94 through 3/12/98 (first extended term).

ONE ALEWIFE CENTER

OFFICE LEASE

SECURITY DYNAMICS, INC.

AMENDMENT NO. 2

Reference is made to the lease dated March 13, 1989 and Amendment No. 1 dated January 27, 1992 ("Lease") by and between David L. Wightman and David R. Vickery, Trustees of One Alewife Center Realty Trust under Declaration of Trust dated as of November 5, 1987, recorded with Middlesex South District Registry of Deeds at Book 18671, Page 237, and filed with Middlesex South Registry of the Land Court as Document No. 763134 as Lessor ("Landlord") and Security Dynamics, Inc., a Massachusetts corporation with a place of business at One Alewife Center, Cambridge, Massachusetts 02140 ("Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

Landlord and Tenant desire to amend the Lease so as to increase the Rentable Area of the Premises and Extend the term based upon the terms hereinafter set forth. For good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree to amend the Lease as follows:

1. Article 1, Section 1.01, Reference Data, is amended by adding the following additional definitions thereto:

   Expansion Premises: 1,578 square feet of Rentable Area adjacent to the existing premises on the third floor of the building.

This section is further amended by deleting therefrom the definitions of the terms "Premises," "Term," "Basic Rent," "Tax Base," "Operating Base" and "Tenant's Share" and substituting therefore respectively the following:

   Premises: Effective as of the execution of this lease amendment 1,578 rentable square feet of adjacent space will be added to the existing premises which will then comprise a total of 10,047 rentable square feet.

   Term: Four years and 6 months. Tenant shall take occupancy of the premises on September 10, 1993. However, the rent will commence on 3/13/94 through 3/12/98 (first extended term).

Rent: Based on the following schedule:

$16 per sq. ft.	Period 3/13/94 through 3/12/95
$17 per sq. ft.	Period 3/13/95 through 3/12/96
$17 per sq. ft.	Period 3/13/96 through 3/12/97
$18 per sq. ft.	Period 3/13/97 through 3/12/98

Escalation Bases: The tax and operating base will be $8.00 per square foot based on calendar year 1992 actuals.

Tenant's Share: 11.22%

The following portion of Section 5.02 Parking Area is hereby deleted.

"Landlord agrees to provide to Tenant within the Parking Area at no cost during the Initial Term of this Lease 20 parking spaces, and to use its best efforts to provide to Tenant an additional 10 parking spaces,"

and substituted with the following:

"Total number of parking spaces allocated to the Tenant as of the effective date of this lease extension shall be five (5) per 1,000 square feet of rentable area, for a total of 50 spaces".

Tenant Improvements: Landlord will contribute a total of $10,890 toward the reconstruction of Security Dynamics' Premises. This dollar allocation is based on the construction cost of the sketch plan provided to Tenant.

Expansion Option: Security Dynamics, Inc. will have a right of first refusal on all of Allnet's premises (4,026 rentable square feet). Allnet's lease expires 5/7/94. Security Dynamics will have the right to exercise this option until February 1, 1994. Rent of the expansion option premises would be at $16.00 per rentable square foot. Space would be delivered in as-is condition.

Tenant Improvements on 4,026 sq. ft.: Should Security Dynamics exercise its option to expand into the 4,026 rentable square feet, Landlord will contribute $10,000 toward the reconstruction costs.

In all other respects, the terms and provisions of the lease are hereby ratified and confirmed.

Executed as a sealed instrument as of the 21 day of September, 1993.

LANDLORD: ONE ALEWIFE CENTER REALTY TRUST

Trustee as aforesaid and not individually, nor on behalf of the beneficiaries individually

By: /s/ David R. Vickery

David R. Vickery, Trustee

By: /s/ David L. Wightman

David L. Wightman, Trustee

TENANT: SECURITY DYNAMICS, INC.

By: /s/ Charles R. Stuckey Jr.

President

ONE ALEWIFE CENTER

OFFICE LEASE

SECURITY DYNAMICS, INC.

AMENDMENT NO. 3

Reference is made to the lease dated March 13, 1989 as amended by Amendment No. 1 dated January 27, 1992 and Amendment No. 2 dated September 21, 1993 ("Lease") by and between David L. Wightman and David R. Vickery, Trustees of One Alewife Center Realty Trust under Declaration of Trust dated as of November 5, 1987, recorded with Middlesex South District Registry of Deeds at Book 18671, Page 237, and filed with Middlesex South Registry of the Land Court as Document No. 763134 as Lessor ("Landlord") and Security Dynamics, Inc., a Massachusetts corporation with a place of business at One Alewife Center, Cambridge, Massachusetts 02140 ("Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

Landlord and Tenant desire to amend the Lease so as to increase the Rentable Area of the Premises on the terms hereinafter set forth. For good and valuable consideration, the receipt and legal sufficiency of which is hereby agree to amend the lease as follows:

1. Article 1, Section 1.01, Reference Data, is amended by adding the following additional definitions thereto:

   Expansion Premises: 4026 square feet Rentable Area of the 3/rd/ floor of the building.

This section is further amended by deleting therefrom the definitions of the term "Premises" and "Terms," "Basic Rent," "Tax Base," "Operating Base" and "Tenant's Share" and substituting therefore respectively the following:

Premises: Effective as of the execution of this lease amendment 4026 rentable square feet of adjacent space will be added to the existing premises which will then comprise a total of 14,173 rentable square feet.

Term: Approx 3 years and 7 months. Tenant shall take occupancy of the premises on September 1, 1994.

Rent: Based on the following schedule:

$16 per sq. ft.	Period 9/1/94 through 3/12/95
$17 per sq. ft.	Period 3/13/95 through 3/12/96

$17 per sq. ft.	Period 3/13/96 through 3/12/97
$18 per sq. ft.	Period 3/13/97 through 3/12/98

Notwithstanding anything herein to the contrary the rent commencement date on the expansion space will commence September 1, 1994.

Escalation Bases: The tax and operating base will be $8.00 per square foot based on calendar year 1992 actuals.

Tenant's Share: 15.84%

Tenant Improvements: Landlord will contribute a total of $10,000 toward the reconstruction of Security Dynamics' Premises. The $10,000 contribution will be given as free rent on the expansion space for the premises. As provided for by the free rent period of September 1, 1994 thru October 27, 1994.

Parking Area: Section 5.02 of the lease as Amended by the Amendment No. 2 is further amended by deleting after the words "for a total" the figure "50" and by inserting in it's place the figure "71."

In all other respects, the terms and provisions of the Lease are hereby ratified and confirmed.

Executed as a sealed instrument as of the _____ day of _____, 199__.

LANDLORD: ONE ALEWIFE CENTER REALTY TRUST

By: /s/ David R. Vickery

David R. Vickery, Trustee

By: /s/ David L. Wightman

David L. Wightman, Trustee

TENANT: SECURITY DYNAMICS, INC.

By: /s/ Linda E. Saris

President

ONE ALEWIFE CENTER

OFFICE LEASE

SECURITY DYNAMICS, INC.

AMENDMENT NO. 4

Reference is made to the lease dated March 13, 1989, as amended by Amendment No. 1 dated January 27, 1992, Amendment No. 2 dated September 21, 1993 and Amendment No. 3 dated September 1, 1994 ("Lease") by and between David L. Wightman and David R. Vickery, Trustees of One Alewife Center Realty Trust under Declaration of Trust dated as of November 5, 1987, recorded with Middlesex South District Registry of Deeds at Book 18671, Page 237, and filed with Middlesex South Registry of the Land Court as Document No. 763134 as Lessor ("Landlord") and Security Dynamics, Inc., a Massachusetts corporation with a place of business at One Alewife Center, Cambridge, Massachusetts 02140 ("Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

Landlord and Tenant desire to amend the Lease so as to increase the Rentable Area of the Premises on the terms hereinafter set forth. For good and valuable consideration, the receipt and legal sufficiency of which is hereby agree to amend the lease as follows:

1. Article 1, Section 1.01, Reference Data, is amended by adding the following additional definitions thereto:

   Expansion Premises: 10,132 square feet of Rentable Area of the 3/rd/ floor of the building.

   This section is further amended by deleting therefore the definitions of the term "Premises," "Initial Term," "Basic Rent," "Tax Base," "Operating Expense Base" and "Tenant's Share" and substituting therefore respectively the following:

   Premises: Effective as of the execution of this lease amendment 10,132 rentable square feet of adjacent space will be added to the existing premises (the Expansion Space) which will then comprise a total of 24,305 square feet of rentable area.

   Initial Term: Approx 3 years, 4 months and 13 days, (expiring on March 13, 1998). Tenant shall take occupancy of the Expansion Premises on December 1, 1995. Basic rent payments shall commence on January 1, 1995.

   Basic rent: $14.00 per S.F. Rentable Area per year for the Initial Term.

Escalation Bases: The tax and operating base will be $8.30 per square foot for the Expansion Premises based on Landlords statement for calendar year 1994 actual expenses.

Tenant's Share: 27.16%

Parking Area: Section 5.02 of the lease as Amended by the Amendment No. 3 is further amended by deleting after the words "for a total" the figure "71" and by inserting in it's place the figure "99."

Tenant Improvements: Landlord shall provide a Tenant Improvement Allowance in the amount of $10,132 for the reconstruction of the Premises upon the Rent Commencement Date of January 1, 1995. Landlord shall further provide a Tenant Improvement Allowance in the amount of $10,132 for reconstruction on the expansion space upon the day six months after the Rent Commencement Date.

Expansion Options: Section 25.01 of the Lease is deleted in its entirety.

Computation of Basic Rent for Expansion Premises: Section 4.03 of the Lease shall be deleted in its entirety.

In all other respects, the terms and provisions of the Lease are hereby ratified and confirmed.

Executed as a sealed instrument as of the _____ day of _____, 199__.

LANDLORD: ONE ALEWIFE CENTER REALTY TRUST

By: _____
David R. Vickery, Trustee

By: _____
David L. Wightman, Trustee

TENANT: SECURITY DYNAMICS, INC.

By: /s/ Charles R. Stuckey

/s/ Linda E. Saris

ONE ALEWIFE CENTER
OFFICE LEASE
SECURITY DYNAMICS, INC.

AMENDMENT NO. 5

Reference is made to the Lease dated March 13, 1989, as amended by Amendment No. 1 dated January 27, 1992, Amendment No. 2 dated September 21, 1993, Amendment No. 3 dated September 1, 1994 and Amendment No. 4 dated January 13, 1995 (the "Lease") by and between David L. Wightman and David R. Vickery, Trustees of One Alewife Center Realty Trust under Declaration of Trust dated as of November 5, 1987, recorded with Middlesex South Registry of Deeds at Book 18671, Page 237, and filed with Middlesex South Registry of The Land Court as Document No. 763134 as Lessor (the "Landlord") and Security Dynamics, Inc., a Massachusetts corporation with a place of business at One Alewife Center, Cambridge, Massachusetts 02140 (the "Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

Landlord and Tenant desire to amend the Lease so as to increase the Rentable Area of the Premises on the terms hereinafter set forth. For good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree to amend the Lease as follows:

1. Article 1, Section 1.01, Reference Data, is hereby amended by adding the following additional definitions thereto:

Expansion Premises: 8,854 square feet of Rentable Area (the "New Space") on the fourth floor of the Building.

Initial Term for the New Space: Approximately 2 years, 4 months and 13 days, and terminating on March 31, 1998. Tenant shall take occupancy of the New Space on November 1, 1995.

Basic Rent for the New Space: $14.00 per rentable square foot for the period of November 1, 1995 through March 12, 1997; Landlord and Tenant further agree that Basic Rent for the New Space shall increase to $18.00 per rentable square foot for the period of March 13, 1997 through March 13, 1998.

The rent commencement date for the New Space shall be November 1, 1995.

Escalation Bases: The tax and operating base will be $8.17 per rentable square foot for the New Space and is included in the Basic Rent.

2. Article 1, Section 1.01, Reference Data, is further amended by deleting therefore the definitions of the terms "Premises" and "Tenant's Share" and substituting therefore respectively the following:

Premises: Effective as of November 1, 1995, 8,854 rentable square feet on the fourth floor will be added to the existing Premises of 24,305 rentable square feet on the third floor for a total of 33,159 rentable square feet.

Tenant's Share: 37.05%.

3. Section 5.02 of the Lease, Parking Area, as amended by Amendment No. 4 is hereby further amended by deleting after the words "for a total" the figure "99" and by inserting in its place the figure "166."

4. Landlord and Tenant further agree that in regard to the New Space, Basic Rent shall be abated by Four Thousand Dollars and 00/100 ($4,000.00) for the first month of the Initial Term (November, 1995).

5. In regard to Amendment No. 4 dated January 13, 1995, Landlord and Tenant agree that for the purpose of clarification, Basic Rent of $14.00 per square foot of rentable area and Escalation Bases of $8.30 per square foot apply to Tenant's expansion thereunder of 10,132 rentable square feet, and the financial terms applicable to Tenant's original 14,173 rentable square feet remain in full force and effect and are not so amended. In addition, the Initial Term as so described in Amendment No. 4 applies to Tenant's 10,132 rentable square feet, and the occupancy date of the 10,132 rentable square feet is amended by deleting the date "December 1, 1995" and by inserting in its place the date "December 1, 1994."

In all other respects, the terms and provisions of the Lease are hereby ratified and confirmed.

Executed as a sealed instrument as of the 27/th/ day of November, 1995.

LANDLORD: ONE ALEWIFE CENTER REALTY TRUST

BY: /s/ David R. Vickery

David R. Vickery, Trustee

BY: /s/ David L. Wightman

David L. Wightman, Trustee

TENANT: SECURITY DYNAMICS, INC.

BY: /s/ Linda E. Saris

ALEWIFE CENTER

Approximately 8,854 RSF cross-hatched for locational purposes only.

ONE ALEWIFE CENTER
OFFICE LEASE
SECURITY DYNAMICS, INC.

AMENDMENT NO. 6

Reference is made to the Lease dated March 13, 1989, as amended by Amendment No. 1 dated January 27, 1992, Amendment No. 2 dated September 21, 1993, Amendment No. 3 dated September 1, 1994, Amendment No. 4 dated January 13, 1995 and Amendment No. 5 dated November 27, 1995 (the "Lease") by and between David L. Wightman and David R. Vickery, Trustees of One Alewife Center Realty Trust under Declaration of Trust dated as of November 5, 1987, recorded with Middlesex South Registry of Deeds at Book 18671, Page 237, and filed with Middlesex South Registry of The Land Court as Document No. 763134 as Lessor (the "Landlord") and Security Dynamics, Inc., a Massachusetts corporation with a place of business at One Alewife Center, Cambridge, Massachusetts 02140 (the "Tenant"). Terms defined in or by reference in the Lease not otherwise defined herein shall have the same meanings herein as therein.

Landlord and Tenant desire to amend the Lease so as to decrease the Rentable Area of the Premises on the terms hereinafter set forth. For good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree to amend the Lease as follows:

1. Article 1, Section 1.01, Reference Data, is amended by adding the following definition, thereto:

Commencement Date: Landlord and Tenant agree that the Commencement Date of Amendment No. 6 shall be no earlier than August 1, 1996 and no later than August 15, 1996. Furthermore, Landlord and Tenant agree to execute a Commencement Date Agreement to determine the actual Commencement Date.

This section is further amended by deleting therefore the definitions of the terms "Premises" and "Tenant's Share" and substituting therefore respectively the following:

Premises: Effective as of the Commencement Date, 8,854 rentable square feet on the fourth floor will be deleted from the existing Premises of 33,159 rentable square feet for a total of 24,305 rentable square feet located on the third floor.

Tenant's Share: Effective as of the Commencement Date, Tenant's Share shall be 27.16%.

EXHIBIT 10.28

VERISIGN, INC.
100 Marine Parkway
Redwood Shores, CA 94065

September __, 1995

Mr. Stratton D. Sclavos
14865 Andrew Ct.
Saratoga, CA 95070

Dear Stratton:

VeriSign, Inc. wishes to amend the terms on which you are employed by the company. Those terms were set forth in a letter to you dated June 12, 1995, which you accepted on June 15, 1995.

First, your base salary will be increased, retroactive to July 13, 1995, your first day of employment, from $125,000 annually to $175,000 annually.

Second, your potential Bonus, which will be payable at the discretion of the Compensation Committee based on objectives to approved by that committee, will be decreased from $75,000 per year to $50,000 per year. For your first year of service, you will be eligible for $25,000 on or before December 31, 1995, based on meeting objectives set by the Compensation Committee. You will be eligible for an additional $25,000, at the discretion of the Compensation Committee, on the first anniversary of your employment.

If these changes are acceptable to you, please sign below.

Sincerely,

/s/ Jim Bidzos

Jim Bidzos
Chairman, Board of Directors

Accepted:

/s/ Stratton D. Sclavos
- ------------------------------
Stratton D. Sclavos

10/4/95
- ------------------------------
Date

VERISIGN, INC.
100 Marine Parkway
Redwood Shores, CA 94065

June 12, 1995 VIA FACSIMILE

Mr. Stratton D. Sclavos
14865 Andrew Ct.
Saratoga, CA 95070

Dear Stratton:

We are delighted to provide in writing the offer we discussed over the weekend. The details of the offer are as follows:

Title:	President, Chief Executive Officer, Director
Base salary:	$125,000 annually
Bonus:	$75,000 per year, based on objectives to be approved by the Compensation Committee
Stock options:	Options to purchase 616,000 shares of Common Stock in the Company at the price of 12 cents per share, expiring seven years from the date of grant. This non-transferable option is subject to vesting over four years, with a one year cliff and even quarterly vesting thereafter as long as you serve as CEO. In the event the Company is sold (marked by a transfer of substantially all of its assets or control) the stock option would immediately vest in full. In addition, you will be guaranteed the right to participate in all equity rounds (other than an IPO or a sale) to protect your equity position in the Company for as long as you serve as CEO.
Benefits:	Your medical and insurance benefits will be commensurate with those of other employees. The full package of benefits has yet to be decided, but will be based on similarly capitalized ventures in Silicon Valley.
Starting Date:	July 6, 1995.
Employee Agreements:	You will agree to sign an agreement with the Company that (1) restricts you, at the Company's option, should you ever be terminated, from competing against the Company for up to one year from termination; if the Company exercises this option, or some portion thereof, (e.g. for six months), then the Company will pay your salary for that period, minus any other compensation you receive during that time for employment in non-competitive businesses; (ii) restricts you from ever

	disclosing any confidential or proprietary information that you may receive in your capacity as an officer and director, other than what is necessary for conducting the due course of business while employed at VeriSign; and (iii) names the Company as transfer agent for any sale of your Common Stock to a third party prior to an IPO, and gives the right of first refusal on your stock to the Preferred shareholders and RSA Date Security, Inc. on an as-converted pro rata basis.
Other:	You will receive payment, within seven days of your start date, of $45,000, in the form of a loan, which will be forgiven after one year of employment. If, for any reason, your employment terminates before one year, the company may recover this payment from you.

For your information, your stock option grant represents 12.98% per cent of the outstanding shares prior to the Preferred A financing, 6.16% of the post-financing shares outstanding and issued, and 5.5% of all shares on a fully diluted basis, including shares reserved and unissued for future hires and strategic partners.

We look forward to succeeding together at VeriSign!

Sincerely,

/s/ Jim Bidzos	/s/ JB for D.C
Jim Bidzos	David Cowan
Director	Director

DJB:ca

Accepted:

/s/ Stratton D. Sclavos
- ----------
Stratton D. Sclavos

6/15/95
- ----------
Date

EXHIBIT 11.01

VERISIGN, INC.

STATEMENT REGARDING COMPUTATION OF PRO FORMA NET LOSS PER SHARE

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,	NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1996	1997
Net loss	$(10,243)	$ (5,952)	$ (12,722)
Weighted average common shares outstanding	5,040	4,769	6,455
Convertible preferred stock, on an as-if converted basis	6,835	5,706	10,031
Staff Accounting Bulletin No. 83 issuances and grants:			
Common stock	70	70	70
Stock options	1,226	1,262	450
Convertible preferred stock	665	725	--
Shares used in per share computations	13,836	12,532	17,006
Pro forma net loss per share	$ (0.74)	$ (0.47)	$ (0.75)

EXHIBIT 21.01

SUBSIDIARY OF THE REGISTRANT

Registrant owns 51% of the capital stock of VeriSign Japan K.K., a Japanese corporation.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30, 1997 AND THE CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

12-MOS	9-MOS
DEC-31-1996	DEC-31-1997
JAN-01-1996	JAN-01-1997
DEC-31-1996	SEP-30-1997
29,983	5,902
0	7,710
786	2,379
35	134
0	0
31,520	16,430
5,227	10,623
610	2,232
36,503	25,659
6,697	9,722
0	0
0	0
10	10
6	6
28,539	15,860
36,503	25,659
1,351	774
1,351	774
2,791	1,593
12,365	7,168
(67)	84
0	0
0	0
(11,081)	(6,310)
0	0
(11,081)	(6,310)
0	0
0	0
0	0
(10,243)	(5,952)
(.74)	(.47)
(.74)	(.47)