UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2007

OR

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

For the transition period from to

Commission File Number: 000-23593

VERISIGN, INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**94-3221585** **(I.R.S. Employer Identification No.)**
487 East Middlefield Road, Mountain View, CA **(Address of principal executive offices)**	**94043** **(Zip Code)**

Registrant's telephone number, including area code: (650) 961-7500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): YES ☐ NO ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Shares Outstanding July 31, 2007
Common stock, $.001 par value	249,189,159

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PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

As required under Item 1—Condensed Consolidated Financial Statements (Unaudited) included in this section are as follows:

Financial Statement Description	Page
• Condensed Consolidated Balance Sheets as of June 30, 2007 and December 31, 2006	4
• Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2007 and 2006	5
• Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2007 and 2006	6
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VERISIGN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 656,517	$ 478,749
Short-term investments	94,308	198,656
Accounts receivable, net of allowance for doubtful accounts of $5,752 and $8,083 at June 30, 2007 and December 31, 2006, respectively	205,996	241,569
Prepaid expenses and other current assets	119,478	294,932
Deferred tax assets	80,063	84,318
Current assets of discontinued operations	34,909	34,356
Total current assets	1,191,271	1,332,580
Property and equipment, net	581,140	605,292
Goodwill	1,261,944	1,449,493
Other intangible assets, net	242,003	333,430
Restricted cash	48,361	49,437
Long-term deferred tax assets	218,050	177,805
Other assets, net	34,545	25,214
Investments in unconsolidated entities	105,500	—
Long-term assets of discontinued operations	7,055	1,217
Total long-term assets	2,498,598	2,641,888
Total assets	$ 3,689,869	$ 3,974,468
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 319,987	$ 675,105
Accrued restructuring costs	12,665	3,818
Deferred revenue	505,118	448,413
Short-term debt	—	199,000
Deferred tax liabilities	1,025	1,414
Current liabilities of discontinued operations	33,798	31,743
Total current liabilities	872,593	1,359,493
Long-term deferred revenue	179,666	159,439
Long-term accrued restructuring costs	625	937
Long-term tax liability	44,705	—
Other long-term liabilities	10,496	5,175
Long-term deferred tax liabilities	12,953	24,815
Long-term liabilities of discontinued operations	—	34
Total long-term liabilities	248,445	190,400
Total liabilities	1,121,038	1,549,893
Minority interest in subsidiaries	47,684	47,716
Stockholders' equity:		
Preferred stock—par value $.001 per share		
Authorized shares: 5,000,000		
Issued and outstanding shares: none	—	—
Common stock—par value $.001 per share		
Authorized shares: 1,000,000,000		
Issued and outstanding shares: 243,838,287, excluding 35,493,973 held in treasury, at June 30, 2007 and 243,844,122, excluding 35,471,662 shares held in treasury, at December 31, 2006	244	244
Additional paid-in capital	23,362,352	23,314,511
Accumulated deficit	(20,834,462)	(20,929,498)
Accumulated other comprehensive loss	(6,987)	(8,398)
Total stockholders' equity	2,521,147	2,376,859
Total liabilities and stockholders' equity	$ 3,689,869	$ 3,974,468

See accompanying Notes to Condensed Consolidated Financial Statements.

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VERISIGN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues	$363,217	$387,832	$736,266	$757,941
Costs and expenses:				
Cost of revenues	147,836	145,715	298,476	282,682
Sales and marketing	63,890	92,809	142,840	183,359
Research and development	36,254	31,021	81,416	59,280
General and administrative	77,142	59,297	128,731	119,812
Restructuring, impairment and other charges (reversals), net	15,179	(7,604)	42,191	(4,195)
Amortization of other intangible assets	29,669	31,832	61,456	59,832
Acquired in-process research and development	—	4,600	—	15,500
Total costs and expenses	369,970	357,670	755,110	716,270
Operating (loss) income	(6,753)	30,162	(18,844)	41,671
Other income, net	10,849	4,946	92,236	33,667
Income from continuing operations before income taxes, earnings from unconsolidated entities and minority interest	4,096	35,108	73,392	75,338
Income tax (expense) benefit	(11,608)	341,536	(20,370)	317,321
Earnings from unconsolidated entities, net of tax	1,748	—	2,196	—
Minority interest, net of tax	82	(758)	(487)	(1,405)
Net (loss) income from continuing operations	(5,682)	375,886	54,731	391,254
Net income from discontinued operations, net of tax	965	901	2,305	2,019
Net (loss) income	$ (4,717)	$376,787	$ 57,036	$393,273
Basic net (loss) income per share from:				
Continuing operations	$ (0.02)	$ 1.54	$ 0.22	$ 1.59
Discontinued operations	—	—	0.01	0.01
Net (loss) income	$ (0.02)	$ 1.54	$ 0.23	$ 1.60
Diluted net (loss) income per share from:				
Continuing operations	$ (0.02)	$ 1.52	$ 0.22	$ 1.58
Discontinued operations	—	—	0.01	0.01
Net (loss) income	$ (0.02)	$ 1.52	$ 0.23	$ 1.59
Shares used in per share computation:				
Basic	243,846	244,744	243,849	245,171
Diluted	243,846	247,252	246,102	247,745

See accompanying Notes to Condensed Consolidated Financial Statements.

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VERISIGN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2007	2006
Cash flows from operating activities:		
Net income	$ 57,036	$ 393,273
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on divestiture of majority stake in Jamba	(74,999)	—
Unrealized gain on joint venture call options	(3,755)	—
Depreciation of property and equipment	55,564	49,925
Amortization of other intangible assets	61,456	59,832
Acquired in-process research and development	—	15,500
Provision for doubtful accounts	(720)	652
Stock-based compensation and other	42,047	32,825
Restructuring, impairments and other charges (reversals), net	42,191	(4,195)
Net gain on sale of investments	(885)	(21,246)
Earnings from unconsolidated entities, net of tax	(2,196)	—
Minority interest, net of tax	487	1,405
Deferred income taxes	(11,469)	(295,788)
Changes in operating assets and liabilities:		
Accounts receivable	(110,843)	54,372
Prepaid expenses and other current assets	130,661	(102,508)
Accounts payable and accrued liabilities	(106,241)	(6,781)
Deferred revenue	76,698	61,040
Net cash provided by operating activities	155,032	238,306
Cash flows from investing activities:		
Purchases of investments	(135,882)	(536,063)
Proceeds from maturities and sales of investments	248,128	656,142
Purchases of property and equipment	(47,511)	(103,569)
Cash paid in business combinations, net of cash acquired	—	(422,787)
Proceeds received on divestiture of majority stake in Jamba, net of cash contributed	152,643	—
Net proceeds received on long-term note receivable	—	47,786
Other assets	1,989	(2,851)
Net cash provided by (used in) investing activities	219,367	(361,342)
Cash flows from financing activities:		
Proceeds from issuance of common stock from option exercises and employee stock purchase plan	—	39,424
Change in net assets of subsidiary and other	89	247
Repurchase of common stock	—	(135,000)
Proceeds from drawdown of credit facility, net	—	174,000
Repayment of short-term-debt	(199,000)	—
Debt issuance costs	—	(3,381)
Repayment of long-term liabilities	—	(1,680)
Net cash (used in) provided by financing activities	(198,911)	73,610
Effect of exchange rate changes on cash and cash equivalents	(984)	1,149
Net increase (decrease) in cash and cash equivalents	174,504	(48,277)
Cash and cash equivalents at beginning of period	501,784	478,660
Cash and cash equivalents at end of period	676,288	430,383
Cash and cash equivalents of discontinued operations at end of period	(19,771)	(16,556)
Cash and cash equivalents of continuing operations at end of period	$ 656,517	$ 413,827
Cash flows from discontinued operations:		
Net cash (used in) provided by operating activities	$ (3,264)	$ 4,824
Supplemental cash flow disclosures:		
Cash paid for income taxes, net of refunds received	$ 9,772	$ 11,702

See accompanying Notes to Condensed Consolidated Financial Statements.

VERISIGN, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation and Summary of Significant Accounting Policies

Interim Financial Statements

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by VeriSign, Inc. and its subsidiaries ("VeriSign" or "the Company") in accordance with the instructions for Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, therefore, do not include all information and notes normally provided in audited financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals and other adjustments) considered necessary for a fair presentation have been included. The results of operations for any interim period are not necessarily indicative, nor comparable to the results of operations for any other interim period or for a full fiscal year. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes, contained in VeriSign's fiscal 2006 Annual Report on Form 10-K filed with the SEC (the "2006 Form 10-K") on July 12, 2007.

Reclassifications

In the first quarter of 2007, VeriSign decided to sell its wholly owned Jamba Service GmbH subsidiary ("Jamba Service"). The associated assets and liabilities of Jamba Service have been classified as discontinued operations and its operations have been reported in net income from discontinued operations for all periods presented in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144 ("SFAS 144"), *"Accounting for the Impairment or Disposal of Long Lived Assets*." In November 2005, VeriSign sold its payment gateway business. Accordingly, the Condensed Consolidated Financial Statements have been reclassified for all periods presented to reflect its payment gateway business as discontinued operations in accordance with SFAS 144. Unless noted otherwise, discussions in the Notes to Condensed Consolidated Financial Statements pertain to continuing operations.

Non-trade receivables as of December 31, 2006, amounting to $77.8 million have been reclassified from accounts receivable, net, to prepaid expenses and other current assets to conform to current period presentation. Such reclassification does not have any effect on net income as previously reported.

Critical Accounting Policies

VeriSign has made no material changes to its critical accounting policies, which are included in its 2006 Form 10-K.

The Company adopted Financial Accounting Standards Board ("FASB") Interpretation No.48 ("FIN 48"), *"Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*," on January 1, 2007. FIN 48 is an interpretation of SFAS No. 109 ("SFAS 109"), *"Accounting for Income Taxes*," and it seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. Under FIN 48, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. The impact on adoption of FIN 48 is more fully described in Note 13, "Income Taxes".

In June 2006, the FASB issued Emerging Issues Task Force Issue No. 06-3 ("EITF 06-3"), "*How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement*". EITF 06-3 provides guidance on an entity's disclosure of its accounting policy regarding the gross or net presentation of certain taxes and provides that if taxes included in gross revenues are significant, a company should disclose the amount of such taxes for each period for which an income statement is presented (i.e., both interim and annual periods). Taxes within the scope of EITF 06-3 are those that are imposed on and concurrent with a specific revenue-producing transaction. VeriSign records transaction-based taxes on a net basis. These taxes are recorded as current liabilities until remitted to the relevant government authority.

Note 2. Stock-Based Compensation

Staff Accounting Bulletin ("SAB") No. 107 ("SAB 107") provides the SEC Staff's views on a variety of matters relating to stock-based payments. SAB 107 requires stock-based compensation to be classified in the same expense line items as cash compensation. The following table sets forth the total stock-based compensation recognized on the Company's Condensed Consolidated Statements of Operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands, except per share data)			
Stock-based compensation:				
Cost of revenues	$ 3,659	$ 3,411	$ 7,077	$ 7,310
Sales and marketing	4,190	3,683	9,193	7,182
Research and development	2,299	2,596	5,349	4,842
General and administrative	15,126	5,604	20,285	12,498
Total stock-based compensation	25,274	15,294	41,904	31,832
Tax benefit associated with stock-based compensation expense	7,291	3,242	11,227	7,512
Net effect of stock-based compensation expense on net income	$17,983	$12,052	$30,677	$24,320
Net effect of stock-based compensation expense on net income per share:				
Basic	$ 0.07	$ 0.05	$ 0.13	$ 0.10
Diluted	$ 0.07	$ 0.05	$ 0.12	$ 0.10

VeriSign currently uses the Black-Scholes option pricing model to determine the fair value of stock options and 1998 Employee Stock Purchase Plan ("Purchase Plan") awards. The determination of the fair value of stock-based awards using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables. The following table sets forth the weighted average assumptions used to estimate the fair value of the stock options and Purchase Plan awards:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Stock options:				
Volatility	34%	36%	34%	37%
Risk-free interest rate	4.76%	5.03%	4.71%	4.79%
Expected term	3.3 years	3.2 years	3.1 years	3.1 years
Dividend yield	zero	zero	zero	zero
Employee Stock Purchase Plan awards:				
Volatility	n/a	n/a	n/a	39%
Risk-free interest rate	n/a	n/a	n/a	4.44%
Expected term	n/a	n/a	n/a	1.25 years
Dividend yield	n/a	n/a	n/a	zero

The Company accelerated some of Mr. Stratton Sclavos', the former Chief Executive Officer, outstanding options to purchase shares of the Company's common stock and restricted stock units as described in Note 15, "Subsequent Events". The Company has accounted for the acceleration of the stock-based awards as a modification. As such, the Company recognized $11.0 million of stock-based compensation for the three months ended June 30, 2007 upon modification.

Employee Stock Purchase Plan

As a result of the independent review of the Company's historical stock option granting practices and due to not being current in its SEC filings, the Company was precluded from selling shares under its Purchase Plan during the six months ended June 30, 2007. The Company terminated the six-month purchase period ended January 31, 2007 under its Purchase Plan and no shares were issued. In February 2007, the Company refunded Purchase Plan contributions totaling approximately

$11.6 million. The Company suspended its employee payroll withholdings for the purchase of its common stock under the Purchase Plan from February 1, 2007 until August 3, 2007.

Note 3. Joint Ventures

On January 31, 2007, VeriSign finalized two joint venture agreements with Fox Entertainment ("Fox"), a subsidiary of News Corporation, to provide mobile entertainment to consumers on a global basis. Under the terms of the agreements, Fox owns a 51% interest and VeriSign owns a 49% interest in the joint ventures. One of the joint ventures, Netherlands Mobile Holdings, C.V., is based in the Netherlands, and the other, US Mobile Holdings LLC, is based in the United States. VeriSign contributed 51% of its stake in its wholly owned subsidiary Jamba's business to consumer business to the Netherlands joint venture and Fox contributed its Fox Mobile Entertainment assets to the U.S.-based joint venture. Fox paid VeriSign approximately $192.4 million in cash for the divestiture of 51% of its stake in Jamba and VeriSign paid Fox approximately $4.9 million in cash for its contribution of Fox Mobile Entertainment assets. The Company recognized a gain of approximately $75.0 million upon the divestiture of majority stake in Jamba and recorded its interests in the joint ventures as investments in unconsolidated entities as of June 30, 2007. The Company's condensed consolidated financial statements for the six months ended June 30, 2007 includes one month of Jamba's consolidated activity.

In connection with the joint ventures, VeriSign and Fox entered into various put and call agreements. VeriSign has the option ("the put") to sell all of its interests in the joint ventures to Fox at particular times within five years of the date of the agreements at prices determined pursuant to the terms of the put and call agreements. Fox has the option ("the call") to purchase all of VeriSign's interests in the joint ventures at particular times within five years of the date of the agreements at a price determined pursuant to the put and call agreements. The Company calculated the fair value of its written call options to be $10.9 million using the Black-Scholes option pricing model. The Company has recorded the fair value of the call options within other long-term liabilities, and will mark-to-market the call options at each reporting period. For the three months ended June 30, 2007, the Company recorded a $3.8 million unrealized gain on joint venture call options within other income, net.

Note 4. Discontinued Operations

In the first quarter of 2007, VeriSign decided to sell Jamba Service, a wholly-owned subsidiary which was not divested with Jamba in connection with the joint ventures. The Company is actively marketing Jamba Service, and currently expects to consummate the sale of this business in the third quarter of 2007. Jamba Service is part of the Communications Services Group segment. In November 2005, VeriSign sold its payment gateway business which was part of the Internet Services Group segment. The associated assets and liabilities of Jamba Service and the payment gateway business have been classified as discontinued operations and their operations reported in net income from discontinued operations for all periods presented in accordance with SFAS 144.

In connection with the sale of the payment gateway business, the Company entered into a Transitional Service Agreement ("TSA") with PayPal to provide certain transitional network and customer support services. The related fees were recorded as a direct reduction to the respective costs and expenses included in discontinued operations. The expected cash flows under the TSA do not represent a significant continuation of the direct cash flows of the disposed payment gateway business. In April 2006, PayPal elected to terminate the customer support services provided by VeriSign under the TSA. In September 2006, PayPal elected to terminate the billing services, production services and other transitional services provided under the TSA.

The following table represents operations from the Jamba Service and the payment gateway businesses and the components of earnings from the discontinued operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
Revenues (1)	$ 4,407	$ 2,939	$ 8,804	$5,599
Income from discontinued operations before income taxes (1)	$ 1,664	$ 1,465	$ 3,774	$2,790
Income tax expense (2)	(699)	(564)	(1,469)	(771)
Net income from discontinued operations	$ 965	$ 901	$ 2,305	$2,019

(1) The disposed payment gateway business did not have any operating activity for the three and six months ended June 30, 2007

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(2) The tax rate applied to income from the Jamba Service subsidiary was equivalent to the German corporate and trade statutory tax rates of 38.9% for the three and six months ended June 30, 2007 and 40.77% for the three and six months ended June 30, 2006, respectively.

The following table presents the carrying amounts of major classes of assets and liabilities relating to Jamba Service and the payment gateway businesses:

	June 30, 2007	December 31, 2006
	(In thousands)	
Assets: (1)		
Cash and cash equivalents	$19,771	$ 23,035
Accounts receivable, net	12,577	11,201
Prepaid expenses and other current assets	252	120
Deferred tax assets	2,309	—
Current assets of discontinued operations	34,909	34,356
Long-term assets of discontinued operations	7,055	1,217
Total assets of discontinued operations	$41,964	$ 35,573
Liabilities: (1)		
Accounts payable and accrued liabilities	$27,843	$ 24,995
Deferred revenue	5,955	6,533
Deferred tax liabilities	—	215
Current liabilities of discontinued operations	33,798	31,743
Long-term liabilities of discontinued operations	—	34
Total liabilities of discontinued operations	$33,798	$ 31,777

(1) As of June 30, 2007, there were no assets or liabilities attributable to the disposed payment gateway business.

Note 5. Restructuring, Impairments and Other Charges (Reversals), Net

A comparison of restructuring, impairments and other charges (reversals), net, is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
2007 restructuring plan charges	$ 4,051	$ —	$28,732	$ —
2002 and 2003 restructuring plan charges (reversals), net	48	(7,604)	142	(6,144)
Total restructuring charges (reversals), net	4,099	(7,604)	28,874	(6,144)
Impairments and other charges	11,080	—	13,317	1,949
Total restructuring, impairments and other charges (reversals), net	$15,179	$ (7,604)	$42,191	$(4,195)

2007 Restructuring Plan

In January 2007, VeriSign initiated a restructuring plan to execute a company-wide reorganization replacing the previous business unit structure with a new combined worldwide sales and services team, and an integrated development and products organization. The restructuring plan included workforce reductions, abandonment of excess facilities, and other exit costs. To date, VeriSign has recorded $28.7 million in restructuring charges under its 2007 restructuring plan.

Workforce reduction: VeriSign recorded restructuring charges related to workforce reduction in accordance with SFAS No. 112 (“SFAS 112”), “*Employers’ Accounting for Postemployment Benefits an amendment of FASB Statements No. 5 and 43*”, since benefits were provided pursuant to a severance plan which used a standard formula of paying benefits based upon tenure with the Company. The accounting for these restructuring charges has met the four requirements of SFAS 112 which

are: (i) the Company's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered; (ii) the obligation relates to rights that vest or accumulate; (iii) payment of the compensation is probable; and (iv) the amount can be reasonably estimated. The 2007 restructuring plan will result in a workforce reduction of approximately 350 employees across both segments which started in the first quarter of 2007, followed by the next four quarters. All severance related charges will be paid by the end of the first quarter of 2008.

Excess facilities: Excess facilities restructuring charges take into account the fair value of lease obligations of the abandoned space, including the potential for sublease income. Estimating the amount of sublease income requires management to make estimates for the properties that will be rented, the rate per square foot that might be received and the vacancy period of each property. These estimates could differ materially from actual amounts due to changes in the real estate markets in which the properties are located, such as the supply of office space and prevailing lease rates. Changing market conditions by location and considerable work with third-party leasing companies requires the Company to periodically review each lease and change its estimates on a prospective basis, as necessary. VeriSign recorded additional charges for excess facilities located primarily in the United States and Europe that were either abandoned or downsized relating to lease terminations and non-cancelable lease costs.

Other exit costs: VeriSign recorded other exit costs primarily relating to the realignment of its organization, including consulting fees related to the strategic and organizational structure.

Consolidated restructuring charges associated with the 2007 restructuring plan are as follows:

	Three Months Ended June 30, 2007	Six Months Ended June 30, 2007
	(In thousands)	
Workforce reduction	$ 1,183	$ 23,298
Excess facilities	1,424	2,484
Other exit costs	1,444	2,950
Total restructuring charges	$ 4,051	$ 28,732

For the six months ended June 30, 2007, approximately $2.3 million of the workforce reduction charges related to stock-based compensation for certain severed employees.

At June 30, 2007, the accrued restructuring costs associated with the 2007 restructuring plan are $10.6 million and consist of the following:

	Restructuring Charges	Cash Payments	Non-cash Write-offs	Accrued Restructuring Costs at June 30, 2007
		(In thousands)		
Workforce reduction	$ 23,298	$(13,843)	$ (2,297)	$ 7,158
Excess facilities	2,484	(634)	—	1,850
Other exit costs	2,950	(1,356)	—	1,594
Total accrued restructuring costs	$ 28,732	$(15,833)	$ (2,297)	$ 10,602
Included in current portion of accrued restructuring costs				$ 9,977
Included in long-term portion of accrued restructuring costs				$ 625

Cash payments totaling approximately $6.0 million related to the abandonment of excess facilities under the 2007 restructuring plan will be paid over the respective lease terms, the longest of which extends through 2011. The present value of future cash payments related to lease terminations due to the abandonment of excess facilities is expected to be as follows:

	Contractual Lease Payments	Anticipated Sublease Income	Net
		(In thousands)	
2007 (remaining 6 months)	$ 1,083	$ —	$1,083
2008	1,501	(1,026)	475
2009	1,208	(1,105)	103
2010	1,222	(1,120)	102
2011	929	(842)	87
	$ 5,943	$ (4,093)	$1,850

2002 and 2003 Restructuring Plans

As of June 30, 2007, the Company had accrued restructuring costs of $2.7 million, primarily pertaining to future excess facility charges accrued in connection with the sale of its Network Solutions business and the restructuring of business units and operations. The Company expects to pay these obligations over the life of the related obligations, which extends through 2008. During the three and six months ended June 30, 2007, the Company paid $0.9 million and $2.2 million, respectively, for facility charges associated with both restructuring plans.

Impairments and Other Charges

The following table presents the impairments and other charges:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
Impairment of other intangibles assets	$ 4,849	$ —	$ 4,849	$1,950
Other charges	6,231	—	8,468	(1)
Total impairments and other charges	$ 11,080	$ —	$13,317	$1,949

Impairments of other intangible assets

During the three and six months ended June 30, 2007, VeriSign wrote-off approximately $4.8 million of other intangible assets specifically related to a significant change in the operations of an asset group. During the six months ended June 30, 2006, VeriSign wrote off approximately $2.0 million of other intangible assets specifically related to abandoned technology acquired for a specific customer.

Other Charges

Other charges comprised of excess and obsolete property and equipment that were impaired, disposed of or abandoned. During the three and six months ended June 30, 2007, VeriSign recorded other charges of approximately $6.2 million and $8.5 million primarily for the abandonment of obsolete property and equipment and impairment specifically related to a significant change in the operations of an asset group.

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Note 6. Goodwill and Other Intangible Assets

The following table summarizes the changes in the carrying amount of goodwill as allocated to the Company's operating segments during the six months ended June 30, 2007:

	Internet Services Group	Communications Services Group	Total
		(In thousands)	
Balance at December 31, 2006	$ 415,792	$ 1,033,701	$1,449,493
Adjustment for divestiture of Jamba and discontinued operations of Jamba Service	—	(187,249)	(187,249)
Other adjustments (1)	(1,249)	949	(300)
Balance at June 30, 2007	$ 414,543	$ 847,401	$1,261,944

(1) VeriSign makes certain goodwill adjustments after the initial purchase to acquired companies for income tax adjustments, adjustments for vested stock options, foreign exchange fluctuations and other additions or reductions that were determined after the initial purchase.

Purchased goodwill is not amortized but is subject to testing for impairment on at least an annual basis. VeriSign performed its most recent annual impairment test as of June 30, 2007. The fair value of VeriSign's reporting units is determined using either the income or the market valuation approach or a combination thereof. Under the income approach, the fair value of the reporting unit is based on the present value of estimated future cash flows that the reporting unit is expected to generate over its remaining life. Under the market approach, the value of the reporting unit is based on an analysis that compares the value of the reporting unit to values of publicly traded companies in similar lines of business. In the application of the income and market valuation approaches, VeriSign is required to make estimates of future operating trends and judgments on discount rates and other variables. Actual future results related to assumed variables could differ from these estimates. There were no impairment charges to goodwill from the annual impairment tests conducted as of June 30, 2007 or 2006.

VeriSign's other intangible assets are comprised of:

	As of June 30, 2007		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
		(In thousands)	
Customer relationships	$457,681	$ (361,304)	$ 96,377
Technology in place	229,780	(151,120)	78,660
Carrier relationships	36,300	(6,050)	30,250
Non-compete agreement	34,488	(15,523)	18,965
Trade name	16,634	(6,212)	10,422
Other	11,040	(3,711)	7,329
Total other intangible assets	$785,923	$ (543,920)	$242,003

	As of December 31, 2006		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
		(In thousands)	
Customer relationships	$459,088	$ (331,279)	$127,809
Technology in place	237,238	(138,866)	98,372
Carrier relationships	64,000	(15,345)	48,655
Non-compete agreement	40,196	(13,785)	26,411
Trade name	34,557	(11,480)	23,077
Other	11,250	(2,144)	9,106
Total other intangible assets	$846,329	$ (512,899)	$333,430

Fully amortized other intangible assets are not included in the above tables. For the three months ended June 30, 2007 and 2006, amortization of other intangible assets was $29.7 million and $31.8 million, respectively. For the six months ended June 30, 2007 and 2006, amortization of other intangible assets was $61.5 million and $59.8 million, respectively.

Estimated future amortization expense related to other intangible assets at June 30, 2007 is as follows:

	(In thousands)
2007 (remaining 6 months)	$ 54,641
2008	53,630
2009	45,018
2010	33,921
2011	22,996
Thereafter	31,797
	$ 242,003

Note 7. Other Balance Sheet Items

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	June 30, 2007	December 31, 2006
	(In thousands)	
Prepaid expenses	$ 37,441	$ 73,375
Other current assets	82,037	141,557
Securities litigation receivable	—	80,000
Prepaid expenses and other current assets	$119,478	$ 294,932

Prepaid expenses as of June 30, 2007 exclude Jamba's prepaid expenses due to the divestiture of a majority stake in Jamba in January 2007 as a result of the joint ventures with Fox. The Company had recorded an $80.0 million receivable to account for the settlement of the Securities Litigation and Derivative Litigation as of December 31, 2006. Under the terms of the settlement, liability insurers for the Company and its directors and officers paid $80.0 million in settlement of the lawsuits during the three months ended March 31, 2007. Other current assets as of June 30, 2007, exclude Jamba's other current assets which primarily consisted of VAT receivable, due to the divestiture of majority stake in Jamba in January 2007.

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Other Assets, net

Other assets, net, consist of the following:

	June 30, 2007	December 31, 2006
	(In thousands)	
Long-term note receivable	$15,000	$ —
Long-term investments	7,769	11,234
Other	11,776	13,980
Other assets	$34,545	$ 25,214

Long-term note receivable as of June 30, 2007 included a working capital loan provided under a promissory note to the joint ventures described in Note 3, “Joint Ventures”. The promissory note bears an interest rate of 6% per annum and is receivable in December 2011. The promissory note may be optionally prepaid by the borrower at any time before maturity. Long-term investments decreased during the six months ended June 30, 2007 by approximately $3.5 million due to the sale of equity investments.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	June 30, 2007	December 31, 2006
	(In thousands)	
Accounts payable	$ 15,499	$ 33,910
Employee compensation	77,904	109,775
Customer deposits	87,930	73,845
Taxes payable and other tax liabilities	46,313	225,727
Other accrued liabilities	92,341	151,848
Securities litigation payable (1)	—	80,000
Accounts payable and accrued liabilities	$319,987	$ 675,105

(1) VeriSign recorded the $80.0 million payable to account for the settlement of the In re VeriSign, Inc. Securities Litigation and In re VeriSign, Inc. Derivative Litigation. Under the terms of the settlement, liability insurers for the Company and its directors and officers paid $80.0 million in settlement of the lawsuits during the three months ended March 31, 2007.

Note 8. Comprehensive (Loss) Income

Comprehensive (loss) income consists of net (loss) income adjusted for unrealized gains and losses on marketable securities classified as available-for-sale and foreign currency translation adjustments.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
Net (loss) income	$(4,717)	$376,787	$57,036	$393,273
Change in unrealized (loss) gain on investments, net of tax	1,237	585	2,882	658
Foreign currency translation adjustments	(3,090)	1,157	(1,471)	2,189
Comprehensive (loss) income	$(6,570)	$378,529	$58,447	$396,120

Note 9. Credit Facility

On June 7, 2006, VeriSign entered into a credit agreement (the “Credit Agreement”) with a syndicate of banks and other financial institutions related to a $500 million senior unsecured revolving credit facility (the “Facility”), under which VeriSign, or certain designated subsidiaries may be borrowers. On February 28, 2007, the outstanding loan balance under the Facility of $199 million was repaid. As of June 30, 2007, there were no outstanding borrowings under the Facility. The terms of the Credit Agreement and Facility are more fully described in VeriSign’s 2006 Form 10-K. As of June 30, 2007, VeriSign was not in compliance with certain covenants under the Credit Agreement that requires it to deliver specified financial statements, compliance certificates and certain other documents to our Lenders. The required Lenders under the Facility waived the Company’s compliance with these requirements through July 20, 2007.

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Note 10. Calculation of Net (Loss) Income Per Share

Basic net (loss) income per share is computed by dividing net (loss) income (numerator) by the weighted-average number of shares of common stock outstanding (denominator) during the period. Diluted net (loss) income per share gives effect to dilutive common equivalent shares, including unvested stock options, unvested restricted stock units, employee stock purchases and warrants using the treasury stock method.

The following table represents the computation of basic and diluted net (loss) income per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands, except per share data)			
Net (loss) income:				
Net (loss) income from continuing operations	$ (5,682)	$375,886	$ 54,731	$391,254
Net income from discontinued operations	965	901	2,305	2,019
Net (loss) income	$ (4,717)	$376,787	$ 57,036	$393,273
Weighted-average shares:				
Weighted-average common shares outstanding	243,846	244,744	243,849	245,171
Weighted-average potential common shares outstanding:				
Stock options	—	2,433	1,884	2,408
Unvested restricted stock awards and other	—	75	369	166
Shares used to compute diluted net income per share	243,846	247,252	246,102	247,745
Net (loss) income per share:				
Basic:				
Net (loss) income from continuing operations	$ (0.02)	$ 1.54	$ 0.22	$ 1.59
Net (loss) income from discontinued operations	—	—	0.01	0.01
	$ (0.02)	$ 1.54	$ 0.23	$ 1.60
Diluted:				
Net (loss) income from continuing operations	$ (0.02)	$ 1.52	$ 0.22	$ 1.58
Net (loss) income from discontinued operations	—	—	0.01	0.01
	$ (0.02)	$ 1.52	$ 0.23	$ 1.59

Weighted-average potential common shares do not include stock options with an exercise price that exceeded the average fair market value of VeriSign's common stock for the period. The following table sets forth the weighted-average stock options outstanding that were excluded from the above calculation because their effect was anti-dilutive and the respective weighted-average exercise prices:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands, except per share data)			
Weighted-average stock options outstanding (1)	32,000	21,992	16,714	23,806
Weighted-average exercise price	$ 27.14	$ 39.96	$ 41.97	$ 38.96

(1) As the Company recognized a net loss for the three months ended June 30, 2007, all potential common shares were excluded as they were anti-dilutive.

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Note 11. Segment Information

Description of segments

VeriSign operates its business in two reportable segments: the Internet Services Group and the Communications Services Group.

VeriSign is currently organized into two reportable service-based segments: the Internet Services Group and the Communications Services Group. The Internet Services Group consists of the Security Services business and the Information Services business. The Security Services business provides products and services that protect online and network interactions, enabling companies to manage reputational, operational and compliance risks. The Information Services business is the authoritative directory provider of all *.com*, *.net*, *.cc*, and *.tv* domain names, and also provides other value added services, including intelligent supply chain services, real-time publisher services and digital brand management services. The Communications Services Group provides communications services, such as connectivity and interoperability services and intelligent database services; commerce services, such as billing and operational support system services, mobile commerce, self-care and analytics services; and content services, such as digital content and messaging services.

The segments were determined based primarily on how the chief operating decision maker ("CODM") views and evaluates VeriSign's operations. VeriSign's Chief Executive Officer has been identified as the CODM as defined by SFAS No. 131, *"Disclosures about Segments of an Enterprise and Related Information."* Other factors, including customer base, homogeneity of products, technology and delivery channels, were also considered in determining the reportable segments. Additionally, the performance of the Internet Services Group and the Communications Services Group is the measure used by the CODM for purposes of making decisions about allocating resources between the segments.

The following table reflects the results of VeriSign's reportable segments:

	Internet Services Group	Communications Services Group	Unallocated Corporate Expenses	Total Segments
	(In thousands)			
Three months ended June 30, 2007:				
Revenues	$224,697	$ 138,520	$ —	$363,217
Cost of revenues	41,738	87,159	18,939	147,836
Gross margin	$182,959	$ 51,361	$ (18,939)	$215,381

	Internet Services Group	Communications Services Group	Unallocated Corporate Expenses	Total Segments
	(In thousands)			
Three months ended June 30, 2006:				
Revenues	$184,422	$ 203,410	$ —	$387,832
Cost of revenues	38,703	95,268	11,744	145,715
Gross margin	$145,719	$ 108,142	$ (11,744)	$242,117

	Internet Services Group	Communications Services Group	Unallocated Corporate Expenses	Total Segments
	(In thousands)			
Six months ended June 30, 2007:				
Revenues	$436,332	$ 299,934	$ —	$736,266
Cost of revenues	80,151	182,665	35,660	298,476
Gross margin	$356,181	$ 117,269	$ (35,660)	$437,790

	Internet Services Group	Communications Services Group	Unallocated Corporate Expenses	Total Segments
	(In thousands)			
Six months ended June 30, 2006:				
Revenues	$359,993	$ 397,948	$ —	$757,941
Cost of revenues	77,043	182,520	23,119	282,682
Gross margin	$282,950	$ 215,428	$ (23,119)	$475,259

A reconciliation of the totals reported for the reportable segments to the applicable line items in the Condensed Consolidated Financial Statements is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
Gross margin from reportable segments	$215,381	$242,117	$437,790	$475,259
Operating expenses (1)	222,134	211,955	456,634	433,588
Operating (loss) income	(6,753)	30,162	(18,844)	41,671
Other income, net	10,849	4,946	92,236	33,667
Income from continuing operations before income taxes, earnings from unconsolidated entities and minority interest	$ 4,096	$ 35,108	$ 73,392	$ 75,338

(1) Operating expenses include sales and marketing, research and development, general and administrative, restructuring, impairments and other charges, amortization of other intangible assets and acquired in-process research and development.

Revenues by Geographic Region

The following tables show a comparison of our revenues by geographic region:

	Three Months Ended June 30,	
	2007	2006
	(In thousands)	
Americas:		
United States	$ 309,428	$ 269,233
Other (1)	7,197	9,954
Total Americas	316,625	279,187
EMEA (2)	22,627	77,210
APAC (3)	23,965	31,435
Total revenues	$ 363,217	$ 387,832

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	Six Months Ended June 30,	
	2007	2006
	(In thousands)	
Americas:		
United States	$607,202	$530,418
Other (1)	18,016	18,869
Total Americas	625,218	549,287
EMEA (2)	62,751	152,285
APAC (3)	48,297	56,369
Total revenues	$736,266	$757,941

(1) Canada and Latin America
(2) Europe, the Middle East and Africa ("EMEA")
(3) Australia, Japan and Asia Pacific ("APAC")

VeriSign primarily operates in the United States, Canada, Latin America, Europe, Japan, Australia, South Africa, and India. In general, revenues are attributed to the country in which the contract originated. However, revenues from all digital certificates issued from the Mountain View, California facility and domain names issued from the Dulles, Virginia facility are attributed to the United States because it is impracticable to determine the country of origin.

The following table shows a comparison of property and equipment, net of accumulated depreciation by geographic region:

	June 30, 2007	December 31, 2006
	(In thousands)	
Americas:		
United States	$559,004	$ 575,321
Other	1,479	1,599
Total Americas	560,483	576,920
EMEA	4,529	11,780
APAC	16,128	16,592
Property and equipment, net	$581,140	$ 605,292

Assets are not tracked by segment and the CODM does not evaluate segment performance based on asset utilization.

Note 12. Other Income, Net

The following table presents the components of other income, net:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
Interest income	$ 8,271	$ 6,751	$16,848	$14,325
Interest expense	(354)	(1,826)	(2,582)	(1,826)
Net gain (loss) on sale of investments	56	(28)	885	21,246
Unrealized gain on joint venture call options	3,755	—	3,755	—
Net gain on divestiture of majority stake in Jamba	—	—	74,999	—
Other, net	(879)	49	(1,669)	(78)
Total other income, net	$10,849	$ 4,946	$92,236	$33,667

Note 13. Income Taxes

For the three and six months ended June 30, 2007, VeriSign recorded an income tax expense from continuing operations of $11.6 million and $20.4 million, respectively. For the three and six months ended June 30, 2006, VeriSign recorded an income tax benefit of $341.5 million and $317.3 million, respectively. Although VeriSign had a net loss from continuing operations in the three months ended June 30, 2007, it had income tax expense due to interim period rules relating to the allocation of tax expense on a per-jurisdiction basis. For the three and six months ended June 30, 2006, the tax benefit was primarily attributed to a release of the valuation allowance on deferred tax assets.

The Company applies a valuation allowance to certain deferred tax assets which management does not believe that it is more likely than not that they will be realized. These deferred assets consist primarily of investments with differing book and tax bases and net operating losses related to certain foreign operations.

The Company adopted the provisions of FIN 48 on January 1, 2007. The cumulative effect of adopting FIN 48 was a decrease in income tax reserves of $9.3 million, an increase in long-term deferred tax assets of $28.7 million, and a decrease in the January 1, 2007 accumulated deficit balance of $38.0 million. At the adoption date of January 1, 2007, the Company had an unrecognized tax benefit for income taxes associated with uncertain tax positions of $87.6 million. Of this amount, $86.2 million would impact the Company's effective tax rate if recognized.

In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of tax expense. At January 1, 2007, the Company had $8.4 million of accrued interest and penalties. For the quarter ended June 30, 2007, the Company expensed an additional amount of $0.7 million for interest and penalties related to income tax liabilities through income tax expense.

During the first quarter of 2007, the U.S. Internal Revenue Service commenced its audit of the Company's U.S. income tax returns for 2004. The Company is also under examination by various state and international taxing jurisdictions. Because the Company uses historic net operating loss carryforwards and other tax attributes to offset its taxable income in current and future years, such attributes can be adjusted by the IRS and other taxing authorities until the statute closes on the year in which such attribute was utilized. The Company does not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months.

Note 14. Recent Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "*The Fair Value Option for Financial Assets or Financial Liabilities*", which provides companies with an option to report selected financial assets and liabilities at fair value. The objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of Statement No. 157 ("SFAS 157"), "*Fair Value Measurements*". The Company is currently evaluating the effect of SFAS 159, and the impact it will have on its financial position and results of operations.

In September 2006, the FASB issued SFAS 157, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided the company has not yet issued financial statements, including for interim periods, for that fiscal year. The Company is currently evaluating the effect of SFAS 157, and the impact it will have on its financial position and results of operations.

Note 15. Subsequent Events

On July 9, 2007, VeriSign entered into a Consulting and Separation Agreement with Mr. Sclavos, the former Chief Executive Officer, in connection with his resignation on May 27, 2007. Pursuant to the terms of the agreement, Mr. Sclavos will provide consulting services to the Company for a one-year period at the rate of $5,000 per month and is prohibited from engaging in certain competitive activities or soliciting customers of the Company during such period. The Company paid

Mr. Sclavos severance of $2.0 million on August 3, 2007, and will pay $2.0 million on June 15, 2008, subject to his compliance with the terms of the agreement. In the event of a change-in-control of the Company, all severance payments will accelerate and become immediately due and payable. On August 3, 2007, the Company also paid Mr. Sclavos $5.5 million in connection with an option to purchase 300,000 shares of the Company's common stock that was previously granted to Mr. Sclavos but was erroneously deleted from the Company's records as more fully described in Note 2 appearing in the 2006 Form 10-K. On May 31, 2007, in anticipation of entering into this agreement, the Company paid Mr. Sclavos severance in the amount of $1.0 million and $0.1 million for all unpaid wages and unused paid time off accrued through his resignation date. For the quarter ended June 30, 2007, the Company recorded an expense of $10.5 million for cash payments to be made in accordance this agreement. The Company accrued $9.4 million in accounts payable and accrued liabilities as of June 30, 2007.

The Company accelerated all of Mr. Sclavos' outstanding options to purchase shares of the Company's common stock and restricted stock units that were scheduled to vest within twenty-four months after Mr. Sclavos' resignation. Accordingly, vesting for restricted stock units with respect to approximately 156,000 shares of the Company's common stock and the following stock options were accelerated. As a result of the acceleration, the Company recorded stock-based compensation expense as more fully described in Note 2, "Stock-Based Compensation":

Grant Date	Exercise Price	# of Shares Accelerated
10/29/03	$ 15.87	86,340
11/1/05	$ 23.46	192,650
8/1/06	$ 17.94	400,813
	Total:	679,803

On July 10, 2007, Dana L. Evan, the Company's then-current Executive Vice President, Finance and Administration, and Chief Financial Officer resigned from her positions.

On July 5, 2007 and July 12, 2007, the Board of Directors appointed Albert E. Clement as the Chief Accounting Officer and Chief Financial Officer, respectively, of the Company.

On July 27, 2007, VeriSign commenced a tender offer (the "Offer") pursuant to which the Company is offering to amend or replace outstanding "Eligible Options" (as defined in the Offer) held by current employees of the Company subject to taxation in the United States so that those options will not be subject to adverse tax consequences under Internal Revenue Code Section 409A ("Section 409A"). Each eligible participant may elect to amend his or her Eligible Options to increase the exercise price per share of the Company's common stock, par value $0.001 per share, purchasable thereunder and become eligible to receive a special "Cash Bonus" (as defined in the Offer) from the Company, all upon the terms and subject to the conditions set forth in the Offer. Alternatively, certain tendered Eligible Options may, in lieu of such amendment, be canceled and replaced with new options under the Company's 2006 Equity Incentive Plan that will have exactly the same terms as the canceled options but will have a new grant date and avoid adverse tax consequences under Section 409A. The Offer is currently set to expire at 11:59 p.m. Pacific Time on August 23, 2007, but may be extended (the "Expiration Date").

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the interim unaudited Condensed Consolidated Financial Statements and related notes.

Except for historical information, this Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our anticipated costs and expenses and revenue mix. Forward-looking statements include, among others, those statements including the words "expects," "anticipates," "intends," "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to those discussed in the section titled "Risk Factors" in Part II, Item 1A.You should carefully review the risks described in other documents we file from time to time with the Securities and Exchange Commission, including the Quarterly Reports on Form 10-Q or Current Reports on Form 8-K that we file in 2007 and our Annual Report on Form 10-K for the year ended December 31, 2006, which was filed on July 12, 2007, which discuss our business in greater detail. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.

Overview

We operate intelligent infrastructure services that enable and protect billions of interactions every day across the world's voice and data networks. In 2007, our business consists of two reportable segments: the Internet Services Group and the Communications Services Group.

The Internet Services Group consists of the Security Services business and Information Services business. The Security Services business provides products and services that protect online and network interactions, enabling companies to manage reputational, operational and compliance risks. The following types of services are included in the Security Services business: SSL certificate services; managed security services; iDefense security intelligence services; authentication services, including managed public key infrastructure ("PKI") services, unified authentication services, and VeriSign Identity Protection services; and global security consulting services. The Information Services business operates the authoritative directory of all *.com*, *.net*, *.cc*, and *.tv* domain names, and provides other services, including intelligent supply chain services, real-time publisher services, and digital brand management services.

The Communications Services Group provides managed solutions to fixed line, broadband, mobile operators and enterprise customers through our integrated communications, content and commerce platforms. Our communications services offerings include network connectivity and interoperability services and intelligent database services; our content services offerings include digital content services and messaging services; and our commerce services offerings include billing and operational support system services, mobile commerce services, and self care and analytics services.

The Internet Services Group recorded revenues of $224.7 million during the three months ended June 30, 2007, a 22% increase from the same period last year. During the second quarter of 2007, we experienced continued growth in our Internet Services Group primarily due to an increase in domain name registrations and an increase in the sale of SSL certificates. Our active domain names ending in *.com* and *.net* increased 27% from the same period last year. Our installed base of SSL certificates increased 70% from the same period last year.

Our Communications Services Group recorded revenues of $138.5 million during the second quarter of 2007, down 32% from the same period last year. The decline was primarily related to the divestiture of our majority stake in Jamba which recorded revenues of $71.7 million during the second quarter, of 2006. These revenues were offset by an increase in revenues from our professional communication consulting services which increased $13.8 million during the second quarter, as compared to the same period last year, as a result of our acquisition of inCode Telecom Group, Inc. ("inCode").

Acquisitions and Dispositions

On January 31, 2007, we finalized two joint venture agreements with Fox Entertainment ("Fox"), a subsidiary of News Corporation, to provide mobile entertainment to consumers on a global basis. Under the terms of the agreements, Fox owns a 51% interest and we own a 49% interest in the joint ventures. One of the joint ventures, Netherlands Mobile Holdings, C.V., is based in the Netherlands, and the other is based in the United States. We contributed our Jamba "business to consumer"

business to the Netherlands joint venture and Fox contributed its Fox Mobile Entertainment assets to the U.S.-based joint venture. Fox paid us approximately $192.4 million in cash for our contribution of the Jamba business and we paid Fox approximately $4.9 million in cash for its contribution of Fox Mobile Entertainment assets. We recognized a gain of approximately $75.0 million upon the divestiture of majority stake in Jamba and recorded our interests in the joint ventures as investments in unconsolidated entities.

Critical Accounting Policies and Significant Management Estimates

We have made no material changes to our critical accounting policies, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

We adopted FIN 48, "*Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109"*, on January 1, 2007. FIN 48 is an interpretation of FASB Statement 109, "*Accounting for Income Taxes"*, and it seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. Under FIN 48, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. In accordance with our accounting policy, we recognize accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense.

In June 2006, the FASB issued Emerging Issues Task Force Issue No. 06-3 ("EITF 06-3"), "*How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement"*. EITF 06-3 provides guidance on an entity's disclosure of its accounting policy regarding the gross or net presentation of certain taxes and provides that if taxes included in gross revenues are significant, a company should disclose the amount of such taxes for each period for which an income statement is presented (i.e., both interim and annual periods). Taxes within the scope of EITF 06-3 are those that are imposed on and concurrent with a specific revenue-producing transaction. We record transaction-based taxes on a net basis. These taxes are recorded as current liabilities until remitted to the relevant government authority.

Recent Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "*The Fair Value Option for Financial Assets or Financial Liabilities*", which provides companies with an option to report selected financial assets and liabilities at fair value. The objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS 157, ("SFAS 157"), "Fair Value Measurements". We are currently evaluating the effect of SFAS 159 and the impact it will have on our financial position and results of operations.

In September 2006, the FASB issued SFAS 157, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided we have not yet issued financial statements, including for interim periods, for that fiscal year. We are currently evaluating the effect of SFAS 157 and the impact it will have on our financial position and results of operations.

Results of Operations

Revenues

We have two reportable segments: the Internet Services Group and the Communications Services Group. A comparison of revenues is presented below.

	2007	2006	Change
	(Dollars in thousands)		
Three months ended:			
Internet Services Group	$224,697	$184,422	22%
Communications Services Group	138,520	203,410	(32)%
Total revenues	$363,217	$387,832	(6)%
Six months ended:			
Internet Services Group	$436,332	$359,993	21%
Communications Services Group	299,934	397,948	(25)%
Total revenues	$736,266	$757,941	(3)%

Internet Services Group

Internet Services Group revenues increased $40.3 million and $76.3 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year. Our security services revenues increased $15.6 million and $27.7 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year as a result of an increase in the installed base of SSL certificates and increased demand for our managed security services. Information services revenues increased approximately $21.6 million and $44.4 million, for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year as a result of an increase in managed active domain names ending in *.com* and *.net*. Our professional security consulting revenues increased $3.1 million and $4.2 million, for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year as a result of an increase in demand of our professional consulting services in the network security and the public service sector.

The following table compares active domain names ending in *.com* and *.net* managed by our information services business and the approximate installed base of SSL certificates in our commerce site services business as of June 30, 2007 and 2006:

	June 30,		%
	2007	2006	Change
Active domain names ending in *.com* and *.net*	73.0 million	57.5 million	27%
Installed base of SSL certificates	883,000	520,000	70%

The GeoTrust acquisition in September 2006 increased our installed base of SSL certificates by an additional 294,000 units. Excluding the GeoTrust acquisition, the installed base of SSL certificates increased by 13% compared to the same period last year.

Communications Services Group

Communications Services Group revenues decreased approximately $64.9 million and $98.0 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year. Revenues from our Jamba business-to-consumer content services decreased $72.4 million and $122.2 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year as a result of the joint ventures with Fox and the related deconsolidation of Jamba in January 2007.

Communication and Commerce services revenues, which include our network services, intelligent database services, billing and payments services and clearing and settlement services, decreased approximately $14.6 million and $29.0 million, for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year. Network services revenues decreased due to increased customer direct connects and pricing pressures. Commerce revenues decreased due to key customer losses for the prepaid and clearing businesses. These declines were partially offset by increases in revenues from digital content services, which includes messaging services and mobile content delivery services, of $8.4 million and

$25.7 million, for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year. These increases were primarily the result of our business acquisition in the second quarter of 2006 and an increase in the volume of our premium short messaging and multimedia mobile messaging services. Professional consulting revenues for our communication services increased by approximately $13.8 million and $27.4 million, for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year, which was primarily due to the acquisition of inCode in November 2006.

Revenues by Geographic Region

The following tables show a comparison of our revenues by geographic region:

	Three Months Ended June 30,		% Change
	2007	2006	
	(Dollars in thousands)		
Americas:			
United States	$309,428	$269,233	15%
Other (1)	7,197	9,954	(28%)
Total Americas	316,625	279,187	13%
EMEA (2)	22,627	77,210	(71%)
APAC (3)	23,965	31,435	(24%)
Total revenues	$363,217	$387,832	(6%)

	Six Months Ended June 30,		% Change
	2007	2006	
	(Dollars in thousands)		
Americas:			
United States	$607,202	$530,418	14%
Other (1)	18,016	18,869	(5)%
Total Americas	625,218	549,287	14%
EMEA (2)	62,751	152,285	(59)%
APAC (3)	48,297	56,369	(14)%
Total revenues	$736,266	$757,941	(3%)

(1) Canada and Latin America
(2) Europe, the Middle East and Africa ("EMEA")
(3) Australia, Japan and Asia Pacific ("APAC")

Revenues increased $37.4 million and $75.9 million in the Americas region for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year, primarily due to an increase in the demand for domain names ending in *.com* and *.net*, an increase in the installed base of SSL certificates, an increase in demand for our managed security services and professional consulting services. Revenues in the EMEA region decreased $54.6 million and $89.5 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year, primarily due to the decrease in mobile content services that resulted from the divestiture of our majority stake in Jamba in January 2007. APAC revenues decreased $7.5 million and $8.1 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year, primarily due to a decrease in communication services revenues in the region, that resulted from pricing pressures, offset by an increase in security services revenues in Japan and APAC affiliate revenues.

Cost of revenues

Cost of revenues consist primarily of content licensing costs, carrier costs for our SS7 and IP-based networks, costs related to providing digital certificate enrollment and issuance services, billing services, operational costs for the domain name registration business, customer support and training, consulting and development services, operational costs related to the management and monitoring of our clients' network security infrastructures, labor costs to provide security and communications consulting, and costs of facilities and computer equipment used in these activities.

A comparison of cost of revenues is presented below:

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	% Change
	(Dollars in thousands)		
Cost of revenues	$147,836	$145,715	1%
Percentage of revenues	41%	38%	

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	% Change
	(Dollars in thousands)		
Cost of revenues	$298,476	$282,682	6%
Percentage of revenues	41%	37%	

Cost of revenues increased approximately $2.1 million and $15.8 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year. Salary and employee benefits increased $4.3 million and $13.1 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year primarily due to an increase in headcount resulting from our business acquisitions in late 2006 offset by a reduction in headcount due to the 2007 restructuring plan. Telecommunication expenses increased $3.1 million and $4.5 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year primarily due to increased spending on capacity for global constellation sites that support our *.com* and *.net* registries. Expenses related primarily to redeployed employees of $3.3 million and $6.5 million were included in cost of revenues from the general and administrative expense category during the three and six months ended June 30, 2007, respectively, due to the realignment of business divisions as a result of the 2007 restructuring plan. Direct cost of revenues decreased $7.9 million and $7.2 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year primarily due to a decrease in third-party expenses as a result of the divestiture of a majority stake in Jamba.

Sales and marketing

Sales and marketing expenses consist primarily of costs related to sales, marketing and policy activities. These expenses include salaries, sales commissions, sales operations and other personnel-related expenses, travel and related expenses, trade shows, costs of lead generation, costs of computer and communications equipment and support services, facilities costs, consulting fees and costs of marketing programs, such as internet, television, radio, print and direct mail advertising costs.

A comparison of sales and marketing expenses is presented below:

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	% Change
	(Dollars in thousands)		
Sales and marketing	$63,890	$92,809	(31)%
Percentage of revenues	18%	24%	

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	% Change
	(Dollars in thousands)		
Sales and marketing	$142,840	$183,359	(22)%
Percentage of revenues	19%	24%	

Sales and marketing expenses decreased $28.9 million and $40.5 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year. Advertising and marketing expenses decreased $30.6 million and $55.8 million, respectively, as compared to the same periods last year primarily due to a reduction in spending in our content services business as a result of the divestiture of our majority stake in Jamba. Salary and employee benefit costs increased $1.5 million and $12.1 million, respectively, as compared to the same periods last year primarily due to an increase in headcount resulting from our business acquisitions in 2006 offset by a reduction in headcount due to the 2007 restructuring

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plan, and an increase in stock-based compensation expense. Expenses related primarily to redeployed employees of $0.7 million and $2.0 million were included in sales and marketing from the general and administrative expense category during the three and six months ended June 30, 2007, respectively, due to the realignment of business divisions as a result of the 2007 restructuring plan.

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 and the costs of facilities, computer and communications equipment and support services used in service and technology development.

We believe that continued development of new and enhanced services and technologies are necessary to maintain our leadership position in the marketplace. Accordingly, we intend to continue to recruit experienced research and development personnel both domestically and internationally and to make other investments in research and development.

A comparison of research and development expenses is presented below:

	2007	2006	% Change
	(Dollars in thousands)		
Three months ended:			
Research and development	$36,254	$31,021	17%
Percentage of revenues	10%	8%	
Six months ended:			
Research and development	$81,416	$59,280	37%
Percentage of revenues	11%	8%	

Research and development expenses increased approximately $5.2 million and $22.1 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year. Salary and employee benefit expenses increased $3.9 million and $11.8 million, respectively, as compared to the same periods last year primarily due to an increase in headcount resulting from our business acquisitions in 2006 offset by a reduction in headcount due to the 2007 restructuring plan. Contract and professional services expenses decreased $2.7 million for the three months ended June 30, 2007, as compared to the same periods last year primarily due to an increase in projects in which we capitalize outside services. Expenses related primarily to redeployed employees of $2.8 million and $7.0 million were included in research and development from the general and administrative expense category during the three and six months ended June 30, 2007, respectively, due to the realignment of business divisions as a result of the 2007 restructuring plan.

General and administrative

General and administrative expenses consist primarily of salaries and other personnel-related expenses for our executive, administrative, legal, finance, information technology and human resources personnel, facilities, computer and communications equipment, management information systems, support services, professional services fees, certain tax and license fees and bad debt expense.

A comparison of general and administrative expenses is presented below:

	2007	2006	% Change
	(Dollars in thousands)		
Three months ended:			
General and administrative	$ 77,142	$ 59,297	30%
Percentage of revenues	21%	15%	
Six months ended:			
General and administrative	$128,731	$119,812	7%
Percentage of revenues	17%	16%	

General and administrative expenses increased approximately $17.8 million and $8.9 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year. Salary and employee benefit costs increased approximately $20.8 million and $23.5 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year primarily due to an increase in headcount resulting from our business acquisitions in

2006, plan and $21.4 million in stock-based compensation and severance charges related to our former Chief Executive Officer offset by a reduction in headcount due to the 2007 restructuring. Expenses related primarily to redeployed employees of $6.8 million and $15.5 million in general and administrative were allocated into the other expense categories during the three and six months ended June 30, 2007, respectively, due to the realignment of business divisions as a result of the 2007 restructuring plan.

Restructuring, impairments and other charges (reversals), net

A comparison of restructuring, impairments and other charges (reversals), net, is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
2007 restructuring plan charges	$ 4,051	$ —	$28,732	$ —
2002 and 2003 restructuring plan charges (reversals), net	48	(7,604)	142	(6,144)
Total restructuring charges (reversals), net	4,099	(7,604)	28,874	(6,144)
Impairments and other charges	11,080	—	13,317	1,949
Total restructuring, impairments and other charges (reversals), net	$15,179	$ (7,604)	$42,191	$(4,195)

2007 Restructuring Plan

In January 2007, we initiated a restructuring plan to execute a company-wide reorganization replacing our previous business unit structure with a new combined worldwide sales and services team, and an integrated development and products organization. The restructuring plan included workforce reductions, abandonment of excess facilities and other charges as described in Note 5, “Restructuring, Impairments and Other Charges (Reversals), Net”, of the Notes to Condensed Consolidated Financial Statements.

2002 and 2003 Restructuring Plan

In November 2003, we initiated a restructuring plan related to the sale of our Network Solutions business and the realignment of other business units. In April 2002, we initiated a plan to restructure our operations to rationalize, integrate and align resources.

Impairments of other intangible assets and other charges

During the three and six months ended June 30, 2007, we wrote-off approximately $4.8 million of other intangible assets specifically related to a significant change in the operations of an asset group. During the six months ended June 30, 2006, we wrote off approximately $2.0 million of other intangible assets specifically related to abandoned technology acquired for a specific customer.

Other charges comprised of excess and obsolete property and equipment that were impaired, disposed of or abandoned. During the three and six months ended June 30, 2007, respectively, we recorded other charges of approximately $6.2 million and $8.5 million, respectively, primarily for the abandonment of obsolete property and equipment and impairment specifically related to a significant change in the operations of an asset group.

Amortization of other intangible assets

A comparison of amortization of other intangible assets is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
	$29,669	$31,832	$61,456	$59,832

Amortization of other intangible assets decreased approximately $2.1 million for the three months ended June 30, 2007, as compared to the same period last year primarily due to not amortizing the other intangible assets of Jamba as a result of the divestiture of our majority stake in January 2007. Amortization of other intangible assets increased approximately $1.6 million for the six months ended June 30, 2007, as compared to the same period last year primarily due to other intangible assets associated with business acquisitions in late 2006, partially offset by a decrease in the amortization of other intangible assets of Jamba.

Acquired in-process research and development

During the three and six months ended June 30, 2006, we wrote off $4.6 million and $15.5 million of in-process research and development (“IPR&D”), respectively. The IPR&D was related to our acquisitions of Kontiki and M-Qube

Other income, net

Other income, net, consists primarily of interest earned on our cash, cash equivalents, and investments, interest expense related to our borrowings, gains and losses on the sale or impairment of equity investments, gains and losses on divestiture of subsidiary, unrealized gains and losses on joint venture call options and the net effect of foreign currency gains and losses.

A comparison of other income is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
Interest income	$ 8,271	$ 6,751	$16,848	$14,325
Interest expense	(354)	(1,826)	(2,582)	(1,826)
Net gain (loss) on sale of investments	56	(28)	885	21,246
Unrealized gain on joint venture call options	3,755	—	3,755	—
Net gain on divestiture of majority stake in Jamba	—	—	74,999	—
Other, net	(879)	49	(1,669)	(78)
Total other income, net	$10,849	$ 4,946	$92,236	$33,667

Other income, net, increased approximately $5.9 million and $58.6 million for the three and six months ended June 30, 2007, respectively, as compared to the same periods last year. Interest income increased approximately $1.5 million and $2.5 million during the three and six months ended June 30, 2007, respectively, primarily as a result of higher cash balances as compared to the same periods last year. Interest expense decreased approximately $1.5 million for the three months ended June 30, 2007, as compared to the same period last year, primarily due to reduced interest expense related to our borrowings under the credit facility as described in Note 9, “Credit Facility”, of the Notes to Condensed Consolidated Financial Statements. During the three months ended June 30, 2007, we recorded a $3.8 million unrealized gain on joint venture call options as described in Note 3, “Joint Ventures”, of the Notes to the Condensed Consolidated Financial Statements. Due to the fact that we are required to mark-to-market the fair value of these call options at each reporting period, such revaluation could result in a gain or loss.

Earnings from unconsolidated entities, net of tax

Earnings from unconsolidated entities, net of tax, represents the net income earned from the joint ventures entered into with Fox during the six months ended June 30, 2007, as described in Note 3, “Joint Ventures”, of the Notes to Condensed

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Consolidated Financial Statements. We recorded earnings, net of tax, of approximately $1.7 million and $2.2 million from the joint ventures for the three and six months ended June 30, 2007, respectively.

Minority interest, net of tax

Minority interest, net of tax, represents the portion of net income belonging to minority shareholders of our consolidated subsidiaries.

A comparison of minority interest is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	(In thousands)			
Minority interest	$ 82	$ (758)	$(487)	$(1,405)

Minority interest, net of tax, decreased during the three and six months ended June 30, 2007, respectively, as compared to the same periods last year primarily due to additional tax expenses associated with our VeriSign Japan subsidiary which resulted in lower net income.

Income tax expense

For the three and six months ended June 30, 2007 we recorded an income tax expense of $11.6 million and $20.4 million, respectively, compared to an income tax benefit of $341.5 million and $317.3 million, respectively, for the same periods in 2006. Although we had a net loss from continuing operations in the three months ended June 30, 2007, we had income tax expense due to interim period rules relating to the allocation of tax expense on a per-jurisdiction basis. For the three and six months ended June 30, 2006, the tax benefit was primarily attributed to a release of the valuation allowance on deferred tax assets.

We apply a valuation allowance to certain deferred tax assets which we do not believe that it is more likely than not that they will be realized. These deferred assets consist primarily of investments with differing book and tax bases and net operating losses related to certain foreign operations.

We adopted the provisions of FIN 48 on January 1, 2007. The cumulative effect of adopting FIN 48 was a decrease in income tax reserves of $9.3 million, an increase in long-term deferred tax assets of $28.7 million, and a decrease in the January 1, 2007 accumulated deficit balance of $38.0 million. At the adoption date of January 1, 2007, the unrecognized tax benefit for income taxes associated with uncertain tax positions was $87.6 million. Interest and penalties related to income tax liabilities are included in income tax expense. At January 1, 2007, we had $8.4 million of accrued interest and penalties. For the quarter ended June 30, 2007, we expensed an additional amount of $0.7 million for interest and penalties related to income tax liabilities through income tax expense.

Liquidity and Capital Resources

	June 30, 2007	December 31, 2006
	(Dollars in thousands)	
Cash and cash equivalents	$656,517	$ 478,749
Short-term investments	94,308	198,656
Subtotal	750,825	677,405
Restricted cash and investments	48,361	49,437
Total	$799,186	$ 726,842

At June 30, 2007, our principal source of liquidity was $750.8 million of cash, cash equivalents and short-term investments, consisting principally of commercial paper, medium term investment-grade corporate notes, corporate bonds and notes, U.S. government and agency securities and money market funds.

Net cash provided by operating activities

Net cash provided by operating activities of approximately $155.0 million for the six months ended June 30, 2007 consisted of net income of $57.0 million plus non-cash items totaling $107.7 million, which primarily included depreciation

of property and equipment of approximately $55.6 million, amortization of other intangible assets of approximately $61.5 million, restructuring, impairments and other charges of approximately $42.2 million, stock-based compensation and other of $42.0 million, primarily offset by a gain on the divestiture of majority stake in Jamba of approximately $75.0 million, a $3.8 million unrealized gain on joint venture call options, income from unconsolidated entities of $2.2 million and deferred income taxes of approximately $11.5 million. Changes in operating assets and liabilities decreased operating cash flow by $9.7 million.

Net cash provided by investing activities

Net cash provided by investing activities of approximately $219.4 million for the six months ended June 30, 2007 was primarily attributed to net proceeds from the divestiture of majority stake in Jamba, net of cash contributed thereon, of $152.6 million, net proceeds from the maturities and sales of investments of $112.3 million and a decrease in other assets of $2.0 million, partially offset by purchases of property and equipment of $47.5 million.

Net cash used in financing activities

Net cash used in financing activities of approximately $198.9 million for the six months ended June 30, 2007 was primarily related to repayment of short-term debt of $199.0 million.

Net cash used in discontinued operations

Net cash used in operating activities from discontinued operations of approximately $3.3 million for the six months ended June 30, 2007 was primarily from net income and changes in operating assets and liabilities.

Other Liquidity and Capital Resources Information

On February 28, 2007, the outstanding loan balance under the Facility, as described in Note 9, “Credit Facility”, of our Notes to Condensed Consolidated Financial Statements, of $199.0 million was repaid. As of June 30, 2007, there were no outstanding borrowings under the Facility. Any borrowings under the Facility will be used for working capital, capital expenditures, permitted acquisitions and repurchases of VeriSign’s common stock and other lawful corporate purposes. As of June 30, 2007, we were not in compliance with certain covenants under the Credit Agreement that requires us to deliver specified financial statements, compliance certificates and certain other documents to our Lenders. As of the date of the filing of this report, VeriSign was in compliance with all covenants under the Credit Agreement.

Future operating lease payments include payments related to leases on excess facilities included in our restructuring plans. The restructuring liability is included on the balance sheet as accrued restructuring costs. Amounts related to the lease terminations due to the abandonment of excess facilities will be paid over the respective lease terms, the longest of which extends through 2011. If sublease rates decrease in these markets, or if it takes longer than expected to sublease these facilities, the actual lease expense could exceed this estimate by an additional $4.1 million over the next five years relating to our restructuring plans. Cash payments totaling approximately $8.6 million related to the abandonment of excess facilities will be paid over the next five years. See Note 5, “Restructuring, Impairments and Other Charges (Reversals), Net”, of our Notes to Condensed Consolidated Financial Statements.

On May 16, 2006, our Board of Directors authorized a $1 billion stock repurchase program to repurchase shares of our common stock on the open market, or in negotiated or block trades. During the six months ended June 30, 2007, no shares were repurchased. At June 30, 2007, approximately $984.7 million remained available for future repurchases under this program.

We believe existing cash and short-term investments, together with funds generated from operations should be sufficient to meet our working capital and capital expenditure requirements. Our philosophy regarding the maintenance of a balance sheet with a large component of cash, cash equivalents and short-term investments reflects our views on potential future capital requirements relating to expansion of our businesses, acquisitions, and share repurchases. We regularly assess our cash management approach and activities in view of our current and potential future needs.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risk profile has not changed significantly from that described in our annual report on Form 10-K for the fiscal year ended December 31, 2006.

Equity investments

We invest in debt and equity securities of technology companies for investment purposes. In most instances, we invest in the equity and debt securities of private companies for which there is no public market, and therefore, carry a high level of risk. These companies are typically in the early stage of development and are expected to incur substantial losses in the near-term. Therefore, these companies may never become publicly traded. Even if they do, an active trading market for their securities may never develop and we may never realize any return on these investments. During the six months ended June 30, 2007 and 2006, we determined that there were no other-than-temporary declines in the value of our non-public equity investments. Due to the inherent risks associated with investments, we may incur future losses on the sale or impairment of our investments.

Interest rate sensitivity

The primary objective of our short-term investment management activities is to preserve principal with the additional goals of maintaining appropriate liquidity and driving after-tax returns. We manage our interest rate risk by maintaining an investment portfolio generally consisting of debt instruments of high credit quality and relatively short maturities. We invest in a variety of securities, including commercial paper, medium-term notes, corporate bonds and notes, U.S. government and agency securities and money market funds. In general, money market funds are not considered to be subject to interest rate risk because the interest paid on such funds fluctuates with the prevailing interest rate.

Notwithstanding our efforts to manage interest rate risks, there can be no assurance that we will be adequately protected against risks associated with interest rate fluctuations. At any time, a sharp change in interest rates could have a significant impact on the fair value of our investment portfolio. The following table presents the hypothetical changes in fair value of our fixed income securities in our short-term investments portfolio as of June 30, 2007, arising from potential changes in interest rates. The modeling technique estimates the change in fair value from immediate hypothetical parallel shifts in the yield curve of plus or minus 25 basis points (“BPS”), 50 BPS, 100 BPS, and 150 BPS.

Uniform decrease in interest rates						Uniform increase in interest rates		
-1.50%	-1.00%	-0.50%	-0.25%	0.00%	0.25%	0.50%	1.00%	1.50%
1,352	902	451	225	—	(225)	(451)	(902)	(1,352)

Foreign exchange risk management

We conduct business throughout the world and transact in multiple foreign currencies. As we continue to expand our international operations, we are increasingly exposed to currency exchange rate risks. In the fourth quarter of 2003, we initiated a foreign currency risk management program designed to mitigate foreign exchange risks associated with the monetary assets and liabilities of our operations that are denominated in non-functional currencies. The primary objective of this hedging program is to minimize the gains and losses resulting from fluctuations in exchange rates. We do not enter into foreign currency transactions for trading or speculative purposes, nor do we hedge foreign currency exposures in a manner that entirely offsets the effects of changes in exchange rates. The program may entail the use of forward or option contracts and, in each case, these contracts are limited to a duration of less than 12 months.

At June 30, 2007, we held forward contracts in notional amounts totaling approximately $44.7 million to mitigate the impact of exchange rate fluctuations associated with certain foreign currencies. All forward contracts are recorded at fair market value. We attempt to limit our exposure to credit risk by executing foreign exchange contracts with high-quality financial institutions.

ITEM 4. CONTROLS AND PROCEDURES

An Ad Hoc Group of independent directors of the Board of Directors conducted a review of our historical stock option granting practices for the period January 1998 through May 2006. During the course of the review, the Ad Hoc Group identified stock option grants with incorrect measurement dates, without required documentation, or with initial grant dates and prices that were subsequently modified. Consequently, in our Annual Report on Form 10-K for the year ended December 31, 2006 ("2006 Form 10-K"), we restated the consolidated balance sheet as of December 31, 2005, and the related consolidated statements of operations, stockholders' equity, comprehensive income and cash flows for each of the fiscal years ended December 31, 2005 and December 31, 2004. In addition, we restated the unaudited quarterly financial information and financial statements for interim periods of 2005, and unaudited Condensed Consolidated Financial Statements for the three months ended March 31, 2006.

Details of the independent review, the restatement and its underlying circumstances are discussed in the Explanatory Note and in Note 2, "Restatement of Consolidated Financial Statements", of the Notes to Consolidated Financial Statements reporting our 2006 Form 10-K.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)) as of June 30, 2007. We determined that our disclosure controls and procedures were not effective to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC because of the material weakness in our internal control over financial reporting as disclosed in Item 9A, Controls and Procedures, of our 2006 Form 10-K. Our management, based upon the substantial work performed during the preparation of this report, has concluded that our condensed consolidated financial statements for the periods covered by and included in this report are prepared in accordance with the instruction for Form 10-Q pursuant to the rules and regulations of the SEC and are a fair presentation of our financial position, results of operations and cash flows for each of the periods presented herein.

Changes in Internal Control over Financial Reporting

Subsequent to December 31, 2006 our Board of Directors approved additional internal control policies and procedures intended to remediate the material weakness. As of the date of this filing, we have implemented or are in the process of implementing the following corrective actions:

- Develop and implement detailed equity-based grant policies and procedures and related compensation and human resources practices, including procedures to ensure accurate and timely communication of Compensation Committee actions.
- Validation of critical stock administration data fields including employee termination dates and stock option cancellation dates.
- Designation of individuals in the legal and accounting departments to oversee the documentation of, and accounting for, equity-based grants.
- Additional training for our finance, human resource, stock administration, and legal personnel concerning the equity grant process and the accounting and financial reporting for equity awards and modifications of such awards.
- Awarding equity-based grants (new hire, promotion, and annual performance) at pre-determined dates, with all required approvals documented and finalized on or before those dates.
- Improving the coordination and communication among the human resources, accounting and legal departments to identify, in advance, accounting issues relating to equity-based awards, and to ensure that those awards are properly accounted for under generally accepted accounting principles.

Additionally, we are investing in ongoing efforts to continuously improve our internal control over financial reporting and have committed considerable resources to the improvement of the design, implementation, documentation, testing and monitoring of our internal controls.

As of the date of this filing, we believe that we have made substantial progress in the implementation of the corrective actions noted above and toward remediation of the material weakness disclosed in Item 9A, Controls and Procedures, of our 2006 Form 10-K.

There was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Because of its inherent limitations, our internal control over financial reporting may not prevent material errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The continued effectiveness of our internal control over financial reporting is subject to risks, including that the controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On September 7, 2001, NetMoneyIN, an Arizona corporation, filed a complaint alleging patent infringement against VeriSign and several other previously-named defendants in the United States District Court for the District of Arizona asserting infringement of U.S. patent Nos. 5,822,737 and 5,963,917. NetMoneyIN amended its complaint on October 15, 2002, alleging infringement by VeriSign and several other defendants of a third U.S. patent (No. 6,381,584) in addition to the two patents previously asserted. On August 27, 2003, NetMoneyIN filed a third amended complaint alleging direct infringement of the same three patents by VeriSign and several other previously-named defendants. NetMoneyIN dropped its claim of active inducement of infringement by VeriSign. Some of the other current defendants include IBM, BA Merchant Services, Wells Fargo Bank, Cardservice International, InfoSpace, E-Commerce Exchange and Paymentech. VeriSign filed an answer denying any infringement and asserting that the three asserted patents are invalid and later filed an amended answer asserting, in addition, that the asserted patents are unenforceable due to inequitable conduct before the U.S. Patent and Trademark Office. The complaint alleged that VeriSign's Payflow payment products and services directly infringe certain claims of NetMoneyIN's three patents and requested the Court to enter judgment in favor of NetMoneyIN, a permanent injunction against the defendants' alleged infringing activities, an order requiring defendants to provide an accounting for NetMoneyIN's damages, to pay NetMoneyIN such damages and three times that amount for any willful infringers, and an order awarding NetMoneyIN attorney fees and costs. NetMoneyIN has withdrawn its allegations of infringement of the '584 patent and the Court has dismissed with prejudice all claims of infringement of the '584 patent. In its ruling on the claim construction issues, the Court found four of the five claims asserted against VeriSign, claims 1, 13 and 14 of the '737 patent and claim 1 of the '917 patent, invalid. NetMoneyIN may file an appeal after a final judgment seeking to overturn this ruling. Thus, only claim 23 of the '737 patent remains in the case. The Court granted the defendants' motion to strike certain of the Plaintiff's assertions of infringement, including all charges of infringement under the so-called "doctrine of equivalents." The Court recently granted the defendants' motion for summary judgment of no inducement and no contributory infringement. Fact and expert witness discovery are completed. On September 29, 2006, VeriSign filed a Motion for Summary Judgment on Non-Infringement. On October 20, 2006, VeriSign filed a Motion for Summary Judgment on Invalidity. On November 1, 2006, NetMoneyIN filed a Motion for Summary Judgment on Infringement. On July 9, 2007, the Court heard oral argument on the pending motions for summary judgment. On July 13, 2007, the Court issued an order granting summary judgment in favor of VeriSign based on the Court's finding that claim 23 of the '737 patent is invalid, and denying all other pending dispositive motions. Plaintiff may appeal the Court's invalidity finding. While we cannot predict the outcome of this lawsuit, VeriSign believes that the allegations are without merit.

On February 14, 2005, Southeast Texas Medical Associates, LLP filed a putative class action lawsuit in the Superior Court of California, alleging violations of the unfair competition laws, breach of express warranty and unjust enrichment relating to our Secure Site Pro SSL certificates. The complaint is brought on behalf of a class of persons who purchased the Secure Site Pro certificate from February 2001 to present. On April 17, 2006, the class was certified and class notice was issued on May 21, 2007. VeriSign disputes these claims. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit.

On April 11, 2005, Prism Technologies, LLC filed a complaint against VeriSign in the U.S. District Court for the District of Delaware alleging that VeriSign's "Go Secure suite of application and related hardware and software products and its Unified Authentication solution and related hardware and software products, including the VeriSign Identity Protection ("VIP") product" infringe U.S. Patent No. 6,516,416, entitled "Subscription Access System for Use With an Untrusted Network." Prism Technologies seeks judgment in favor of Prism Technologies, a permanent injunction from infringement, damages in an amount not less than a reasonable royalty, attorneys' fees and costs. Prism Technologies has also named RSA Security, Inc., Netegrity, Inc. Computer Associates International, Inc and Johnson & Johnson as co -defendants. VeriSign responded on June 6, 2005 by filing a counterclaim for declaratory relief and an answer denying any infringement and asserting that the patent is invalid. On November 9, 2006, the Court held a Markman claim construction hearing. On February 9, 2007, Plaintiff withdrew its claim against Go Secure, leaving claims against Unified Authentication and VIP. On April 2, 2007, the Court issued a ruling from the Markman claim construction hearing. On April 13, 2007, the Court granted Defendants' Motion for Leave to File Amended Answers and Counterclaims to add an inequitable conduct defense. On April 23, 2007, on the basis of the Markman claim construction ruling, the Court entered a stipulated Final Judgment of Non-Infringement, dismissing all claims and counterclaims in the case. On April 27, 2007, Plaintiff filed a Notice of Appeal to the Federal Circuit Court of Appeals. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

On June 26, 2006, VeriSign received a grand jury subpoena from the U.S. Attorney for the Northern District of California requesting documents relating to VeriSign's stock option grants and practices. VeriSign also received an informal

inquiry from the Securities and Exchange Commission ("SEC") requesting documents related to VeriSign's stock option grants and practices. On February 9, 2007, VeriSign received a formal order of investigation from the SEC. VeriSign is cooperating fully with the U.S. Attorney's investigation and the SEC investigation.

On July 6, 2006, a stockholder derivative complaint (Parnes v. Bidzos, et al., and VeriSign) was filed against the Company, as a nominal defendant, and certain of its current and former directors and executive officers related to certain historical stock option grants. The complaint seeks unspecified damages on behalf of VeriSign, constructive trust and other equitable relief. Two other derivative actions were filed, one in federal court (Port Authority v. Bidzos, et al., and VeriSign), and one in state court (Port Authority v. Bidzos, et al., and VeriSign) on August 14, 2006. VeriSign is named as a nominal defendant in these actions. The federal actions have been consolidated and plaintiffs filed a consolidated complaint on November 20, 2006. Motions to dismiss the consolidated federal court complaint were heard on May 23, 2007. Motions to stay the state court action are pending. On May 15, 2007, a putative class action (Mykityshyn v. Bidzos, et al., and VeriSign) was filed in state court naming the Company and certain current and former officers and directors, alleging false representations and disclosure failures regarding certain historical stock option grants. The plaintiff purports to represent all individuals who owned VeriSign common stock between April 3, 2002 and August 9, 2006. The complaint seeks rescission of amendments to the 1998 and 2006 Option Plans and the cancellation of shares added to the 1998 Option Plan. The complaint also seeks to enjoin defendants from granting any stock options and from allowing the exercise of any currently outstanding options granted under the 1998 and 2006 Option Plans. The complaint seeks an unspecified amount of compensatory damages, costs and attorneys fees. The matter was removed to federal court on June 25, 2007. The identical case was filed in state court under a separate name (Pace. v. Bidzos, et al., and VeriSign) on June 19, 2007. The matter was removed to federal court on July 19, 2007. VeriSign and the individual defendants dispute all of these claims.

On November 7, 2006, a judgment was entered against VeriSign by an Italian trial court in the matter of Penco v. VeriSign, Inc., for Euro 5.8 million plus fees arising from a lawsuit brought by a former consultant who claimed to be owed commissions. VeriSign was granted a stay on execution of the judgment. VeriSign has appealed the lower court's ruling on the merits and the hearing on the appeal is likely to be scheduled in May 2008. VeriSign believes the claims are without merit.

On November 30, 2006, Freedom Wireless, Inc. filed a complaint against VeriSign and other defendants alleging that VeriSign infringes certain patents by making, using, selling or supplying products, methods or services relating to supplying prepaid wireless telephone services to telecommunications companies. VeriSign filed an answer to the complaint on January 25, 2007. The lawsuit is pending in the United States District Court for the Eastern District of Texas. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

On January 31, 2007, VeriSign and News Corporation finalized a joint venture giving News Corporation a controlling interest in VeriSign's wholly owned Jamba subsidiary. Accordingly, effective January 31, 2007, VeriSign transferred to the joint venture direction and control of all litigation, described in prior reports filed with the SEC, relating to Jamba! GmbH and Jamster International Sarl. Litigation and other legal matters covered by that transfer, include, but are not limited to: In Re Jamster Marketing Litigation (multi-district litigation pending in the United States District Court for the Southern District of California, and consisting of the Ford, Page, Herrington, Harmon and Edwards matters), relating to marketing and advertising of mobile phone "ringtones" and other content by Jamba and Jamster; Federal Trade Commission access letter, dated June 2, 2005, seeking information relating to alleged unfair or deceptive acts or practices by Jamster in its advertising, offering and billing for content services and products; Illinois Attorney General Civil Investigative Demand, dated June 30, 2005, requesting information relating to the marketing of Jamster ringtones and other downloadable content; Florida Attorney General Subpoena Duces Tecum, dated October 6, 2005, requesting information related to the marketing of Jamster ringtones and other downloadable content; and GEMA Application for Arbitration, dated February 24, 2006, relating to alleged underpaid royalties in connection with Jamba's sale of ringtones and other downloadable content.

On May 31, 2007, plaintiffs Karen Herbert, et al., on behalf of themselves and a nationwide class of consumers, filed a complaint against VeriSign, Inc., m-Qube, Inc., and other defendants alleging that defendants collectively operate an illegal lottery under the laws of multiple states by allowing viewers of the NBC television show "Deal or No Deal" to incur premium text message charges in order to participate in an interactive television promotion called "Lucky Case Game." The lawsuit is pending in the United States District Court for the Central District of California, Western Division. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

On June 5, 2007, plaintiffs Cheryl Bentley, et al., on behalf of themselves and a nationwide class of consumers, filed a complaint against VeriSign, Inc., m-Qube, Inc., and other defendants alleging that defendants collectively operate an illegal lottery under the laws of multiple states by allowing viewers of the NBC television show "The Apprentice" to incur premium

text message charges in order to participate in an interactive television promotion called “Get Rich With Trump.” The lawsuit is pending in the United States District Court for the Central District of California, Western Division. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

On June 7, 2007, plaintiffs Michael and Michele Hardin, on behalf of themselves and a nationwide class of consumers, filed a complaint against VeriSign, Inc. and other defendants alleging that defendants collectively operate various “gambling games” in violation of Georgia state law. Plaintiffs allege that interactive television promotions contained in various broadcasts, including NBC’s “Deal or No Deal,” wrongly permit participants to incur premium text message charges in order to participate in the promotions to win a prize. The lawsuit is pending in the United States District Court for the Northern District of Georgia, Gainesville Division. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

VeriSign is involved in various other investigations, claims and lawsuits arising in the normal conduct of its business, none of which, in our opinion will harm its business. VeriSign cannot assure that it will prevail in any litigation. Regardless of the outcome, any litigation may require VeriSign to incur significant litigation expense and may result in significant diversion of management attention.

ITEM 1A. RISK FACTORS

In addition to other information in this Form 10-Q, the following risk factors should be carefully considered in evaluating us and our business because these factors currently have a significant impact or may have a significant impact on our business, operating results or financial condition. Actual results could differ materially from those projected in the forward-looking statements contained in this Form 10-Q as a result of the risk factors discussed below and elsewhere in this Form 10-Q.

Note: The following risk factors are intended to be current as of the date of the filing of this report.

Our operating results may fluctuate and our future revenues and profitability are uncertain.

Our operating results have varied in the past and may fluctuate significantly in the future as a result of a variety of factors, many of which are outside our control. These factors include the following:

- the long sales and implementation cycles for, and potentially large order sizes of, some of our security and communications services and the timing and execution of individual customer contracts;
- volume of domain name registrations and customer renewals in our naming services business;
- the mix of all our services sold during a period;
- our success in marketing and market acceptance of our services by our existing customers and by new customers;
- changes in marketing expenses related to promoting and distributing our services;
- customer renewal rates and turnover of customers of our services;
- continued development of our direct and indirect distribution channels for our security services and communications services, both in the U.S. and abroad;
- changes in the level of spending for information technology-related products and services by enterprise customers;
- our success in assimilating the operations, products, services and personnel of any acquired businesses;
- the timing and execution of individual customer contracts, particularly large contracts;
- the impact of price changes in our communications services and security services or our competitors' products and services;
- the impact of Statement of Financial Accounting Standards No. 123R that will require us to record a charge to earnings for stock-based compensation; and
- general economic and market conditions as well as economic and market conditions specific to the telecommunications and Internet industries.

Our operating expenses may increase. If an increase in our expenses is not accompanied by a corresponding increase in our revenues, our operating results will suffer, particularly as revenues from some of our services are recognized ratably over the term of the service, rather than immediately when the customer pays for them, unlike our sales and marketing expenditures, which are expensed in full when incurred.

Due to all of the above factors, our revenues and operating results are difficult to forecast. Therefore, we believe that period-to-period comparisons of our operating results will not necessarily be meaningful, and you should not rely upon them as an indication of future performance. Also, operating results may fall below our expectations and the expectations of securities analysts or investors in one or more future periods. If this were to occur, the market price of our common stock would likely decline.

Our operating results may be adversely affected by the uncertain geopolitical environment and unfavorable economic and market conditions.

Adverse economic conditions worldwide have contributed to downturns in the telecommunications and technology industries in the past and could impact our business in the future, resulting in:

- reduced demand for our services as a result of a decrease in information technology and telecommunications spending by our customers;
- increased price competition for our products and services; and
- higher overhead costs as a percentage of revenues.

Recent political turmoil in many parts of the world, including terrorist and military actions, may continue to put pressure on global economic conditions. If the economic and market conditions in the United States and globally do not continue to improve, or if they deteriorate, we may experience material adverse impacts on our business, operating results, and financial condition as a consequence of the above factors or otherwise.

Our limited operating history under our current business structure may result in significant fluctuations of our financial results.

We have acquired many companies, a number of which operated in different businesses from our then-current business. Therefore, we have only a limited operating history on which to base an evaluation of our consolidated business and prospects. Our success will depend on many factors, many of which are not entirely under our control, including, but not limited to, the following:

- the successful integration of acquired companies;
- the use of the Internet and other Internet Protocol ("IP") networks for electronic commerce and communications;
- the extent to which digital certificates and domain names are used for electronic commerce or communications;
- growth in the number of Web sites;
- growth in wireless networks and communications;
- growth in demand for our services;
- the continued evolution of electronic and mobile commerce as a viable means of conducting business;
- the competition for any of our services;
- the perceived security of electronic commerce and communications over the Internet and other IP networks;
- the perceived security of our services, technology, infrastructure and practices;
- the significant lead times before a new product or service begins generating revenues;
- the varying rates at which telecommunications companies, telephony resellers and Internet service providers use our services;
- the success in marketing and overall demand for our content services to consumers and businesses;
- the loss of customers through industry consolidation or customer decisions to deploy in-house or competitor technology and services; and
- our continued ability to maintain our current, and enter into additional, strategic relationships.

To address these risks we must, among other things:

- successfully market our services to new and existing customers;
- attract, integrate, train, retain and motivate qualified personnel;
- respond to competitive developments;
- successfully introduce new services; and
- successfully introduce enhancements to our services to address new technologies and standards and changing market conditions.

The internal review of our historical stock option granting practices, the restatement of certain of our historical consolidated financial statements, investigations by the SEC and related events have had, and will continue to have, an adverse effect on us.

The Ad Hoc Group of independent directors of the Board of Directors conducted a review of our historical stock option granting practices for the period January 1998 through May 2006. During the course of the review, the Ad Hoc Group identified stock option grants with incorrect measurement dates, without required documentation, or with initial grant dates and exercise prices that were subsequently modified. Consequently, we recorded additional non-cash stock-based compensation expense and related tax effects with regard to past stock option grants. Details regarding the independent review and of the restatement and its underlying circumstances are discussed in the Explanatory Note in Note 2 "Restatement of Consolidated Financial Statements" of the Notes to Consolidated Financial Statements in our 2006 Form 10-K.

As a result of the events described above, we have become subject to a number of significant risks, each of which could have an adverse effect on our business, financial condition and results of operations, including:

- we are subject to significant pending civil litigation, including shareholder class action lawsuits and derivative claims made on behalf of us, the defense of which will require us to devote significant management attention and to incur significant legal expense and which litigation, if decided against us, could require us to pay substantial judgments, settlements or other penalties;
- we are subject to a continuing formal order of investigation from the SEC and a grand jury subpoena from the U.S. Attorney for the Northern District of California which could require significant management time and attention and cause us to incur significant accounting and legal expense and which could require us to pay substantial fines or other penalties;
- we are subject to the risk of additional litigation and regulatory proceedings or actions; and
- many members of our senior management team and our Board of Directors have been and will be required to devote a significant amount of time on matters relating to the continuing formal order of investigation from the SEC and a grand jury subpoena from the U.S. Attorney for the Northern District of California, remedial efforts and related litigation.

We have identified a material weakness in our internal controls over financial reporting that could cause investors to lose confidence in the reliability of our financial statements and result in a decrease in the value of our securities.

Our management has identified a material weakness in our internal control over financial reporting as of December 31, 2006 arising from a combination of internal control deficiencies in our stock administration policies and practices, as discussed in Part I, Item 4, “Controls and Procedures”. In addition, due to the identification of a material weakness in internal control over financial reporting, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2006 and the date of this report, our disclosure controls and procedures were not effective.

We will continue to evaluate, upgrade and enhance our internal controls. Because of inherent limitations, our internal control over financial reporting may not prevent or detect misstatements, errors or omissions, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate. We cannot be certain in future periods that other control deficiencies that may constitute one or more “significant deficiencies” (as defined by the relevant auditing standards) or material weaknesses in our internal control over financial reporting will not be identified. If we fail to maintain the adequacy of our internal controls, including any failure to implement or difficulty in implementing required new or improved controls, our business and results of operations could be harmed, the results of operations we report could be subject to adjustments, we could fail to be able to provide reasonable assurance as to our financial results or the effectiveness of our internal controls or meet our reporting obligations and there could be a material adverse effect on the price of our securities.

We have expended significant resources in connection with the Section 404 process. In future periods, we will likely continue to expend substantial amounts in connection with the Section 404 process and with ongoing evaluation of, and improvements and enhancements to, our internal control over financial reporting. These expenditures may make it difficult for us to control or reduce the growth of our general and administrative and other expenses, which could adversely affect our results of operations and the price of our securities.

If our cost reduction and restructuring efforts are ineffective, our revenues and profitability may be hurt.

During 2007, we have undertaken various cost reduction and restructuring activities that replaced our previous business unit structure with a functional organization consisting of a combined worldwide sales and services team and an integrated marketing and product development organization. The restructuring, impairments and other charges, net, are approximately $42.2 million for the six months ended June 30, 2007; however, if we incur additional restructuring-related charges, our financial condition and results of operations may suffer. In addition, the cost reduction and restructuring activities may not produce the full efficiencies and benefits we expect or the efficiencies and benefits might be delayed. There can be no assurance that these efforts, as well as any potential future cost reduction and restructuring activities, will not adversely affect our business, operations or customer perceptions, or result in additional future charges. In addition, we have recently experienced changes in our management, which together with these cost reduction and restructuring activities, could also cause our remaining employees to leave or result in reduced productivity by our remaining employees, which in turn may affect our revenue and other operating results in the future.

We have faced difficulties assimilating, and may incur costs associated with, acquisitions and dispositions.

We made numerous acquisitions and dispositions in the last six years and will pursue additional acquisitions and dispositions in the future. We have experienced difficulty in, and in the future may face difficulties, integrating the personnel, products, technologies or operations of companies or businesses we acquire or divest. Assimilating acquired businesses and dispositions involve a number of other risks, including, but not limited to:

- the potential disruption of our ongoing business;
- the potential impairment of relationships with our employees, customers and strategic partners;
- the need to manage more geographically-dispersed operations, such as our offices in the states of Georgia, Kansas, Illinois, Massachusetts, New York, Rhode Island, Texas, Virginia, and Washington, and globally in Australia, Europe, India, Japan, South Africa and South America;
- greater than expected costs and/or lower than expected revenues and the assumption of unknown liabilities;
- the diversion of management's attention from our other businesses in identifying, completing and integrating acquisitions;
- the inability to retain the key employees of the acquired businesses;
- adverse effects on the existing customer relationships of acquired companies;
- the inability to incorporate acquired technologies successfully into our operations infrastructure;
- the difficulty of assimilating the operations and personnel of the acquired businesses;
- the potential incompatibility of business cultures;
- additional regulatory requirements;
- any perceived adverse changes in business focus;
- entering into markets and acquiring technologies in areas in which we have little experience;
- the need to incur debt, which may reduce our cash available for operations and other uses, or issue equity securities, which may dilute the ownership interests of our existing stockholders; and
- the inability to maintain uniform standards, controls, procedures and policies.

If we are unable to successfully address any of these risks for future acquisitions and dispositions, our business could be harmed.

Additionally, there is risk that we may incur additional expenses associated with an impairment of a portion of goodwill and other intangible assets due to changes in market conditions for acquisitions and dispositions. Under generally accepted accounting principles, we are required to evaluate goodwill for impairment on an annual basis and to evaluate other intangible assets as events or circumstances indicate that such assets may be impaired. These evaluations could result in further impairments of goodwill or other intangible assets.

We may not realize the benefits we are seeking from our investments in the Jamba joint ventures as a result of lower than predicted operating results, larger funding requirements or lower cash distributions or otherwise.

We have a 49% equity interest in two joint ventures related to our former Jamba business. We will recognize our proportionate share of the income or losses of these joint ventures in our consolidated statements of operations. We do not have control over the budget, day-to-day management or many of the other operating expenditures of the joint ventures, and therefore, we cannot predict with certainty the extent of the impact on our financial statements of these joint ventures for any particular period. Accordingly, our share of the income or losses of these joint ventures could materially affect our results of operations in future periods.

The joint venture agreements contain provisions requiring minimum cash distributions to the members. However, these provisions are subject to conditions and limitations, and therefore, we cannot assure you that we will ever receive cash distributions from these joint ventures. If the joint ventures require capital to fund their operations, we could be required to make capital contributions or loans to the joint ventures. The business operated by the U.S. joint venture is a newer business and therefore it may be more likely to require additional funding, although we cannot assure that the Netherlands joint venture will not require additional funding as well. If the Netherlands joint venture makes cash distributions to its members, to the extent we seek to use the cash in the U.S., we would be required to pay taxes on those funds if they are brought to the U.S., and therefore we would not receive the full benefit of any cash distribution. Additionally, we could be required to pay

additional amounts to the joint ventures if it is later determined that we breached any of the representations of warranties in the formation agreement for the joint ventures.

The value of our investment in these joint ventures is subject to general economic, technological and market trends, as well as to the operating and financial decisions of the management team of the joint venture, all of which are outside of our control. In addition, these joint ventures may not gain the expected number of customers and/or generate the expected level of revenues, and consequently, we may never receive any cash distributions from these joint ventures, and in fact, they may require additional funding, any of which could diminish the value of or dilute our investment. Our investments in these joint ventures may not provide the economic returns we are seeking and may not increase in value above the minimum amounts that we can require Fox or News Corporation to buy our shares from us. We cannot assure you that the commercial agreements, including the Gateway Services Agreement, will provide us any benefit. It is also possible that Fox and News Corporation could purchase our shares from us in the future, prior to the businesses of the joint ventures reaching their full potential. Therefore, we cannot provide you with any assurance as to whether we will achieve a favorable return on our investment.

We also entered into various other commercial relationships with the joint ventures; however, we cannot assure you we will derive significant revenues from these other relationships.

The expansion of our international operations subjects our business to additional economic risks that could have an adverse impact on our revenues and business.

We intend to expand our international operations and international sales and marketing activities. For example, we expect to expand our operations and marketing activities throughout Asia, Europe, Latin America and South America. We have approximately 1,240 employees outside the United States. Expansion in these international markets has required and will continue to require significant management attention and resources. We may also need to tailor some of our other services for a particular market and to enter into international distribution and operating relationships. We have limited experience in localizing our services and in developing international distribution or operating relationships. We may not succeed in expanding our services into international markets. Failure to do so could harm our business. Moreover, local laws and customs in many countries differ significantly from those in the United States. In many foreign countries, particularly in those with developing economies, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or United States regulations applicable to us. There can be no assurance that all of our employees, contractors and agents will not take actions in violations of them. Violations of laws or key control policies by our employees, contractors or agents could result in financial reporting problems, fines, penalties, or prohibition on the importation or exportation of our products and could have a material adverse effect on our business. In addition, there are risks inherent in doing business on an international basis, including, among others:

- competition with foreign companies or other domestic companies entering the foreign markets in which we operate;
- differing and uncertain regulatory requirements;
- legal uncertainty regarding liability and compliance with foreign laws;
- export and import restrictions on cryptographic technology and products incorporating that technology;
- tariffs and other trade barriers and restrictions;
- difficulties in staffing and managing foreign operations;
- longer sales and payment cycles;
- problems in collecting accounts receivable;
- currency fluctuations, as our international revenues from Europe, South Africa, Japan, South America and Australia are not denominated in U.S. Dollars;
- potential problems associated with adapting our services to technical conditions existing in different countries;
- the necessity of developing foreign language portals and products for our services;
- difficulty of authenticating customer information for digital certificates and other purposes;
- political instability;
- failure of foreign laws to protect our U.S. proprietary rights adequately;
- more stringent privacy policies in foreign countries;
- additional vulnerability from terrorist groups targeting U.S. interests abroad;

- seasonal reductions in business activity; and
- potentially adverse tax consequences.

Our failure to manage past and future growth in our business could harm our business.

Between December 31, 1995 and December 31, 2006, we grew from 26 to 5,331 employees. This was achieved through internal growth, as well as acquisitions. During this time period, we opened new sales offices and significantly expanded our U.S. and non-U.S. operations. To successfully manage past growth and any future growth, we will need to continue to implement additional management information systems, continue the development of our operating, administrative, financial and accounting systems and controls and maintain close coordination among our executive, engineering, accounting, finance, marketing, sales and operations organizations. Any failure to manage growth effectively could harm our business.

The business environment is highly competitive and, if we do not compete effectively, we may suffer price reductions, reduced gross margins and loss of market share.

Competition in Security Services. Our security services are targeted at the rapidly evolving market for Internet security services, including network security, authentication and validation, which enable secure electronic commerce and communications over wireline and wireless IP networks. The market for security services is intensely competitive, subject to rapid change and significantly affected by new product and service introductions and other market activities of industry participants.

Principal competitors generally fall within one of the following categories: (1) companies such as RSA Security, Inc. and Entrust Technologies, which offer software applications and related digital certificate products that customers operate themselves; (2) companies such as Digital Signature Trust Company (a subsidiary of Identrus) that primarily offer digital certificate and certification authority related services; (3) companies focused on providing a bundled offering of products and services; and (4) companies offering competing SSL certificate and other security services, including GoDaddy and other domain name registrars. We also experience competition from a number of smaller companies, and we believe that our primary long-term competitors may not yet have entered the market. Furthermore, Netscape and Microsoft have introduced software products that enable the issuance and management of digital certificates, and we believe that other companies could introduce similar products.

In addition, browser companies that embed our interface technologies or otherwise feature them as a provider of digital certificate products and services in their Web browsers or on their Web sites could also promote our competitors or charge us substantial fees for promotions in the future.

Competition in Managed Security Services. Consulting companies or professional services groups of other companies with Internet expertise are current or potential competitors to our managed security services. These companies include large systems integrators and consulting firms, such as Accenture, IBM Global Services, Getronics and Lucent NetCare. We also compete with security product companies that offer managed security services in addition to other security services, such as Symantec and ISS, as well as a number of providers such as BT Counterpane that offer managed security services. Telecommunications providers, such as Verizon Business, a provider of managed security services, are also potential competitors. In addition, we compete with some companies that have developed products that automate the management of IP addresses and name maps throughout enterprise-wide intranets, and with companies with internally developed systems integration efforts.

Competition in Communications Services. The market for communications services is extremely competitive and subject to significant pricing pressure. Competition in this area arises from two primary sources. Incumbent carriers provide competing in-house services in their respective regions. In addition, we face direct competition from national, unregulated companies, including Syniverse Technologies, Telcordia, NeuStar and other carriers such as Southern New England Telephone Diversified Group, a unit of AT&T. Furthermore, customers are increasingly likely to deploy internally developed communications technologies and services which may reduce the demand for technologies and services from third party providers, such as VeriSign, and further increase competitive pricing pressures.

Competition in Commerce Services. Our wireless billing and payment services are also subject to competition from providers such as Comverse, Amdocs, Convergys Corporation and Boston Communications Group. We are also aware of major Internet service providers, software developers and smaller entrepreneurial companies that are or may in the future be focusing significant resources on developing and marketing products and services that may compete directly with ours. Furthermore, customers are increasingly likely to deploy internally developed communications technologies and services which may reduce the demand for technologies and services from third-party providers such as VeriSign and further increase competitive pricing pressures.

Competition in Content Services. The market for content services is extremely competitive. Competitors include developers of content and entertainment products and services in a variety of domestic and international markets, such as Infospace, Itouch, Arvato mobile, Monstermob, and Motricity This business also faces competition from mobile network operators such as Cingular, Verizon Wireless, Sprint Nextel Corporation, T-Mobile, Vodafone, O_2, Orange, E-Plus and Telefónica, as well as Internet portal operators such as Yahoo!, AOL, T-Online and Google. Additional competitors are handset manufacturers such as Nokia and software providers such as Microsoft and Apple. As the market for wireless data, including information and entertainment data, matures, new categories of competitors, such as mobile phone companies, broadcasters, music publishers, other content providers or others have begun to develop competing products or services.

Competition in Naming Services. We face competition in the domain name registry space from other gTLD and ccTLD registries that are competing for the business of entities and individuals that are seeking to establish a Web presence, including registries offering services related to the *.mobi*, *.biz*, *.name*, *.pro*, *.aero*, *..museum* and *.coop* gTLDs and registries offering services related to ccTLDs. There are currently 16 gTLD registries and over 240 ccTLD registries.

We also face competition from service providers that offer outsourced domain name registration, resolutions and other DNS services to organizations that require a reliable and scalable infrastructure. Among the competitors are UltraDNS, NeuLevel, Affilias, Register.com and Tucows.com.

Competition in Intelligent Supply Chain Services. There are a number of companies that provide intelligent supply chain services. For point-of-sale data, we face competition from IRI and AC Nielsen, as well as smaller software companies. For consulting services, we face competition from traditional consulting firms.

Competition in Real-Time Publisher Services. We face competition from various smaller companies providing similar services.

Competition in Digital Brand Management Services. We face competition from companies providing services similar to some of our Digital Brand Management Services. In the monitoring services, registration and domain name asset management area of our business, our competition comes primarily from ICANN accredited registrars and various smaller companies providing similar services.

Several of our current and potential competitors have longer operating histories and significantly greater financial, technical, marketing and other resources than we do and therefore may be able to respond more quickly than we can 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 our products and services might be substantially reduced and the ability to distribute our products successfully and the utilization of our services would be substantially diminished. New technologies and the expansion of existing technologies may increase the competitive pressure.

New technologies and the expansion of existing technologies may increase competitive pressure. We cannot assure you that competing technologies developed by others or the emergence of new industry standards will not adversely affect our competitive position or render our security services or technologies noncompetitive or obsolete. In addition, our markets are characterized by announcements of collaborative relationships involving our competitors. The existence or announcement of any such relationships could adversely affect our ability to attract and retain customers. As a result of the foregoing and other factors, we may not be able to compete effectively with current or future competitors, and competitive pressures that we face could materially harm our business.

Our communications services business depends in part on the acceptance of our SS7 network and the telecommunications industry's continuing use of SS7 technology.

Our future growth in our communications services business depends, in part, on the commercial success and reliability of our SS7 network. Our SS7 network is a vital component of our intelligent network services and has been a significant source of revenues for our Communications Services Group. Our communications services business will suffer if our target customers do not use our SS7 network. Our future financial performance will also depend on the successful development, introduction and customer acceptance of new and enhanced SS7-based services. We are not certain that our target customers will choose our particular SS7 network solution or continue to use our SS7 network. In the future, we may not be successful in marketing our SS7 network or any new or enhanced services.

The inability of our customers to successfully implement our signaling and network services with their existing systems could adversely affect our business.

Significant technical challenges exist in our signaling and network services business because many of our customers:

- purchase and implement SS7 network services in phases;
- deploy SS7 connectivity across a variety of telecommunication switches and routes; and
- integrate our SS7 network with a number of legacy systems, third-party software applications and engineering tools.

Customer implementation currently requires participation by our order management and our engineering and operations groups, each of which has limited resources. Some customers may also require us to develop costly customized features or capabilities, which increases our costs and consumes a disproportionate share of our limited customer service and support resources. Also, we typically charge one-time fees for initially connecting a customer to our SS7 network and a monthly recurring flat rate fee after the connection is established. If new or existing customers have difficulty deploying our products or require significant amounts of our engineering service support, we may experience reduced operating margins. Our customers' ability to deploy our network services to their own customers and integrate them successfully within their systems depends on our customers' capabilities and the complexity involved. Difficulty in deploying those services could reduce our operating margins due to increased customer support and could cause potential delays in recognizing revenues until the services are implemented.

Our failure to achieve or sustain market acceptance of our communications services at desired pricing levels and industry consolidation could adversely impact our revenues and cash flow.

The telecommunications industry is characterized by significant price competition. Competition and industry consolidation in our communications services could result in significant pricing pressure and an erosion in our market share. Pricing pressure from competition could cause large reductions in the selling price of our services. For example, our competitors may provide customers with reduced communications costs for Internet access or private network services, reducing the overall cost of services and significantly increasing pricing pressures on us. We would need to offset the effects of any price reductions by increasing the number of our customers, generating higher revenues from enhanced services or reducing our costs, and we may not be able to do so successfully. We believe that the business of providing network connectivity and related network services will see increased consolidation in the future. Consolidation could decrease selling prices and increase competition in these industries, which could erode our market share, revenues and operating margins in our Communications Services Group. Consolidation in the telecommunications industry has led to the merging of many companies, including, Nextel and Price Communications, customers of our Communications Services Group. Our business could be harmed if these mergers result in the loss of customers by our Communications Services Group. Furthermore, customers may choose to deploy internally developed communications technologies and services thereby reducing the demand for technologies and services we offer which could harm our business.

Our content services business depends on agreements with many different third parties, including wireless carrier, and content providers. If these agreements are terminated or not renewed, or are amended to require us to change the way our content services are offered to customers, our business could be harmed.

Our content services business depends on our ability to enter into and maintain agreements with many different third parties including wireless carriers and other mobile phone service providers, upon which this business is highly dependent for billing its customers.

These agreements are typically for a short term, or are otherwise terminable upon short notice, and in the case of agreements with carriers, other mobile phone service providers and content developers, are non-exclusive. If these third parties reduce their commitment to us, terminate their agreements with us or enter into similar agreements with our competitors, our content services business could be materially harmed.

Our business depends on the continued growth of the Internet and adoption and continued use of IP networks.

Our future success depends, in part, on continued growth in the use of the Internet and IP networks. If the use of, and interest in, the Internet and IP networks does not grow, our business would be harmed. To date, many businesses and consumers have been deterred from utilizing the Internet and IP networks for a number of reasons, including, but not limited to:

- potentially inadequate development of network infrastructure;
- security concerns, particularly for online commerce, including the potential for merchant or user impersonation and fraud or theft of stored data and information communicated over IP networks;

- privacy concerns, including the potential for third parties to obtain personally identifiable information about users or to disclose or sell data without notice to or the consent of such users;
- other security concerns such as attacks on popular Web sites by “hackers”;
- inconsistent quality of service;
- inability to integrate business applications on IP networks;
- the need to operate with multiple and frequently incompatible products;
- limited bandwidth access; and
- government regulation.

The widespread acceptance of the Internet and IP networks will require a broad acceptance of new methods of conducting business and exchanging information. Organizations that already have invested substantial resources in other methods of conducting business may be reluctant to adopt new methods. Also, individuals with established patterns of purchasing goods and services and effecting payments may be reluctant to change.

A number of states, as well as the U.S. Congress, have been considering various initiatives that could permit sales and use taxes on Internet sales. If any of these initiatives are adopted, it could substantially impair the growth of electronic commerce and therefore hinder the growth in the use of the Internet and IP networks, which could harm our business.

Many of our target markets are evolving, and if these markets fail to develop or if our products and services are not widely accepted in these markets, our business could suffer.

We target our security services at the market for trusted and secure electronic commerce and communications over IP and other networks. Our Information Services business unit is developing managed services designed to work with the EPCglobal Network and radio frequency identification (“RFID”), technology, point-of-sale data services and real-time publisher services. These are rapidly evolving markets that may not continue to grow. Even if these markets grow, our services may not be widely accepted. Accordingly, the demand for our services is very uncertain. The factors that may affect market acceptance of our services include the following:

- market acceptance of products and services based upon technologies other than those we use;
- public perception of the security of our technologies and of IP and other networks;
- the introduction and consumer acceptance of new generations of mobile handsets;
- demand for supply chain information services, including acceptance of RFID technology, the EPCglobal Network and point-of-sale data services;
- the ability of the Internet infrastructure to accommodate increased levels of usage; and
- government regulations affecting electronic commerce and communications over IP networks.

If the market for electronic commerce and communications over IP and other networks does not grow or these services are not widely accepted in the market, our business would be materially harmed.

Governmental regulation and the application of existing laws may slow business growth, increase our costs of doing business and create potential liability.

The growth and development of the Internet has led to new laws and regulations, as well as the application of existing laws to the Internet and wireless communications. Application of these laws can be unclear. The costs of complying or failure to comply with these laws and regulations could limit our ability to operate in our markets, expose us to compliance costs and substantial liability and result in costly and time-consuming litigation.

Foreign, federal or state laws could have an adverse impact on our business. For example, recent laws include those designed to restrict the on-line distribution of certain materials deemed harmful to children and impose additional restrictions or obligations for on-line services when dealing with minors. Such legislation may impose significant additional costs on our business or subject us to additional liabilities.

Due to the nature of the Internet, it is possible that the governments of other states and foreign countries might attempt to regulate Internet transmissions or prosecute us for violations of their laws. We might unintentionally violate such laws, such laws may be modified and new laws may be enacted in the future. Any such developments could increase the costs of regulatory compliance for us, force us to change our business practices or otherwise materially harm our business.

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Our inability to react to changes in our industry and successfully introduce new products and services could harm our business.

The emerging nature of the Internet, other communication networks, content, digital certificate, and domain name registration markets, and their rapid evolution, require us continually to improve the performance, features and reliability of our services, particularly in response to competitive offerings. In particular, the market for entertainment and information is characterized by changing technology, developing industry standards, changing customer preferences and trends (which also vary from country to country), and the constant introduction of new products and services. In order to remain competitive, we must continually improve our access technology and software, support the latest transmission technologies, and adapt our products and services to changing market conditions and customer preferences. When entertainment products are placed on the market, it is difficult to predict whether they will become popular.

The communications network services industry is also characterized by rapid technological change and frequent new product and service announcements. Significant technological changes could make our technologies obsolete and other changes in our markets could result in some of our other products and services losing market share. Accordingly, we must continually improve the responsiveness, reliability and features of our services and develop new features, services and applications to meet changing customer needs in our target markets. For example, we sell our SS7 network services primarily to traditional telecommunications companies that rely on traditional voice networks. Many emerging companies are providing convergent Internet protocol-based network services. Our future success could also depend upon our ability to provide products and services to these Internet protocol-based telephony providers, particularly if IP-based telephony becomes widely accepted. We cannot assure that we will be able to adapt to these challenges or respond successfully or in a cost-effective way to adequately meet them. Our failure to do so would adversely affect our ability to compete and retain customers or market share.

New products and services developed or introduced by us may not result in any significant revenues.

We must commit significant resources to develop new products and services before knowing whether our investments will result in products and services the market will accept. The success of new products and services depends on several factors, including proper new definition and timely completion, introduction and market acceptance. For example, our selection in January 2004 by EPCglobal, a not-for-profit standards organization, to operate the Object Naming Service as the root directory for the EPCglobal Network, may not increase our revenues in the foreseeable future. There can be no assurance that we will successfully identify new product and service opportunities, develop and bring new products and services to market in a timely manner, or achieve market acceptance of our products and services, or that products, services and technologies developed by others will not render our products, services or technologies obsolete or noncompetitive. Our inability to successfully market new products and services may harm our business.

Issues arising from our agreements with ICANN and the Department of Commerce could harm our registry business.

The U.S. Department of Commerce ("DOC") has adopted a plan for the phased transition of the DOC's responsibilities for the domain name system to the Internet Corporation for Assigned Names and Numbers ("ICANN"). As part of this transition, as the exclusive registry of domain names within the *.com* and *.net* generic top-level domains ("gTLDs"), we have entered into agreements with ICANN and with the DOC.

We face risks from the transition of the DOC's responsibilities for the domain name system to ICANN, including the following:

- ICANN could adopt or promote policies, procedures or programs that are unfavorable to us as the registry operator of the *.com* and *.net* gTLDs or that are inconsistent with our current or future plans;
- the DOC or ICANN could terminate our agreements to be the registry for the *.com* or *.net* gTLDs under the circumstances described elsewhere in this report;
- if the *.com* and *.net* Registry Agreements are terminated, it could have a material adverse impact on our business;
- the DOC's or ICANN's interpretation of provisions of our agreements with either of them could differ from ours;
- the DOC could revoke its recognition of ICANN, as a result of which the DOC could take the place of ICANN for purposes of our agreements with ICANN, and could take actions that are harmful to us;
- the U.S. Government could refuse to transfer certain responsibilities for domain name system administration to ICANN due to security, stability or other reasons, resulting in fragmentation or other instability in domain name system administration; and
- our registry business could face legal or other challenges resulting from our activities or the activities of registrars.

Challenges to ongoing privatization of Internet administration could harm our domain name registry business.

Risks we face from challenges by third parties, including governmental authorities in the United States and other countries, to our role in the ongoing privatization of the Internet include:

- legal, regulatory or other challenges could be brought, including challenges to the agreements governing our relationship with the DOC or ICANN, or to the legal authority underlying the roles and actions of the DOC, ICANN or us;
- the U.S. Congress could take action that is unfavorable to us;
- ICANN could fail to maintain its role, potentially resulting in instability in domain name system administration; and
- some governments and governmental authorities outside the U.S. have in the past disagreed with, and may in the future disagree with, the actions, policies or programs of ICANN, the U.S. Government and us relating to the domain name system. These foreign governments or governmental authorities may take actions or adopt policies or programs that are harmful to our business.

As a result of these and other risks, it may be difficult for us to introduce new services in our domain name registry business and we could also be subject to additional restrictions on how this business is conducted.

If we encounter system interruptions, we could be exposed to liability and our reputation and business could suffer.

We depend on the uninterrupted operation of our various systems, secure data centers and other computer and communication networks. Our systems and operations are vulnerable to damage or interruption from:

- power loss, transmission cable cuts and other telecommunications failures;
- damage or interruption caused by fire, earthquake, and other natural disasters;
- computer viruses or software defects; and
- physical or electronic break-ins, sabotage, intentional acts of vandalism, terrorist attacks and other events beyond our control.

Most of our systems are located at, and most of our customer information is stored in, our facilities in Mountain View, California and Kawasaki, Japan, both of which are susceptible to earthquakes; Providence, Rhode Island; Dulles, Virginia; Lacey, Washington; Overland Park, Kansas, Melbourne, Australia and Berlin, Hamburg and Verl, Germany. Any damage or failure that causes interruptions in any of these facilities or our other computer and communications systems could materially harm our business. Although we carry insurance for property damage and business interruption, we do not carry insurance or financial reserves for interruptions or potential losses arising from earthquakes or terrorism.

In addition, our ability to issue digital certificates, our domain name registry services and other of our services depend on the efficient operation of the Internet connections from customers to our secure data centers and from our customers to the shared registration system. These connections depend upon the efficient operation of Internet service providers and Internet backbone service providers, all of which have had periodic operational problems or experienced outages in the past.

A failure in the operation of our domain name zone servers, the domain name root servers, or other events could result in the deletion of one or more domain names from the Internet for a period of time. A failure in the operation of our shared registration system could result in the inability of one or more other registrars to register and maintain domain names for a period of time. A failure in the operation or update of the master database that we maintain could result in the deletion of one or more top-level domains from the Internet and the discontinuation of second-level domain names in those top-level domains for a period of time. Any of these problems or outages could decrease customer satisfaction, which could harm our business.

If we experience security breaches, we could be exposed to liability and our reputation and business could suffer.

We retain certain confidential customer information in our secure data centers and various registration systems. It is critical to our business strategy that our facilities and infrastructure remain secure and are perceived by the marketplace to be secure. Our domain name registry operations also depend on our ability to maintain our computer and telecommunications equipment in effective working order and to reasonably protect our systems against interruption, and potentially depend on protection by other registrars in the shared registration system. The root zone servers and top-level domain name zone servers that we operate are critical hardware to our registry services operations. Therefore, we may have to expend significant time and money to maintain or increase the security of our facilities and infrastructure.

Despite our security measures, our infrastructure may be vulnerable to physical break-ins, computer viruses, attacks by hackers or similar disruptive problems. It is possible that we may have to expend additional financial and other resources to address such problems. Any physical or electronic break-in or other security breach or compromise of the information stored at our secure data centers and domain name registration systems may jeopardize the security of information stored on our premises or in the computer systems and networks of our customers. In such an event, we could face significant liability and customers could be reluctant to use our services. Such an occurrence could also result in adverse publicity and therefore adversely affect the market's perception of the security of electronic commerce and communications over IP networks as well as of the security or reliability of our services.

The reliance of our network connectivity and interoperability services and content services on third-party communications infrastructure, hardware and software exposes us to a variety of risks we cannot control.

The success of our network connectivity and interoperability services and content services depends on our network infrastructure, including the capacity leased from telecommunications suppliers. In particular, we rely on AT&T, Sprint and other telecommunications providers for leased long-haul and local loop transmission capacity. These companies provide the dedicated links that connect our network components to each other and to our customers. Our business also depends upon the capacity, reliability and security of the infrastructure owned by third parties that is used to connect telephone calls. Specifically, we currently lease capacity from regional providers on four of the fourteen mated pairs of SS7 signal transfer points that comprise our network.

We have no control over the operation, quality or maintenance of a significant portion of that infrastructure or whether or not those third parties will upgrade or improve their equipment. We depend on these companies to maintain the operational integrity of our connections. If one or more of these companies is unable or unwilling to supply or expand its levels of service to us in the future, our operations could be severely interrupted. In addition, rapid changes in the telecommunications industry have led to the merging of many companies. These mergers may cause the availability, pricing and quality of the services we use to vary and could cause the length of time it takes to deliver the services that we use to increase significantly.

Our signaling and SS7 services rely on links, equipment and software provided to us from our vendors, the most important of which are gateway equipment and software from Tekelec and Agilent Technologies, Inc. We cannot assure you that we will be able to continue to purchase equipment from these vendors on acceptable terms, if at all. If we are unable to maintain current purchasing terms or ensure product availability with these vendors, we may lose customers and experience an increase in costs in seeking alternative suppliers of products and services.

Capacity limits on our technology and network hardware and software may be difficult to project and we may not be able to expand and upgrade our systems to meet increased use.

If traffic from our telecommunication and content customers through our network increases, we will need to expand and upgrade our technology and network hardware and software. We may not be able to expand and upgrade, in a timely manner, our systems and network hardware and software capabilities to accommodate increased traffic on our network. If we do not appropriately expand and upgrade our systems and network hardware and software, we may lose customers and revenues.

We rely on third parties who maintain and control root zone servers and route Internet communications.

We currently administer and operate only two of the thirteen root zone servers. The others are administered and operated by independent operators on a volunteer basis. Because of the importance to the functioning of the Internet of these root zone servers, our registry services business could be harmed if these volunteer operators fail to maintain these servers properly or abandon these servers, which would place additional capacity demands on the two root zone servers we operate.

Further, our registry services business could be harmed if any of these volunteer operators fail to include or provide accessibility to the data that it maintains in the root zone servers that it controls. In the event and to the extent that ICANN is authorized to set policy with regard to an authoritative root server system, as provided in our registry agreement with ICANN, it is required to ensure that the authoritative root will point to the top-level domain zone servers designated by us. If ICANN does not do this, our business could be harmed.

Undetected or unknown defects in our services could harm our business and future operating results.

Services as complex as those we offer or develop frequently contain undetected defects or errors. Despite testing, defects or errors may occur in our existing or new services, 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 our reputation, tort or warranty claims, increased insurance costs or increased service and warranty costs, any of which could harm our business. The

performance of our services could have unforeseen or unknown adverse effects on the networks over which they are delivered as well as on third-party applications and services that utilize our services, which could result in legal claims against us, harming our business. Furthermore, we often provide implementation, customization, consulting and other technical services in connection with the implementation and ongoing maintenance of our services, which typically involves working with sophisticated software, computing and communications systems. Our failure or inability to meet customer expectations 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 our reputation and increased costs.

Services offered by our Internet Services Group rely on public key cryptography technology that may compromise our system's security.

Services offered by our Internet Services Group depend on public key cryptography technology. With public key cryptography technology, a user is given a public key and a private key, both of which are required to perform encryption and decryption operations. The security afforded by this technology depends on the integrity of a user's private key and that it is not lost, stolen or otherwise compromised. The integrity of private keys also depends in part on the application of specific mathematical principles known as "factoring." This integrity is predicated on the assumption that the factoring of large numbers into their prime number components is difficult. Should an easy factoring method be developed, the security of 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 our existing PKI services obsolete or unmarketable. If improved techniques for attacking cryptographic systems were ever developed, we would likely have to reissue digital certificates to some or all of our customers, which could damage our reputation and brand or otherwise harm our business. In the past there have been public announcements of the successful attack upon cryptographic keys of certain kinds and lengths and of the potential misappropriation of private keys and other activation data. This type of publicity could also hurt the public perception as to the safety of the public key cryptography technology included in our digital certificates. This negative public perception could harm our business.

Some of our security services have lengthy sales and implementation cycles.

We market many of our security services directly to large companies and government agencies and we market our communications services to large telecommunication carriers. The sale and implementation of our services to these entities typically involves a lengthy education process and a significant technical evaluation and commitment of capital and other resources. This process is also subject to the risk of delays associated with customers' internal budgeting and other procedures for approving large capital expenditures, deploying new technologies within their networks and testing and accepting new technologies that affect key operations. As a result, the sales and implementation cycles associated with certain of our services can be lengthy, potentially lasting from three to nine months. Our quarterly and annual operating results could be materially harmed if orders forecasted for a specific customer for a particular quarter are not realized.

Failure of VeriSign Affiliates to follow our security and trust practices or to maintain the privacy or security of confidential customer information could have an adverse impact on our revenues and business.

We have licensed to VeriSign Affiliates our Processing Center platform, which is designed to replicate our own secure data centers and allows the VeriSign Affiliate to offer back-end processing of PKI services for enterprises. The VeriSign Processing Center platform provides a VeriSign Affiliate with the knowledge and technology to offer PKI services similar to those offered by us. It is critical to our business strategy that the facilities and infrastructure used in issuing and marketing digital certificates remain secure and we are perceived by the marketplace to be secure. Although we provide the VeriSign Affiliate with training in security and trust practices, network management and customer service and support, these practices are performed by the affiliate and are outside of our control. Any failure of a VeriSign Affiliate to maintain the privacy or security of confidential customer information could result in negative publicity and therefore adversely affect the market's perception of the security of our services as well as the security of electronic commerce and communication over IP networks generally.

We rely on our intellectual property, and any failure by us to protect, or any misappropriation of, our intellectual property could harm our business.

Our success depends on our internally developed technologies, patents and other intellectual property. Despite our precautions, it may be possible for a third party to copy or otherwise obtain and use our trade secrets or other forms of our intellectual property without authorization. Furthermore, the laws of foreign countries may not protect our proprietary rights in those countries to the same extent U.S. law protects these rights in the United States. In addition, it is possible that others may independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, our business could suffer. In the future, we may have to resort to litigation to enforce our intellectual property

rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. This type of litigation, regardless of its outcome, could result in substantial costs and diversion of management and technical resources.

We also license third-party technology that is used in our products and services to perform key functions. These third-party technology licenses may not continue to be available to us on commercially reasonable terms or at all. Our business could suffer if we lost the rights to use these technologies. A third-party could claim that the licensed software infringes a patent or other proprietary right. Litigation between the licensor and a third-party or between us and a third-party could lead to royalty obligations for which we are not indemnified or for which indemnification is insufficient, or we may not be able to obtain any additional license on commercially reasonable terms or at all. The loss of, or our inability to obtain or maintain, any of these technology licenses could delay the introduction of our Internet infrastructure services until equivalent technology, if available, is identified, licensed and integrated. This could harm our business.

We could become subject to claims of infringement of intellectual property of others, which could be costly to defend and which could harm our business.

Claims relating to infringement of intellectual property of others or other similar claims have been made against us in the past and could be made against us in the future. In addition, we use news content as part of our real-time publisher service. It is possible that we could become subject to additional claims for infringement of the intellectual property of third parties. Any claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel, cause delays or require us to develop non-infringing technology or enter into royalty or licensing agreements. Royalty or licensing agreements, if required, may not be available on acceptable terms or at all. If a successful claim of infringement were made against us, we could be required to pay damages or have portions of our business enjoined. If we could not develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, our business could be harmed.

In addition, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights in Internet-related businesses are uncertain and still evolving. Because of the growth of the Internet and Internet-related businesses, patent applications are continuously and simultaneously being filed in connection with Internet-related technology. There are a significant number of U.S. and foreign patents and patent applications in our areas of interest, and we believe that there has been, and is likely to continue to be, significant litigation in the industry regarding patent and other intellectual property rights.

We must establish and maintain strategic and other relationships.

One of our significant business strategies has been to enter into strategic or other similar collaborative relationships in order to reach a larger customer base than we could reach through our direct sales and marketing efforts. We may need to enter into additional relationships to execute our business plan. We may not be able to enter into additional, or maintain our existing, strategic relationships on commercially reasonable terms. If we fail to enter into additional relationships, we would have to devote substantially more resources to the distribution, sale and marketing of our security services and communications services than we would otherwise.

Our success in obtaining results from these relationships will depend both on the ultimate success of the other parties to these relationships and on the ability of these parties to market our services successfully.

Furthermore, our ability to achieve future growth will also depend on our ability to continue to establish direct seller channels and to develop multiple distribution channels. Failure of one or more of our strategic relationships to result in the development and maintenance of a market for our services could harm our business. If we are unable to maintain our relationships or to enter into additional relationships, this could harm our business.

We depend on key personnel to manage our business effectively and may not be successful in attracting and retaining such personnel.

We depend on the performance of our senior management team and other key employees. Our success also depends on our ability to attract, integrate, train, retain and motivate these individuals and additional highly skilled technical and sales and marketing personnel, both in the U.S. and abroad. In addition, our stringent hiring practices for some of our key personnel, which consist of background checks into prospective employees’ criminal and financial histories, further limit the number of qualified persons for these positions.

We have no employment agreements with any of our key executives that prevent them from leaving VeriSign at any time. In addition, we do not maintain key person life insurance for any of our officers or key employees. The loss of the

services of any of our senior management team or other key employees or failure to attract, integrate, train, retain and motivate additional key employees could harm our business.

Compliance with rules and regulations concerning corporate governance is costly and could harm our business.

The Sarbanes-Oxley Act mandates, among other things, that companies adopt new corporate governance measures and imposes comprehensive reporting and disclosure requirements, sets stricter independence and financial expertise standards for audit committee members and imposes increased civil and criminal penalties for companies, their chief executive officers and chief financial officers and directors for securities law violations. For example, Section 404 of the Sarbanes-Oxley Act requires companies to do a comprehensive and costly evaluation of their internal controls. In addition, the NASDAQ Stock Market has adopted additional comprehensive rules and regulations relating to corporate governance. These laws, rules and regulations have increased the scope, complexity and cost of our corporate governance, reporting and disclosure practices, and our compliance efforts have required significant management attention. It has become more difficult and more expensive for us to obtain director and officer liability insurance, and we have been required to accept reduced coverage and incur substantially higher costs to obtain the reduced level of coverage. Further, our board members, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified board members and executive officers, which could harm our business.

We have anti-takeover protections that may delay or prevent a change in control that could benefit our stockholders.

Our amended and restated Certificate of Incorporation and Bylaws contain provisions that could make it more difficult for a third-party to acquire us without the consent of our Board of Directors. These provisions include:

- our stockholders may take action only at a meeting and not by written consent;
- our board must be given advance notice regarding stockholder-sponsored proposals for consideration at annual meetings and for stockholder nominations for the election of directors;
- we currently have a classified Board of Directors, with the board being currently divided into three classes that serve staggered three-year terms, although we intend to declassify our board commencing in connection with our 2007 Annual Meeting of Stockholders;
- vacancies on our board may be filled until the next annual meeting of stockholders only by majority vote of the directors then in office; and
- special meetings of our stockholders may be called only by the chairman of the board, the president or the board, and not by our stockholders.

VeriSign has also adopted a stockholder rights plan that may discourage, delay or prevent a change of control and make any future unsolicited acquisition attempt more difficult. Under the rights plan:

- The rights will become exercisable only upon the occurrence of certain events specified in the plan, including the acquisition of 20% of VeriSign's outstanding common stock by a person or group.
- Each right entitles the holder, other than an "acquiring person," to acquire shares of VeriSign's common stock at a 50% discount to the then-prevailing market price.
- VeriSign's Board of Directors may redeem outstanding rights at any time prior to a person becoming an "acquiring person," at a price of $0.001 per right. Prior to such time, the terms of the rights may be amended by VeriSign's Board of Directors without the approval of the holders of the rights.

Changes in, or interpretations of, tax rules and regulations may adversely affect our effective tax rates.

We are subject to income taxes in both the United States and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are subject to audit by various tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in historical income tax provisions and accruals. Should additional taxes be assessed as a result of an audit or litigation, an adverse effect on our income tax provision and net income in the period or periods for which that determination is made could result.

Table of Contents

ITEM 6. EXHIBITS

(a) Index to Exhibits

Exhibit Number	Exhibit Description	Filed Herewith
10.01	Registrant's 2006 Equity Incentive Plan, form of Directors Stock Option Agreement.	X
10.02	Employment Offer Letter between the Registrant and Richard H. Goshorn dated April 25, 2007.	X
10.03	Consulting and Separation Agreement between the Registrant and Stratton D. Sclavos effective July 9, 2007.	X
10.04	Severance and General Release Agreement between the Registrant and Rodney A. McCowan dated July 20, 2007.	X
31.01	Certification of President and Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a).	X
31.02	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a).	X
32.01	Certification of President and Chief Executive Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350). *	X
32.02	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350). *	X

* As contemplated by SEC Release No. 33-8212, these exhibits are furnished with this Quarterly Report on Form 10-Q and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of VeriSign, Inc. under the Securities Act of 1933 or the Securities Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in such filings.

SIGNATURES

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

VeriSign, Inc.

Date: August 9, 2007

By: /s/ William A. Roper, Jr.

William A. Roper Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2007

By: /s/ Albert E. Clement

Albert E. Clement
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBITS

As required under Item 6—Exhibits, the exhibits filed as part of this report are provided in this separate section. The exhibits included in this section are as follows:

Exhibit Number	Exhibit Description
10.01	Registrant’s 2006 Equity Incentive Plan, form of Directors Stock Option Agreement.
10.02	Employment Offer Letter between the Registrant and Richard H. Goshorn dated April 25, 2007.
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EXHIBIT 10.01

Grant No. __________

VERISIGN, INC.

2006 EQUITY INCENTIVE PLAN

DIRECTORS NONQUALIFIED STOCK OPTION GRANT

This Stock Option Agreement (this "***Agreement***") is made and entered into as of the Date of Grant set forth below (the "***Date of Grant***") by and between VeriSign, Inc., a Delaware corporation (the "***Company***"), and the Optionee named below ("***Optionee***"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Company's 2006 Equity Incentive Plan (the "***Plan***").

Optionee: ____

Optionee's Address: ____

Total Option Shares: ____

Exercise Price per Share: ____

Date of Grant: ____

Expiration Date: ____
(unless earlier terminated under Section 3 hereof)

1. Grant of Option. The Company hereby grants to Optionee a nonqualified stock option (this "***Option***") to purchase up to the total number of shares of Common Stock of the Company set forth above as Total Option Shares (collectively, the "***Shares***") at the Exercise Price Per Share set forth above (the "***Exercise Price***"), subject to all of the terms and conditions of this Agreement and the Plan.

2. Vesting; Expiration Date.

2.1 Vesting of Option. This Option shall be exercisable as it vests. Subject to the terms and conditions of the Plan and this Agreement, this Option shall vest and become exercisable as to portions of the Shares as follows: (a) on the Date of Grant shown above, this Option shall be exercisable as to Three Thousand One Hundred Twenty-Five (3,125) of the Shares; and (b) provided that Optionee has continuously been a member of the Board since the Date of Grant, this Option shall become exercisable as to an additional 6.25% of the Shares on each quarterly anniversary after the Date of Grant. This Option shall cease to vest upon Optionee no longer being a member of the Board.

2.2 Expiration. This Option shall expire on the Expiration Date set forth above and must be exercised, if at all, on or before the earlier of the Expiration Date or the date on which this Option is earlier terminated in accordance with the provisions of Section 3 hereof.

3. Termination of Option.

3.1 Termination for Any Reason Except Death, Disability. If Optionee ceases to be a member of the Board for any reason except Optionee's death or Disability then this Option, to the extent (and only to the extent) that it is vested in accordance with the schedule set forth in Section 2.1 hereof on the termination date, may be exercised by Optionee no later than three (3) months after the termination date, but in any event no later than the Expiration Date.

3.2 Termination Because of Death or Disability. If Optionee ceases to be a member of the Board because of death or Disability of Optionee (or the Optionee dies within three (3) months after ceasing to be a member of the Board), then this Option, to the extent that it is vested in accordance with the schedule set forth in Section 2.1 hereof on the termination date, may be exercised by Optionee (or Optionee's legal representative or authorized assignee) no later than twelve (12) months after the termination date, but in any event no later than the Expiration Date.

4. Manner of Exercise.

4.1 Stock Option Exercise Agreement. To exercise this Option, Optionee (or in the case of exercise after Optionee's death, Optionee's executor, administrator, heir or legatee, as the case may be) must deliver to the Company an executed stock option exercise agreement in the form attached hereto as Exhibit A, or in such other form as may be approved by the Company from time to time (the "***Exercise Agreement***"), which shall set forth, inter alia, Optionee's election to exercise this Option, the number of shares being purchased, any restrictions imposed on the Shares and any representations, warranties and agreements regarding Optionee's investment intent and access to information as may be required by the Company to comply with applicable securities laws. If someone other than Optionee exercises this Option, then such person must submit the Exercise Agreement and documentation reasonably acceptable to the Company that such person has the right to exercise this Option.

4.2 Limitations on Exercise. This Option may not be exercised unless such exercise is in compliance with all applicable federal and state securities laws, as they are in effect on the date of exercise.

4.3 Payment. The Exercise Agreement shall be accompanied by full payment of the Exercise Price for the Shares being purchased in cash (by check), or where permitted by law:

(a) by cancellation of indebtedness of the Company to the Optionee;

(b) by surrender of shares of the Company's Common Stock that either: (1) have been paid for within the meaning of SEC Rule 144 (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 (2) were obtained by Optionee in the open public market; and in either event are clear of all liens, claims, encumbrances or security interests;

(c) by waiver of compensation due or accrued to Optionee for services rendered to the Company;

(d) provided that a public market for the Company's Common Stock exists: (1) through a "same day sale" commitment from Optionee and a broker-dealer that is a member of the National Association of Securities Dealers (an "***NASD Dealer***") whereby Optionee irrevocably elects to exercise this Option and to sell a portion of the Shares so purchased to pay for the Exercise Price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; or (2) through a "margin" commitment from Optionee and an NASD Dealer whereby Optionee irrevocably elects to exercise this Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or

(e) by any combination of the foregoing.

4.4 Tax Withholding. Prior to the issuance of the Shares upon exercise of this Option, Optionee must pay or provide for any applicable federal or state withholding obligations of the Company.

4.5 Issuance of Shares. Provided that the Exercise Agreement and payment are in form and substance satisfactory to counsel for the Company, the Company shall issue the Shares registered in the name of Optionee, Optionee's authorized assignee, or Optionee's legal representative, and shall deliver certificates representing the Shares with the appropriate legends affixed thereto. To enforce any restrictions on Optionee's Shares, the Committee may require Optionee to deposit all certificates, together with stock powers or other instruments of transfer approved by the Committee appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates.

5. Compliance with Laws and Regulations. The exercise of this Option and the issuance and transfer of Shares shall be subject to compliance by the Company and Optionee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Common Stock may be listed at the time of such exercise, issuance or transfer. Optionee understands that the Company is under no obligation to register or qualify the Shares with the SEC, any state securities commission or any stock exchange to effect such compliance.

6. Nontransferability of Option. This Option may not be transferred in any manner other than under the terms and conditions of the Plan or by will or by the laws of descent and distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, successors and assigns of Optionee.

7. Tax Consequences. Set forth below is a brief summary as of the date the Board adopted the Plan of some of the federal tax consequences of exercise of this Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE COMPANY RECOMMENDS THAT OPTIONEE CONSULT A TAX ADVISOR BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

7.1 Exercise of Nonqualified Stock Option. There may be a regular federal income tax liability upon the exercise of this Option. Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the fair market value of the Shares on the date of exercise over the Exercise Price. The Company may be required to withhold from Optionee’s compensation or collect from Optionee and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income at the time of exercise.

7.2 Disposition of Shares. If the Shares are held for more than twelve (12) months after the date of the transfer of the Shares pursuant to the exercise of an NQSO, any gain realized on disposition of the Shares will be treated as long-term capital gain. The Company may be required to withhold from Optionee’s compensation or collect from the Optionee and pay to the applicable taxing authorities an amount equal to a percentage of this compensation income.

8. Privileges of Stock Ownership. Optionee shall not have any of the rights of a stockholder with respect to any Shares until the Shares are issued to Optionee.

9. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Optionee.

10. Entire Agreement. The Plan is incorporated herein by reference. This Agreement and the Plan and the Exercise Agreement constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements with respect to such subject matter.

11. Notices. Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated above or to such other address as such party may designate in writing from time to time to the Company. All

notices shall be deemed to have been given or delivered upon: personal delivery; three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested); one (1) business day after deposit with any return receipt express courier (prepaid); or one (1) business day after transmission by facsimile.

12. Successors and Assigns. The Company may assign any of its rights under this Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon Optionee and Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without regard to that body of law pertaining to choice of law or conflict of law.

14. Acceptance. Optionee hereby acknowledges receipt of a copy of the Plan and this Agreement. Optionee has read and understands the terms and provisions thereof, and accepts this Option subject to all the terms and conditions of the Plan and this Agreement. Optionee acknowledges that there may be adverse tax consequences upon exercise of this Option or disposition of the Shares and that the Company has advised Optionee to consult a tax advisor prior to such exercise or disposition.

[REMAINDER OF PAGE INTENTIONALLY BLANK, SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in duplicate by its duly authorized representative and Optionee has executed this Agreement in duplicate as of the Date of Grant.

VERISIGN, INC.

By: ______________________________

____

(Please print name)

____

(Please print title)

OPTIONEE

____

(Signature)

____

(Please print name)

EXHIBIT A

STOCK OPTION EXERCISE AGREEMENT

Stock Option Exercise Agreement for Directors

Optionee Name	Address	Social Security Number

OPTIONS EXERCISED

Plan	Grant #	Grant Date	Grant Price Per Share (1)	# of Shares Exercised (2)	Total Option Price (3) (1) x (2) = (3)
			TOTAL		

PAYMENT METHOD AND ISSUANCE INSTRUCTIONS

☐ Cash Exercise	☐ Cashless Exercise
Attached is my check # __________ in the amount of $__________ to pay for the exercise of my stock options as listed above. Issue the certificate in my name and send it to: ☐ My home address above, or; ☐ E*Trade Account – Account # __________	☐ Stock Swap # of Shares: ________________ Cash Due (if applicable): $______________

REPRESENTATIONS

_______ I do NOT have access to, nor am I aware of, any inside information regarding VeriSign, Inc. which could or has influenced my decision to purchase and/or sell this stock.
Initials

I hereby agree to hold harmless VeriSign, Inc. regarding the reporting of income subject to the transfer/sale of these shares. I am not relying on VeriSign or E*Trade for any tax advice. The undersigned holder of the stock option(s) described above irrevocably exercises such option(s) as set forth and herewith makes payment therefore, all at the price and on the terms and conditions specified in the stock option agreement(s) pertaining to the option(s) exercised.

IMPORTANT NOTE: FOR CASH EXERCISES

Send your form and attach your check (Payable to: VeriSign, Inc.) to VeriSign, Inc. Attn: Linda Hart, 487 E. Middlefield Rd; Mountain View, CA 94043.

____ ____________________
Optionee Signature Date

FOR COMPANY USE ONLY	Insider List Verified:______________________________ Stock Administrator ____________________ Date

487 EAST MIDDLEFIELD ROAD
MOUNTAIN VIEW, CA 94043

P 650 961 7500
F 650 961 7300
www.VeriSign.com

April 25, 2007

Richard Goshorn

Dear Richard:

On behalf of VeriSign, Inc. I am pleased to offer you a regular full-time position of **Senior Vice President, General Counsel and Secretary** reporting to Stratton Sclavos, Chairman of the Board and Chief Executive Officer. This position is based in our Dulles, Virginia facility. The details of the offer are as follows:

Annual Salary: **$380,000.00,** minus applicable withholdings and deductions (Paid Bi-Weekly)

Hiring Bonus: **$60,000.00** (payable on the first pay period after your hire date). Should you voluntarily terminate from VeriSign for any reason within one year of your hire date, you will be required to repay VeriSign $60,000 on a pro-rated basis.

Stock Options and Restricted Stock Units: I will recommend to the Board of Directors that you be granted stock options to purchase **110,000** shares of Common Stock of VeriSign, Inc., such grant to be subject to terms and conditions of the VeriSign, Inc. 2006 Equity Incentive Plan. The exercise price of the options will be based on the fair market value on the date of grant. You will be eligible to exercise up to twenty-five percent (25%) of your total shares one year from the date of grant, provided that you are employed by VeriSign, Inc. or one of its direct or indirect subsidiaries at that time. Each subsequent quarter (3 months) an additional 6.25% of your total shares will become eligible to exercise provided that you are employed by VeriSign. Additionally, I will recommend to the Board of Directors that you be granted **15,000** restricted stock units of VeriSign, Inc., such grant to be subject to the terms and conditions of the VeriSign, Inc. 2006 Equity Incentive Plan. This award will fully vest over a period of four years from the date of the award with 25% vesting after on each annual anniversary of the grant date provided that you are employed by VeriSign, Inc. or one of its direct or indirect subsidiaries at that time. We recommend that you consult with your tax advisor regarding tax treatment of restricted stock units and stock options.

Annual Bonus: You are eligible to participate in the 2007 VeriSign Bonus Plan. Your targeted bonus percentage for the 2007 Bonus plan is 60% of your base salary. Eligibility for payment under this plan is governed by the terms and conditions of the VeriSign Bonus Plan Document.

2007 Annual Stock Recognition Award Program: You will be eligible to participate in the 2007 Annual Stock Recognition Reward Program (Program). The amount of any grant that may be made to you under the Program shall be at the discretion of the CEO and subject to approval by the Board of Directors.

Benefits: Your medical and insurance benefits will be commensurate with those of other employees. The full package of benefits is attached. New employees receive 18 days of paid time off per year. VeriSign also observes 11 paid holidays per year. ***Please Note: Your benefits information for 2007 will be mailed to your home shortly after your date of hire.***

This offer is contingent upon your signing the Company’s Confidentiality Agreements included with this offer and upon successful clearance of your background check. It is also contingent upon providing evidence of your legal right to work in the United States as required by the Immigration and Naturalization Service. This offer is for employment on an at will basis, which means that this relationship can be terminated at any time by either party.

To accept this offer, please sign below and return the original offer letter plus the additional enclosed documents in the return envelope and keep a copy of the offer letter for your records. This offer will expire on **Friday, May 4th, 2007**. Please contact **David Pomponio** at **703-948-3415** if you have any questions.

Our New Hire Orientation Meetings are conducted every Monday. The meeting time is approximately two hours and begins at 9:00A.M. Once your start date is determined, Human Resources will contact you to confirm orientation logistics.

Our goal is to continue to transform communication and commerce by driving simplicity, innovation, and confidence into all electronic interactions worldwide. We are confident we will achieve this goal thanks to our committed group of industry partners throughout the world and most importantly to our employees—our most valued and respected asset. We hope you will join our team and help to contribute to our goal!

Sincerely,

/s/ ROD MCCOWAN
Rod McCowan
Senior Vice President, Human Resources

Accepted: /s/ RICHARD H. GOSHORN Date: May 1, 2007

Start Date: June 4, 2007

EXHIBIT 10.03

CONSULTING AND SEPARATION AGREEMENT

This Consulting and Separation Agreement (the "Agreement") is made by and between Stratton Sclavos (the "Executive") and VeriSign, Inc. ("VeriSign" or sometimes the "Company"), effective as of the eighth (8th) day following the Executive's signature without revocation (the "Effective Date").

WHEREAS, the Executive was the Chairman, President & Chief Executive Officer of the Company;

WHEREAS, the Company and the Executive desire to document the terms of the Executive's employment resignation and, except as expressly provided herein, to terminate all prior agreements between them;

WHEREAS, the Company wishes to secure the Executive's services as a consultant for a period of one year following the Executive's resignation of his employment, and the Executive wishes to provide such services;

WHEREAS, the Company and the Executive acknowledge that the Executive has had, and will continue to have, access to confidential and proprietary information and trade secrets of the Company; that it would be difficult for the Executive to accept employment competitive with the Company without the risk of use or disclosure of confidential and proprietary information and trade secrets of the Company, however inadvertent; and that the restrictions imposed upon the Executive by this Agreement are as narrow in scope as is consistent with the protection of the Company's legitimate interest in the protection of its confidential and proprietary information and trade secrets;

THEREFORE, in exchange for the good and valuable consideration set forth herein, the adequacy of which is specifically acknowledged, the Executive and the Company hereby agree as follows:

1. Resignation Date. The Executive resigned his employment (including his positions as President and Chief Executive Officer), his position as Chairman of the Company's Board of Directors, his Board seat, and all positions he held as an officer or employee of the Company, its subsidiaries, any joint ventures to which the Company is a party, and all other entities where the Executive served as a representative of the Company effective May 27, 2007 (the "Resignation Date"), except for the following positions where the Executive will continue to serve at the discretion and direction of the Company and from which he shall resign at any time upon the request of the Company: member of the board of directors of VeriSign Japan K.K. ("VSJ") and a member of the board of managers of US Mobile Holdings LLC and Netherlands Mobile Holdings C.V. The Company will replace the Executive on the Board of VSJ as soon as reasonably practicable.

2. Payment of Accrued Wages and Expenses. On May 31, 2007, the Company paid to the Executive $1,147,001.54, which amount included all wages accrued through the Resignation Date, including all accrued and unused Paid Time Off. The Executive will be reimbursed for all business expenses incurred by him on or before the Resignation Date in accordance with the Company's current Travel and Expense

Reimbursement Policy. Such expenses shall be submitted by July 13, 2007, and shall be paid in accordance with Company's normal policies for Travel and Expense Reimbursement.

3. Consulting. From May 28, 2007 through May 28, 2008 (the "Consulting Period"), the Executive shall make himself available at mutually agreeable times for up to three (3) business days per month to provide consulting services to the Company. The Executive shall be paid at the rate of $5,000 (five thousand dollars) per month in arrears for such consulting services and shall be entitled to reimbursement of any reasonable out-of-pocket expenses incurred in connection therewith to the extent any such reasonable out-of-pocket expenses are reimbursable under the Company's Corporate Expense Reimbursement Policy. The Executive agrees that as a consultant he is neither an agent nor an employee of the Company and that he has no authority to bind the Company. The Executive further agrees that, in light of this consulting arrangement, his continued access to confidential and proprietary information and trade secrets of the Company that such consulting arrangement will entail and the payments to be made to the Executive under this Agreement, he will not, during the period ending twelve (12) months from the Resignation Date:

(a) Engage in Competition against the Company or against any of its subsidiaries, affiliates or joint ventures;

(b) Directly or indirectly, for his benefit or for the benefit of any other person or entity, do any of the following:

1. Interfere with any existing or expected relationship between the Company, or any of its subsidiaries, affiliates or joint ventures, on the one hand, and any customer of the Company, or of any of its subsidiaries, affiliates or joint ventures, on the other; provided that, for purposes of this Section 3(b)(1), such expected customer relationship shall be deemed to exist if there is (a) a written or oral bid, offer or proposal by the Company, or by any of its subsidiaries, affiliates or joint ventures, or (b) substantial preparation with a view toward making such a bid, offer or proposal within 12 (twelve) months prior to the Resignation Date, which are in each instance known or reasonably should be known to the Executive; or

2. Solicit, encourage or induce any employee, consultant or contractor of the Company or of any of its subsidiaries, affiliates or joint ventures to terminate his or her relationship with the Company or subsidiary, affiliate or joint venture.

(c) For purposes of this Agreement, "Competition" by the Executive shall mean the Executive, directly or indirectly, provides services, whether acting as a consultant, contractor, director, officer, employee, principal, agent, owner, member or partner, or by permitting his name to be used, in connection with activities relating to the following lines of business of the Company, or of any of its subsidiaries, affiliates or joint ventures: domain name registry services, SSL security services, managed security services, PKI services, network consumer authentication services, communications services currently offered by the Company, content delivery network services, and messaging services or activities directly related thereto (the "Primary Lines of Business"); provided that it shall not be a violation of this

Section 3(c) for the Executive to become the registered or beneficial owner of less than 1% (one percent) of any class of the capital stock of any one or more competing publicly traded corporations, so long as the Executive does not participate in the business of such corporations relating to the Primary Lines of Business until such time as this Section 3(c) has expired.

For the purposes of this Agreement, "Competition" is not intended to include instances where the Executive, directly or indirectly, provides services to any company or entity which competes with any of the Company's Primary Lines of Business so long as all of the following conditions are met: (i) such company or entity is also engaged in lines of business other than the Primary Lines of Business; (ii) such company's or entity's revenues (determined in accordance with GAAP) from such other lines of business equal at least eighty percent (80%) of the total revenues of such company or entity; (iii) the Executive's employment with or services to such company or entity is strictly limited to lines of business other than the Primary Lines of Business; (iv) the Executive will not be providing any support, advice, instruction, direction or other guidance to such company's or entity's lines of business that compete with VeriSign in any of the Primary Lines of Business then conducted or offered by VeriSign; and (v) before the Executive begins working for or otherwise providing any services or guidance to the company or entity, Executive shall submit to the Company a written description of his proposed employment duties and responsibilities and represent to VeriSign in writing that the Executive's employment with or otherwise providing services to such company or entity will not violate this Agreement. Company and the Executive agree that any decision with respect to the applicability of this provision shall be determined by the Chairman of the Board of VeriSign, subject in all instances to the provisions of Section 16 hereof.

4. Severance Payments. The Company hereby agrees, subject to the Executive's execution of this Agreement without revocation, and his continuing compliance with its terms, to provide the Executive severance in the aggregate amount of $5,085,761.54 (five million eighty-five thousand seven hundred sixty-one dollars and fifty-four cents) (the "Severance Payments"), payable as follows:

(a) $1,147,001.54 (one million one hundred forty-seven thousand one dollars and fifty-four cents), which was paid to the Executive on May 31, 2007.

(b) Within 21 (twenty-one) days of the Effective Date, $1,969,380 (one million nine hundred sixty-nine thousand three hundred eighty dollars).

(c) On June 15, 2008, $1,969,380 (one million nine hundred sixty-nine thousand three hundred eighty dollars).

(d) If it is determined through binding arbitration pursuant to Section 16 of this Agreement that the Executive has breached any term of this Agreement in any significant respect, then the Company (i) may require the Executive's repayment to the Company of any Severance Payments provided for in Sections 4(a) and 4(b) and payment to the Company of all gains received by the Executive from the exercise of stock options and

restricted stock units the vesting of which was accelerated pursuant to Section 7 of this Agreement; (ii) may refuse to make either or both Severance Payments provided for by Sections 4(b) and 4(c), and to permit the Executive to exercise unexercised stock options and restricted stock units the vesting of which was accelerated pursuant to Section 7 of this Agreement; and (iii) may decline to make all other payments or benefits due to the Executive pursuant to the terms of this Agreement.

(e) The Executive agrees that the Severance Payments are not required by contract, or under the Company's normal policies and procedures, and are provided as a severance solely in connection with this Agreement, and that the Executive is not entitled to any payments from the Company or the other persons and entities released herein other than as set forth in this Agreement.

(f) Upon a Change of Control of the Company, all Severance Payments shall accelerate and become immediately due and payable. "Change of Control" for purposes of this Agreement shall mean: (i) a sale of all or substantially all the assets of the Company, or (ii) a merger or consolidation in which the Company is not the surviving corporation and in which beneficial ownership of securities of the Company representing at least fifty percent (50%) of the combined voting power entitled to vote in the election of directors has changed. Notwithstanding the foregoing, a Change of Control shall not include any transaction effected primarily for the purpose of financing the Company with cash (as determined by the Board of Directors acting in good faith and without regard to whether such transaction is effectuated by a merger, equity financing or otherwise).

5. Payment for Erroneously Deleted Stock Options. Within 21 (twenty-one) days after the Effective Date, the Company shall pay to the Executive $5,459,430 (five million four hundred fifty-nine thousand four hundred thirty dollars) in connection with options to purchase 300,000 shares of the Company's Common stock (after adjustment for stock splits) which were granted to the Executive in 1998, but were erroneously deleted from the Company's records.

6. COBRA. The Executive may, if eligible, elect to receive continued healthcare, dental and vision coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). If the Executive elects COBRA coverage, the Company shall make the Executive's COBRA premium payments through the earliest of (i) November 30, 2009, (ii) such time as the Executive is eligible for healthcare, dental and vision coverage provided by another employer or (iii) such time as the Executive is no longer eligible for COBRA.

7. Stock Options and Restricted Stock Units. The Executive and the Company acknowledge and agree that the Executive currently holds outstanding options (the "Options") to purchase shares of Common Stock of the Company and outstanding restricted stock units (the "RSUs") each in the amounts, received on the grant dates and with the exercise prices or in the unreleased amounts as reflected in Exhibit A hereto. The Executive acknowledges and agrees that, except as reflected in Exhibit A hereto, the Executive has no rights to Company stock options or restricted stock units or other rights to purchase Company stock. Except as expressly modified herein, all Options and RSUs may be exercised only in

accordance with the terms of the applicable VeriSign Stock Options Plans, Notices of Grant and Option or RSU Agreements.

(a) On the Effective Date, all outstanding Options and RSUs that are scheduled to vest within 24 (twenty-four) months after the Resignation Date shall fully vest, and may be exercised only in accordance with the terms of the applicable Stock Options Plans, Notices of Grant and Option or RSU Agreements; provided, however, that the Executive shall receive the benefit of the extension of exercisability of Options and RSUs previously granted by the Company to former employees as attached hereto as Exhibit B, pending restatement of the Company's financial results and, with respect to the Option grant to the Executive made on August 1, 2001 and any option grants made to the Executive under the VeriSign, Inc. 2006 Equity Plan only, subject to the effectiveness of the Company's Registration Statements on Form S-8, which Form S-8 shall be filed prior to December 31, 2007, provided further, however, that in all events Executive shall have not less than forty-five (45) days within which to exercise any such Options or RSUs.

(b) Options for 600,000 (six hundred thousand) shares granted to the Executive on February 21, 2002, at an exercise price of $22.71 (twenty-two dollars and seventy-one cents) per share have been or shall be adjusted to an exercise price of $26.31 (twenty-six dollars and thirty-one cents) per share, as reflected in Exhibit A hereto.

(c) Options for 600,000 (six hundred thousand) shares granted to the Executive on May 24, 2002, which are fully vested, shall remain at an exercise price of $10.08 (ten dollars and eight cents) per share; provided, however, that if the Board of Directors of the Company, or the ad hoc group of Directors that performed the options review, determines in good faith within 90 days from the Resignation Date, based on information not available to it on the Resignation Date, that the exercise price of such Options should be increased based on conduct of the Executive relating to option granting practices, then the exercise price of any unexercised Options shall be increased to the price so determined and, with respect to any exercised Options, the Executive shall promptly repay to the Company in cash the difference between such increased price and the exercise price paid by him, subject to the Executive's right to challenge any such determination in an appropriate administrative, judicial or arbitration proceeding. As of the date of execution of this Agreement, the Company represents to Executive that no determination has been made to increase the exercise price of such Options based on information relating to the conduct of Executive relating to option granting practices which was not available to the Company on the Resignation Date.

(d) In addition to the foregoing, the Executive agrees that, in the event that the Company records compensation expense in its restatement of financial results that relates to any Option to purchase shares of Company Common Stock previously granted to him, then (i) to the extent not exercised, such Options shall be amended so that their exercise price is increased to equal the fair market value of the Company's Common Stock as of the measurement date (or initial measure date, in the case of re-priced Options) determined in such restatement and (ii) to the extent exercised, the Executive shall pay to the Company promptly in cash an amount per share exercised equal to the amount, if any, by which the fair

market value of the Company's Common Stock on the measurement date exceeds the per share exercise price for each Option granted with an exercise price below fair market value.

(e) The Executive acknowledges and agrees that his Options Election Form dated December 22, 2006 (the "Options Election Form") governing the Executive's Options and RSUs shall remain in full force and effect in accordance with its terms.

8. General Release.

(a) As a material inducement for the Company to enter into this Agreement, and in exchange for the Company's promises under this Agreement, the Executive knowingly and voluntarily waives and releases all rights and claims, known and unknown, which the Executive may have against the Company and/or any of the Company's subsidiaries and/or related or affiliated entities or successors, or any of their current or former officers, directors, managers, executives, agents, insurance carriers, auditors, accountants, attorneys or representatives, and joint venture partners solely in connection with matters relating to the Company on or prior to the Effective Date, including without limitation any and all charges, complaints, claims, liabilities, obligations, promises, agreements, contracts, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any kind related thereto. This includes, but is not limited to, claims for employment discrimination, harassment, wrongful termination, constructive termination, violation of public policy, breach of any express or implied contract, breach of any implied covenant, fraud, intentional or negligent misrepresentation, emotional distress, defamation, slander or any other claims relating to the Executive's relationship with the Company. This also includes a release of any claims under any federal, state or local laws or regulations, including, but not limited to: (a) Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000(e) et seq. (race, color, religion, sex and national origin discrimination); (b) the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq. (the "ADEA") (age discrimination); (c) Section 1981 of the Civil Rights Act of 1866, 42 U.S.C. 1981 (race discrimination); (d) the Equal Pay Act of 1963, 29 U.S.C. § 206 (equal pay); (e) the Fair Labor Standards Act, 29 U.S.C. § 201, et seq. (wage and hour matters, including overtime pay); (f) COBRA; (g) Executive Order 11141 (age discrimination); (h) Section 503 of the Rehabilitation Act of 1973, 29 U.S.C. § 701, et seq. (disability discrimination); (i) the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001, et seq. (employee benefits); (j) Title I of the Americans with Disabilities Act (disability discrimination); and (k) any applicable state law counterpart of any of the foregoing, including the California Fair Employment and Housing Act, the California Family Rights Act and claims for wages under the California Labor Code. The matters that are the subject of the releases referred to in this Section 8(a) shall be referred to collectively as the "Released Matters."

(b) Notwithstanding the generality of the foregoing paragraph, the Executive does not release (i) claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law; (ii) claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA; (iii) claims to any benefit entitlements vested as the date hereof

pursuant to written terms of any employee benefit plan of the Company or its subsidiaries; (iv) the Executive's right to bring to the attention of the Equal Employment Opportunity Commission claims of discrimination; provided, however, that the Executive does release the Executive's right to secure any damages for alleged discriminatory treatment; and (v) any obligation of the Company under California Labor Code Section 2802, that certain Indemnification Agreement dated as of March 27, 1996 by and between the Executive and the Company (the "Indemnification Agreement"), that certain agreement regarding the advancement of fees dated November 9, 2006 by and between the Executive and the Company (the "Undertaking Agreement") or the indemnification provisions of the Company's Certificate of Incorporation or Bylaws. The release set forth above shall not limit the Executive's ability to defend himself in any actions or proceedings brought by or on behalf of the Company or its affiliated persons or entities arising out of or related to the Company's stock option granting practices.

(c) THE EXECUTIVE ACKNOWLEDGES THAT HE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BEING AWARE OF SAID CODE SECTION, THE EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

9. OWBPA Notice. In accordance with the Older Workers Benefit Protection Act of 1990, the Executive agrees and expressly acknowledges that the Executive is aware that this Agreement includes a waiver and release of all claims which the Executive has or may have had under the ADEA. The following terms and conditions apply to and are part of the waiver and release of the ADEA claims under this Agreement:

(a) This Section and this Agreement are written in a manner calculated to be understood by the Executive.

(b) The waiver and release of claims under the ADEA contained in this Agreement does not cover rights or claims that may arise after the date on which the Executive signs this Agreement.

(c) This Agreement provides for consideration in addition to anything of value to which the Executive is already entitled.

(d) The Executive has been advised to consult an attorney before signing this Agreement.

(e) The Executive has been granted twenty-one (21) days after the Executive was presented with this Agreement to decide whether or not to sign this Agreement. If the Executive executes this Agreement prior to the expiration of such period, the Executive does so voluntarily and after having had the opportunity to consult with an attorney, and hereby waives the remainder of the twenty-one (21) day period. The Executive and the Company agree that any changes to this Agreement, whether material or immaterial, will not re-start the running of the twenty-one (21) day acceptance period.

(f) The Executive has the right to revoke this general release within seven (7) days of signing this Agreement. In the event this general release is revoked, this Agreement will be null and void in its entirety, and the Executive will not receive any of its benefits.

If the Executive wishes to revoke this Agreement, the Executive must deliver written notice stating his intent to revoke in accordance with Section 18 of this Agreement, on or before 5:00 p.m. on the seventh (7th) day after the date on which the Executive signs this Agreement.

10. Full Payment; Survival. The Executive acknowledges that the payment and arrangements herein shall constitute full and complete satisfaction of any and all amounts properly due and owing to the Executive as a result of his employment with the Company and any subsidiary or affiliate thereof, and the termination thereof, and upon satisfaction of the Company's obligations hereunder, the Company shall have no further obligations under any and all other severance, change of control, or other agreements that the Executive currently has, or has ever had, with the Company and any of its subsidiaries or affiliates, whether written, oral, or implied in fact, governing the Executive's employment or the terms of separation of his employment, including, without limitation, the Term Sheet presented to the Executive in connection with this Agreement. Nothing in this Section 10 shall diminish the obligations of the Executive under the Assignment of Invention, Nondisclosure and Nonsolicitation Agreement executed by him on or about May 27, 2007 (the "Confidentiality Agreement") and the Company shall retain all rights and remedies available to it under the Confidentiality Agreement; provided, however, that the Company hereby agrees that it will not seek to repudiate or rescind this Agreement based on an alleged violation of the Confidentiality Agreement by the Executive.

11. Return of Company Property.

(a) Return of Company Documents and Information. The Executive represents and warrants that, on or before the first business day following the Resignation Date, the Executive delivered to the Company all originals and copies of correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company's customers, business plans, marketing strategies, products, processes or business of any kind and the originals and copies of all documents containing Proprietary Information, as defined in the Confidentiality Agreement, which are in the possession or control of the Executive or his agents or representatives.

(b) Return of Company Property. The Executive further represents and warrants that, on or before the first business day following the Resignation Date, the Executive returned to the Company all equipment of the Company in his possession or control, other than the Executive's right to use his current email address, laptop computer and the services of his executive assistant, all of which the Company has agreed to provide to the Executive during the 90-day period beginning on the Resignation Date; provided, however, that the Executive shall return the laptop computer to the Company promptly following the execution hereof so that the Company may have access to such computer for one business day.

12. Other Agreements. The parties further agree that:

(a) No Public Statements/Non-Disparagement. The Executive agrees that he shall make no public statements about the Company, its affiliates, its subsidiaries, any joint ventures to which the Company is a party and their respective affiliates, directors, officers, agents, partners, shareholders or employees, without the advance approval of the Company's Chief Executive Officer. The Executive further agrees that he shall not disparage or defame, whether publicly or privately, the Company, its affiliates, its subsidiaries, any joint ventures to which the Company is a party or their respective affiliates, directors, officers, agents, partners, shareholders, employees, owners, products and services. The Company agrees that, subject to applicable law, it shall consult the Executive and his counsel prior to making any public statements about the Executive's resignation. The Company further agrees that no member of the Board of Directors and no Executive Vice President of the Company shall, disparage or defame the Executive, either publicly or privately. Nothing in this Section 12(a) shall have application to any evidence or testimony requested by any court, arbitrator or government agency or the Company's compliance with any applicable disclosure requirements.

(b) Cooperation. The Executive agrees to reasonably cooperate with the Company in connection with the investigations of the Securities and Exchange Commission, the U.S. Attorney and the Internal Revenue Service relating to the Company's historical option granting practices and with any review by the Company, its Board of Directors or any ad hoc group thereof. The Company agrees to grant to the Executive reasonable access to books, records and documents that were within his custody while the Executive was employed by the Company, including without limitation those documents collected by Paul, Hastings, Janofsky & Walker, LLP from the Executive, to permit the Executive to defend himself in any such investigation or review. The parties acknowledge that access to such documents does not constitute a waiver of the attorney-client or attorney-work product privileges. The Executive agrees to take all reasonable steps to protect the privileged nature of any such documents. The Executive agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any party affiliated with the Company, unless under a government agency request, subpoena or other court order to do so. The Executive further agrees both to immediately notify the Company upon receipt of any

court order, subpoena, document or any legal discovery device that requests the Executive's involvement in any way in any legal matter concerning the Company, or that seeks or might require the disclosure or production of the existence or terms of this Agreement, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or legal discovery device to the Company. The Executive agrees to make himself reasonably available upon reasonable notice from the Company or its attorneys to provide testimony through declarations, affidavits, depositions or at a hearing or trial, and to work with the Company in preparation for such event, and to cooperate with any other reasonable request by the Company in connection with the defense or prosecution of any lawsuit to which the Company is a party currently pending or filed after the Resignation Date. If the Company so requests the Executive's cooperation in connection with any legal matter then the Company agrees to pay for any reasonable expenses, such as commercial airfare or lodging, that the Executive incurs in connection with assisting the Company, provided that the Executive notifies the Company in advance of what his reasonable expenses are expected to be and receives prior written approval from the Company for such expenses.

(c) The Executive Representations. The Executive represents and warrants that (a) he has not filed or authorized the filing of any complaints, charges or lawsuits against the Company with any governmental agency or court, and that if, unbeknownst to the Executive, such a complaint, charge or lawsuit has been filed on his behalf, he will immediately cause it to be withdrawn and dismissed, (b) he has been paid all compensation, wages, bonuses, commissions, accrued and unused Paid Time Off and/or benefits to which he may be entitled and no other compensation, wages, bonuses, commissions, Paid Time Off and/or benefits are due to him, except as provided in the second sentence of Section 2, Sections 3, 4(b), 4(c), 5, 6 and 7(a) this Agreement, (c) he has no known workplace injuries or occupational diseases and has been provided and/or has not been denied any leave requested under the Family and Medical Leave Act or any state law counterpart, (d) the execution, delivery and performance of this Agreement by the Executive does not and will not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Executive is a party or any judgment, order or decree to which the Executive is subject, and (e) upon the execution and delivery of this Agreement by the Company and the Executive, this Agreement will be a valid and binding obligation of the Executive, enforceable in accordance with its terms.

(d) Repayment of Certain Expense Reimbursements. Executive shall submit to the Company any outstanding expense reimbursement requests not previously submitted by July 13, 2007. In addition, the Executive shall repay the Company promptly upon request for any expense reimbursements that were made to him by the Company to the extent that the Audit Committee of the Board of Directors, in good faith, determines that such expense reimbursements either exceeded the maximum amounts, if any, permitted under the Company's applicable expense reimbursement policy in effect at the time the corresponding expenses were incurred or were not reimbursable expenses under the Company's then existing applicable expense reimbursement policy (collectively the "Unapproved Expenses").

Any such determination shall be made by December 31, 2007 and if such determination is made before all of the payments payable to the Executive under this Agreement are paid to him, then the Company may deduct such Unapproved Expenses from the payments that would otherwise be due to him under this Agreement, provided however, that Executive shall in all instances have the right to appeal any such determination to the Chairman of the Board of VeriSign and to thereafter challenge such determination pursuant to the provisions of Section 16 of this Agreement.

13. No Assignment. The Executive warrants and represents that no portion of any of the Released Matters, and no portion of any recovery or settlement to which the Executive might be entitled, has been assigned or transferred to any other person, firm or corporation not a party to this Agreement, in any manner, including by way of subrogation or operation of law or otherwise. If any claim, action, demand or suit should be made or instituted against the Company because of any such purported assignment, subrogation or transfer, the Executive agrees to indemnify and hold harmless the Company against such claim, action, suit or demand, including necessary expenses of investigation, attorneys' fees and costs.

14. Company Representations. The Company warrants and represents that the execution, delivery and performance of this Agreement by the Company has been duly authorized and that this Agreement constitutes the valid and binding obligation of the Company, enforceable in accordance with its terms.

15. Section 409A. Notwithstanding anything in this Agreement to the contrary, if payment of any amount or other benefit that is "deferred compensation" subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), at the time otherwise specified in this Agreement would subject such compensation to additional tax pursuant to Section 409A(a)(1) of the Code, the payment thereof shall be paid on the earliest date on which such amounts could be paid without incurring such additional tax ("Earliest Commencement Date"). In the event a deferral of payment should be required, any payments that would have been made prior to such Earliest Commencement Date but for Section 409A of the Code shall be accumulated and paid in a single lump sum on such Earliest Commencement Date. If any benefits permitted or required under this Agreement are otherwise reasonably determined by the Company or the Executive to be subject for any reason to a material risk of additional tax pursuant to Section 409A(a)(1) of the Code, the Company and the Executive agree to negotiate in good faith appropriate provisions to avoid such risk without materially changing the economic value of this Agreement to the Executive or the economic value or financial effect of this Agreement on the Company.

16. In the Event of a Claimed Breach. All controversies, claims and disputes arising out of or relating to this Agreement, including without limitation any alleged violation of its terms, shall be resolved by final and binding arbitration before a single neutral arbitrator in San Francisco or San Jose, California, in accordance with the Employment Dispute Resolution Rules of the Judicial Arbitration and Mediation Service ("JAMS"). The arbitration shall be commenced by filing a demand for arbitration with JAMS within 14 (fourteen) days after the filing party has given notice of such breach to the other party.

Notwithstanding the foregoing, it is acknowledged that it will be impossible to measure in money the damages that would be suffered if the parties fail to comply with any of the obligations imposed on them under Sections 3 and 11 of this Agreement, and that in the event of any such failure, an aggrieved person will be irreparably damaged and will not have an adequate remedy at law. Any such person shall, therefore, be entitled to injunctive relief, including specific performance, to enforce such obligations, and if any action shall be brought in equity to enforce any of the provisions of Sections 3, 11 or 12(b) of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

17. Choice of Law. This Agreement shall in all respects be governed and construed in accordance with the laws of the State of California, including all matters of construction, validity and performance, without regard to conflicts of law principles.

18. Notices. All notices, demands or other communications regarding this Agreement shall be in writing and shall be sufficiently given if either personally delivered or sent by facsimile or overnight courier, addressed as follows:

(a) If to the Company:

William A. Roper, Jr.
Chief Executive Officer
VeriSign, Inc.
487 East Middlefield Road
Mountain View, California 94043
Facsimile No. (650) 426-5113
Phone No. (650) 426-7070

Copies to:

Richard H. Goshorn
Senior Vice President, General Counsel and Secretary
VeriSign, Inc.
21351 Ridgetop Circle
Dulles, Virginia 20166
Facsimile No. (703) 450-7326
Phone No. (703) 948-4551

(b) If to the Executive:

Stratton Sclavos
19222 Monte Vista Drive
Saratoga, California 95070
Facsimile No. (408) 399-5670
Phone No. (408) 399-5660

Copy to:

Michael P. Groom
Groom & Cave LLP
1570 The Alameda, Suite 100
San Jose, California 95126
Facsimile No. (408) 286-3423
Phone No. (408) 286-3300

19. Miscellaneous. This Agreement is the entire agreement between the parties and, with the exception of the Indemnification Agreement, the Confidentiality Agreement, the Undertaking Agreement, and the Stock Option Plans, Stock Option Agreements, Notices of Grant and Options Election Form governing the Executive's Options and RSUs, supersedes and replaces all prior and contemporaneous agreements or understandings, whether written or oral, between the Executive and the Company. Whenever possible, each provision of this Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision shall be held to be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting the remainder of such provision or any of the remaining provisions of this Agreement. The Executive acknowledges that, except as expressly noted herein, there are no other agreements, written, oral or implied, and that he may not rely on any prior negotiations, discussions, representations or agreements. This Agreement may be modified only in writing, and such writing must be signed by both parties and recited that it is intended to modify this Agreement. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement. Each party shall be solely responsible for and shall bear all of its own costs and expenses incident to its obligations under and in respect of this Agreement, including, but not limited to, any such costs and expenses incurred by such party in connection with the negotiation, preparation, performance of and compliance with the terms of this Agreement (including, without limitation, the fees and expenses of legal counsel or other representatives). The Executive understands and agrees that all payments under this Agreement will be subject to appropriate tax withholding and other deductions, as and to the extent required by law. To the extent any taxes may be payable by the Executive for the benefits provided to him by this Agreement beyond those withheld by the Company, the Executive agrees to pay them himself and to indemnify and hold the Company and the other persons and entities released herein harmless for any tax claims or penalties, and associated attorneys' fees and costs, resulting from any failure by him to make required payments.

IN WITNESS WHEREOF, the undersigned have caused this Consulting and Separation Agreement to be duly executed and delivered as of the date indicated next to their respective signatures below.

DATED: July 1, 2007

By: /S/ STRATTON SCLAVOS
Stratton Sclavos

VERISIGN, INC.

DATED: July 9, 2007

By: /S/ WILLIAM A. ROPER, JR.
William A. Roper, Jr.
Chief Executive Officer

Exhibit A

OPTIONS OUTSTANDING

Grant Date	Number	Exercise Price
12/29/00	100,000	$127.31[1]
5/2/01	100,000	$ 59.40
8/1/01	1,225,000	$ 55.94
2/21/02	600,000	$ 26.31[2]
5/24/02	600,000	$ 10.08
10/29/03	690,717	$ 15.87
12/17/04	250,000	$ 33.38
12/17/04	400,000	$35.049
11/1/05	385,300	$ 23.46
8/1/06	583,000	$ 17.94
Totals	**4,934,017**	

[1] The original exercise price was $74.188.

[2] The original exercise price was $22.71.

RSUs OUTSTANDING

Grant Date	Number	Unissued
12/17/04	125,000	82,499[1]
11/1/05	86,000	77,400[2]
8/1/06	64,800	64,800[3]
Totals	**275,800**	**224,699**

[1] 42,501 RSUs vested to become a direct shareholding.

[2] 8,600 RSUs vested to become a direct shareholding.

[3] None of these have vested.

Exhibit B

EXTENSION OF EXERCISABILITY

Extended exercisability terms applicable to all former employees:

1) If the period to exercise the participant's stock options upon termination of employment has expired prior to the expiration of the suspension by the Company of stock option exercises by its employees, officers and directors under the Company's stock option plans, which suspension began at 2:30 p.m. Pacific Time on August 9, 2006 (the "Restriction"), then such participant's period to exercise his/her stock options upon termination of employment as set forth in the Company's stock option plans, including the 2006 Equity Incentive Plan, 1998 Directors Stock Option Plan, 1998 Equity Incentive Plan and 2001 Stock Incentive Plan, as amended, and any assumed options under any other stock option or equity plans of acquired companies (collectively, the "Plans"), is extended by an additional thirty (30) days after the date the Restriction expires.

2) If the period remaining to exercise the participant's stock options upon termination of employment is less than thirty (30) days after the Restriction expires, then such participant's period to exercise his/her stock options upon termination of employment as set forth in the Plans is extended by an additional thirty (30) days minus the days remaining to exercise his/her stock options after the date the Restriction expires.

Rodney Allen McCowan

July 9, 2007

Dear Rod:

In an effort to assist you with your transition and to ensure an amicable and smooth separation, and contingent upon your acceptance of the terms and conditions of this Severance & General Release Agreement (the "***Agreement***"), VeriSign, Inc. ("***VeriSign***" or the "***Company***") hereby offers you the package described below.

1. Termination Date. This Severance & General Release Agreement (the "***Agreement***") confirms that your employment with VeriSign was terminated effective as of June 30, 2007 (the "***Termination Date***").

2. Severance from VeriSign. In consideration for the covenants and promises herein and provided you accept and remain in compliance with the terms and conditions of this Agreement, you will be provided with the following benefits:

2.1 Annual Base Salary. VeriSign will pay you a severance in the total amount of Three Hundred Sixty Thousand Dollars (**$360,000)** (the ***"Severance Payment"***), which shall be payable in two installments, as described below.

VeriSign will pay you the first installment of the Severance Payment, which shall be in the amount of Two Hundred Forty-One Thousand Two Hundred Dollars (**$241,200)** within thirty days of the Effective Date of this Agreement, provided you are then in full compliance with your obligations under this Agreement. For the purposes of this Agreement, ***"Effective Date"*** means the eighth day after you return the signed Agreement to VeriSign, provided you return the signed Agreement before the Acceptance Expiration Date and then do not revoke your acceptance of this Agreement during the Revocation Period (defined at Section 3.2 below). For the purposes of this Agreement, the ***"Acceptance Expiration Date"*** means the date that is twenty-two days after the date on which VeriSign provides this Agreement to you.

VeriSign will pay you the second installment of the Severance Payment, which shall be in the amount of One Hundred Eighteen Thousand Eight Hundred Dollars (**$118,800)** on the one year anniversary of the Termination Date, provided that you are then in full compliance with your obligations under this Agreement, including without limitation your obligations under Section 7 and 8 of this Agreement. VeriSign agrees to act in good faith when determining whether you have complied with your obligations under this Agreement. If VeriSign determines that you have not complied with your obligations under this Agreement and consequently withholds payment of the second installment of Severance Payment then you may challenge such decision in an arbitration proceeding in

accordance with Section 12.2 below. The losing party in such arbitration proceeding shall pay the prevailing party's reasonable attorneys' fees incurred in connection with such arbitration.

You agree that the Severance Payment is not required under the Company's normal policies and procedures, and is provided as a severance solely in connection with this Agreement, and that you are not entitled to any payments from the Company or the other persons and entities released by this Agreement other than as set forth in this Agreement.

2.2 Annual Bonus. VeriSign will pay you a portion of your bonus for 2007 in the amount of One Hundred Twenty-Six Thousand Dollars (**$126,000**) (the ***"2007 Bonus"***). Payment of the 2007 Bonus will be contingent upon your full compliance with your obligations under this Agreement, including without limitation your obligations under Sections 7 and 8 below of this Agreement.

The payment of the 2007 Bonus will be made to you at the time that VeriSign issues 2007 bonuses to its employees, which will be no later than March 15, 2008.

If VeriSign determines that you have not complied with your obligations under this Agreement and consequently withholds payment of the 2007 Bonus then you may challenge such decision in an arbitration proceeding in accordance with Section 12.2 below. The losing party in such arbitration proceeding shall pay the prevailing party's reasonable attorneys' fees incurred in connection with such arbitration.

2.3 COBRA Premiums. VeriSign also will make a payment to you within thirty (30) days of the Effective Date in the amount of Fourteen Thousand Six Hundred Dollars (**$14,600)** which is the equivalent of Twelve (12) months' of COBRA premiums (consistent with your current coverage levels). You will need to apply for COBRA if you would like to extend your benefits coverage beyond the Termination Date.

2.4 Life Insurance. In addition, within thirty (30) days of the Effective Date, VeriSign will provide you with a payment in the amount of One Thousand Five Hundred Sixty-Seven and 56/100 Dollars (**$1,567.56)**, which is the equivalent of Twelve (12) months' of life insurance premiums (consistent with your current coverage levels). You will need to contact your life insurance provider if you want to maintain your life insurance policy beyond the Termination Date.

2.5 Executive Outplacement Services. Within thirty (30) days of the Effective Date, VeriSign will provide you with a payment in the amount of Seven Thousand Five Hundred Dollars **($7,500)**, which is intended for your use toward outplacement services.

2.6 Release From Repayment Of Sign-On Bonus. VeriSign will not seek reimbursement from you of the Fifty Thousand Dollar ($50,000) sign-on bonus that it paid to you upon the commencement of your employment.

2.7 Stock Options and RSU's. For the purpose of clarification, all VeriSign stock options and restricted stock units ("RSU's") that were granted to you by the Company will be unvested as of the Termination Date and will not vest after the Termination Date.

In accordance with the VeriSign, Inc. 2006 Equity Incentive Plan, you will not be able to exercise any of such unvested VeriSign stock options and unvested RSU's and such stock options and RSU's will revert to VeriSign upon the termination of your employment.

2.8 Business Expense Reimbursements. Please submit any expense reports you may have for travel or business related expenses that you incurred during your employment with VeriSign for reimbursement within thirty (30) days after the Termination Date. All valid expense reports that are properly submitted will be paid on the regular expense cycle, subject to the terms and conditions of the VeriSign Travel and Expense Reimbursement Policy (the "Expense Reimbursement Policy").

2.9 Full Payment. On or around the Termination Date, you will receive your final salary payment and payment for any hours of Paid Time Off (***"PTO"***) that you may have accrued but not used as of the Termination Date. Except as expressly stated above, you shall not be entitled to any other or further compensation, remuneration, reimbursement payments, options, stock, or other equity issue of or from VeriSign or any VeriSign Party (defined at Section 3 below). By executing this Agreement, you are acknowledging and agreeing that, once the above noted payments have been made, you will have received all payments from VeriSign for the work you have performed for VeriSign or any VeriSign Party and acknowledge and agree that VeriSign and the VeriSign Parties do not owe you any more money, compensation or benefits for any hours you worked through the Termination Date or under any and all other severance, change of control or other agreements that you may have or have had with the Company, any of its subsidiaries, affiliates or joint ventures, whether written, oral or implied.

2.10 Change of Control. Upon a Change of Control of the Company, all of the payments set forth above in this Section 2 which are to be made to you under this Agreement but which have not been paid to you as of the Change of Control shall become immediately due and payable, provided that at that time you are in full compliance with your obligations under this Agreement. For the purposes of this Agreement, "***Change of Control***" means: (i) a sale of all or substantially all the assets of the Company, or (ii) a merger or consolidation in which the Company is not the surviving corporation and in which beneficial ownership of securities of the Company representing at least fifty percent (50%) of the combined voting power entitled to vote in the election of directors has changed. Notwithstanding the foregoing, Change of Control shall not include any transaction effected primarily for the purpose of financing the Company with cash (as determined by the VeriSign Board of Directors acting in good faith without regard to whether such transaction is effectuated by a merger, equity financing or otherwise).

If VeriSign determines that you have not complied with your obligations under this Agreement and consequently withholds any payments to you that would otherwise be due to you in connection with a Change of Control as described above then you may challenge such decision in an arbitration proceeding in accordance with Section 12.2 below. The losing party in such arbitration proceeding shall pay the prevailing party's reasonable attorneys' fees incurred in connection with such arbitration.

3. Release of Claims. In consideration for the above benefits and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, your signature below indicates your agreement as follows:

3.1 General Release. In keeping with our intent to allow for an amicable separation, and as part of our accord, and deeming this Agreement to be fair, reasonable, and equitable, and intending to be legally bound hereby, you agree to and hereby do, for yourself and for each of your heirs, executors, administrators and assigns, forever and irrevocably fully release and discharge VeriSign (including any subsidiary or affiliated entities, or any joint ventures to which VeriSign or any of its subsidiaries is a party and all of their respective officers, directors, employees, agents, insurance carriers, auditors, accountants, attorneys, representatives, shareholders, predecessors, successors, purchasers, assigns, and representatives) (collectively the ***"VeriSign Parties"***) from any and all grievances, liens, suits, judgments, claims, demands, debts, defenses, actions or causes of action, obligations, damages, and liabilities whatsoever which you now have, have had, or may have, whether the same be known or unknown, at law, in equity, or mixed, in any way arising out of or relating in any way to any matter, act, occurrence, or transaction that occurred before or as of the Termination Date, including but not limited to your employment with VeriSign and your separation from VeriSign. **This is a General Release.** This General Release is a material inducement for the Company to enter into this Agreement. You expressly acknowledge that this General Release includes, but is not limited to, your release of any tort and contract claims, arbitration claims, claims under any local, state or federal law, wage and hour law, wage collection law or labor relations law, and any claims of discrimination or harassment on the basis of age, race, sex, sexual orientation, religion, disability, national origin, ancestry, citizenship, retaliation or any other claim of employment discrimination or retaliation, and any claims under the Civil Rights Acts of 1964 and 1991 as amended (42 U.S.C. §§ 2000e et seq.), the Age Discrimination In Employment Act (the "ADEA") (29 U.S.C. §§ 621 et seq.), Executive Order 11141, the Americans With Disabilities Act (42 U.S.C. §§ 12101 et seq.), the Rehabilitation Act of 1973 (29 U.S.C. §§ 701 et seq.), the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001 et seq., the Worker Adjustment and Retraining Notification Act, the Older Workers Benefit Protection Act, the Family and Medical Leave Act (29 U.S.C. §§ 2601 et seq.), the Fair Labor Standards Act (29 U.S.C. §§ 201 et seq.), the Equal Pay Act of 1963, 29 U.S.C 206 and any other claim under any law prohibiting employment discrimination, harassment or relating to employment, including without limitation any applicable state law counterpart of any of the foregoing, including the California Fair Employment and Housing Act, the California Family Rights Act and claims under the California Labor Code. This General Release also includes, without limitation, your release of all claims for wrongful termination, constructive termination, violation of public policy, breach of any express or implied contract, breach of any implied covenant, fraud, intentional or negligent misrepresentation, emotional distress, defamation, slander or any other claims related to your relationship with any VeriSign Parties.

You hereby knowingly waive any and all rights you have or may have under Section 1542 of the California Civil Code. 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.

Notwithstanding Section 1542 of the Civil Code of California, you expressly consent that this Agreement shall be given full force and effect according to each and all of its expressed terms and provisions, including as well those relating to unknown claims, charges, demands, suits, actions, causes of action and debts, if any. You acknowledge that you understand the significance and consequence of this specific waiver of Section 1542. You understand that this Agreement is not an admission of liability under any statute or otherwise by VeriSign, and that VeriSign does not admit but denies any violation of your legal rights.

You represent that you are not aware of any possible claims by you other than the claims that you have waived and released by this Agreement. You acknowledge that you have been advised of your right to consult with legal counsel and expressly agree to waive any rights you may have to any claims, whether the facts or basis for any cause of action are known or unknown as of the Effective Date of this Agreement, and acknowledge such waiver under any common law principle or statute which may govern waivers of such claims. You represent that you have no lawsuits, claims, or actions pending in your name, or on behalf of any other person or entity, against VeriSign or any VeriSign Party, and that if, unbeknownst to you, such a complaint, charge or lawsuit has been filed on your behalf, you will immediately cause it to be withdrawn and dismissed. You further represent that you have no known workplace injuries or occupational diseases.

You also represent that you do not intend to bring any claims on behalf of any other person or entity against VeriSign or any other VeriSign Party. You agree that you will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against VeriSign and/or any VeriSign Party, unless under a government agency request, subpoena or other court order to do so. You further agree both to immediately notify VeriSign upon receipt of any court order, subpoena, document or any legal discovery device that requests your involvement in any way in any legal matter concerning VeriSign or that seeks or might require the disclosure or production of the existence or terms of this Agreement, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or legal discovery device to VeriSign’s General Counsel in accordance with Section 12.7 below.

The only claims that this Agreement does not release are: (i) a claim to enforce this Agreement subject to the terms and conditions of this Agreement; (ii) claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law; (iii) claims to continued participation in certain of the Company’s group benefit plans pursuant to the terms and conditions of COBRA; or (iv) the right to bring to the attention of the Equal Employment Opportunity Commission claims of discrimination; provided however that you do release the right to secure any

damages for alleged discriminatory treatment. You hereby promise that you will not pursue any claim that you have settled by this Agreement. You agree that if you break this promise, you will pay all of VeriSign's costs and expenses (including reasonable attorneys' fees) related to the defense of any claims.

3.2 OWBPA Notice. In accordance with the Older Workers Benefit Protection Act, you acknowledge that you are waiving and releasing any rights you may have under the Age Discrimination in Employment Act and that this waiver and release are knowing and voluntary. You further acknowledge that: (i) this Agreement is written in a manner that is understandable to you; (ii) the waiver and release of claims under the ADEA contained in this Agreement does not cover rights or claims that may arise after the date on which you sign this Agreement; (iii) this Agreement provides for consideration in addition to anything of value to which you are already entitled; (iv) you are advised that you may consult with an attorney prior to executing this Agreement; (v) you have been granted twenty-one (21) days after being presented with this Agreement to decide whether or not to sign it and that if you sign this Agreement before the expiration of such period you do so voluntarily after having had the opportunity to consult with an attorney and hereby waive the remainder of the twenty-one (21) days period; (vi) any changes to this Agreement, whether material or immaterial, will not re-start the running of the twenty-one (21) day acceptance period; (vii) you have seven (7) calendar days following the date you return the signed Agreement to revoke your acceptance of this Agreement (the ***"Revocation Period"***); and (viii) this Agreement shall not be effective until the Revocation Period has expired.

You acknowledge that the consideration given for this waiver and release Agreement is in addition to anything of value to which you were already entitled and is not an employment benefit. You acknowledge that the amounts to be paid by VeriSign under this Agreement are adequate consideration for your execution of this Agreement and for any and all outstanding obligations that may be owed to you by VeriSign.

3.3 Cooperation. You agree to make yourself available upon reasonable notice from VeriSign or its attorneys to provide testimony through declarations, affidavits, depositions or at a hearing or trial, and to work with VeriSign in preparation for such event, and to cooperate with any other reasonable request by VeriSign in connection with the defense or prosecution of any lawsuit to which a VeriSign Company is a party currently pending or filed after the Termination Date. For the purposes of this Agreement, the term ***"VeriSign Company"*** means VeriSign, Inc., its subsidiaries and any joint ventures to which VeriSign or its subsidiaries are a party. If VeriSign so requests your cooperation in connection with any legal matter then VeriSign agrees to pay for any reasonable expenses, such as economy class airfare or lodging, that you incur in connection with assisting VeriSign, provided you notify VeriSign in advance of what your reasonable expenses are expected to be and receive prior written approval from VeriSign for such expenses.

4. Return of Company Property. You agree to return to VeriSign either on the Termination Date or on any other date agreed to by VeriSign any and all property of VeriSign, including without limitation your computer, your ID badge and any other property or equipment issued to you by VeriSign, files, correspondences, notes, notebooks, reports, plans, business

plans, financial documents and any other documents prepared for or by VeriSign concerning the Company or the Company's customers, employees, products, services, technology, processes or strategies, including copies of all original documents.

5. Ongoing Confidentiality Obligations. You agree to keep confidential and not to use any trade secret, confidential business or proprietary information which you acquired during your employment with VeriSign, including, but not limited to, any marketing, finance, business, legal, technical, or sales information, plans, or strategies related to any VeriSign Company or any of their respective customers. This is intended to cover any information of a nature not normally disclosed by VeriSign to the general public. You agree that every term of this Agreement, including, but not limited to, the fact that an agreement has been reached and the amounts to be paid under this Agreement, shall be treated by you as strictly confidential, and expressly covenant not to display, publish, disseminate, or disclose the terms of this Agreement to any person or entity other than your immediate family members, your attorneys or your tax advisors and you agree to instruct them to keep the terms of this Agreement confidential. You also agree that the VeriSign Assignment of Invention, Nondisclosure And Nonsolicitation Agreement (the "***VeriSign Confidentiality Agreement***") that you signed on October 10, 2006 remains in full force and effect in accordance with its terms.

6. Nondisparagement / No Unauthorized Public Statements. You agree to refrain from making any derogatory, disparaging or defamatory remarks, statements or communications about any VeriSign Party or concerning any products or services being developed, marketed or sold by any VeriSign Company. You further agree that you will not make any public statement about VeriSign or any other VeriSign Party without the advance written approval of VeriSign's Chief Executive Officer.

VeriSign agrees that neither the Chief Executive Officer of the Company, any member of the Board of Directors, any Executive Vice President of the Company nor any Senior Vice President who reports directly to the Chief Executive Officer of the Company shall make any derogatory, disparaging or defamatory remarks, statements or communications about you.

7. Non-solicitation.

7.1 Nonsolicitation of Employees and Consultants. During the term of your employment with VeriSign and for twelve (12) months after the Termination Date, you agree that you will not directly or indirectly solicit, encourage or induce, or attempt to solicit, encourage or induce, any employee or consultant of a VeriSign Company to terminate his/her employment or consulting relationship with such VeriSign Company. For the purpose of clarification, this Agreement does not prohibit you at any time from hiring or otherwise engaging the services of any individual who, on their own initiative, responds to an employment advertisement or otherwise takes the initiative to seek an employment or consulting opportunity with you.

7.2 Nonsolicitation of Customers. For twelve (12) months after the Termination Date, you agree that you will not directly or indirectly:

(i) contact or solicit business from any customer (including any prospective customer) of any VeriSign Company for the purpose of attempting to sell, license or otherwise provide to such customer (or prospective customer) any Restricted Products or Services (defined below); or

(ii) interfere or attempt to interfere with the relationship or prospective relationship of any VeriSign Company with any person or entity that is or is expected to become a customer of a VeriSign Company.

For the purposes of this Agreement, "***Restricted Products or Services***" means any product or service that is similar to or competes with any product or service that any VeriSign Company was developing, providing, selling, licensing, marketing or distributing to customers or potential customers as of the Termination Date.

8. Noncompete. In light of your continued knowledge of confidential and proprietary information and trade secrets of VeriSign, and acknowledging that it would be difficult for you to accept employment competitive with VeriSign without the risk of use or disclosure of confidential and proprietary information and trade secrets of the company, however inadvertent, you agree that, during the term of your employment with VeriSign and for twelve (12) months after the Termination Date, you will not, in any county, state, country or other jurisdiction in which any VeriSign Company does business or, as of the Termination Date, is planning to do business:

(i) directly or indirectly, alone or with others, engage in any Restricted Business (as defined below);

(ii) be or become a director, officer, stockholder, owner, co-owner, partner, member, trustee, promoter, founder, employee, agent, representative, distributor, reseller, sublicensor, investor, lender, consultant, contractor, advisor or manager of or to, or otherwise acquire or hold any interest in any person or entity that engages in a Restricted Business;

(iii) permit your name to be used in connection with a business that is a Restricted Business; or

(iv) directly or indirectly, alone or with others, interfere with any business of a VeriSign Company;

provided, however, that nothing in this Section 8 will prevent you from (A) owning a passive investment of less than one percent (1%) of the outstanding shares of the capital stock of a publicly-held corporation if you are not otherwise associated, directly or indirectly, with such corporation or any affiliate company of such corporation; (B) owning as a passive investment less than one percent (1%) of the equity interests in any venture capital fund in which you are solely a passive investor and are not a principal, partner, advisor or other service provider for such venture capital fund; or (C) serving as an employee or consultant to any VeriSign Company.

For the purposes of this Agreement, "***Restricted Business***" means any company or entity which is engaged in the following lines of business: domain name services, SSL security

services, managed security services, PKI services, network consumer authentication services, content delivery network services, messaging services and activities related to such lines of business.

9. Employee Acknowledgement. You acknowledge that VeriSign's agreement to pay you the amounts stated in this Agreement is contingent upon your agreement to comply with your obligations under this Agreement. You further agree that if it is determined through binding arbitration pursuant to Section 12.2 below that you have breached any term of this Agreement in any significant respect, then the Company may: (i) require that you repay to VeriSign any payment made to you pursuant to this Agreement; and (ii) may refuse to make any further payments to you that otherwise would be made to you under this Agreement. You agree that the restrictions imposed upon you in this Agreement are as narrow in scope as is consistent with the protection of the Company's legitimate interest in the protection of its confidential information and proprietary information and trade secrets.

10. No Assignment. You represent that no portion of any claims or rights that you have released and no portion of any recovery or settlement to which you may be entitled has been assigned or transferred to any other person, firm, corporation or other entity not a party to this Agreement in any manner, including by way of subrogation or operation of law or otherwise. If any claim, action, demand or suit should be made or instituted against any VeriSign Party because of any such purported assignment, subrogation or transfer, you agree to indemnify and hold harmless the VeriSign Party against such claim, action, suit or demand, including necessary expenses of investigation, attorneys' fees and costs.

11. Employment Inquiries. If you need to have the dates of your employment with VeriSign confirmed for any prospective or future employer, you agree to direct such inquiries to the attention of VeriSign's Chief Executive Officer. In accordance with Company policy, in response to any such inquiries the Chief Executive Officer will provide any such future or prospective employer only the following information about you: (i) the dates of your employment with VeriSign; and (ii) the title you held while you were employed by VeriSign.

12. General.

12.1 Governing Law. This Agreement shall be governed by the laws of California without regard to conflicts of law principles.

12.2 Arbitration. All controversies, claims and disputes arising out of or relating to this Agreement or your separation from the Company, including without limitation any alleged violation of the terms of this Agreement, shall be resolved by final and binding arbitration before a single neutral arbitrator in San Francisco, California, in accordance with the Employment Dispute Resolution Rules of the Judicial Arbitration and Mediation Services ("JAMS"). The arbitration shall be commenced by filing a demand for arbitration with JAMS within fourteen (14) days after the filing party has given written notice of such breach to the other party. Notwithstanding the foregoing, it is acknowledged that it will be impossible to measure in money the damages that would be suffered if the parties fail to comply with any of the obligations imposed on them under Sections 4, 5, 7 or 8 and that in the event of any such failure, an aggrieved person will be

irreparably damaged and will not have adequate remedy at law. Any such person shall, therefore, be entitled to injunctive relief, including specific performance, to enforce such obligations, and if any action shall be brought in equity to enforce any of the provisions of Sections 4, 5, 7 or 8 of this Agreement, none of the parties hereto shall raise the defense that there is no adequate remedy at law.

12.3 Severability. Should any provision of this Agreement be declared or determined by an arbitrator or court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining parts, terms and provisions shall continue to be valid, legal and enforceable, and will be performed and enforced to the fullest extent permitted by law.

12.4 Taxes. All payments stated in this Agreement will be subject to applicable tax withholdings and other deductions. To the extent any taxes may be payable for the payments and benefits provided to you by this Agreement beyond those withheld by the Company, you agree to pay them yourself and to indemnify and hold the Company and other persons and entities released by this Agreement harmless for any tax claims or penalties, and associated attorneys' fees and costs, resulting from any failure by you to make required payments.

12.5 Construction. The subject headings in this Agreement are for convenience purposes only and do not affect the interpretation of this Agreement. It is agreed that any legal rule to the effect that ambiguities ought to be resolved against the drafting party shall not apply to any interpretation of this Agreement.

12.6 Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned. This Agreement may be signed via facsimile.

12.7 Notices. All notices, demands or other communications regarding this Agreement shall be in writing and shall be sufficiently given if either personally delivered or sent by overnight courier, addressed as follows:

(a) If to the Company:

VeriSign, Inc.
Attention: General Counsel
21351 Ridgetop Circle
Dulles, Virginia 20166

(b) If to you to:

Attention: Rodney A. McCowan
367 Santana Heights #3108
San Jose, California 95128

12.8 Entire Agreement. You and the Company agree that, except as expressly specified below in this Section 12.8, you each are not relying on any representations, promises or agreements other than those set forth in this Agreement which contains the entire agreement between you and VeriSign and supersedes all prior or contemporaneous agreements or understandings between you and VeriSign, or any entity that has been acquired by VeriSign, on the subject matters of this Agreement, except this Agreement does not supersede the VeriSign Confidentiality Agreement.

12.9 Amendments. No changes to this Agreement will be valid unless the change is in writing, is signed by both you and VeriSign's Chief Executive Officer and specifically states that it is amending this Agreement.

[Remainder of page intentionally left blank.]

Please read this Agreement carefully. **We will hold this offer open for twenty-one (21) days.** To accept this Agreement, you will need to sign below where indicated in front of a witness, have the witness sign where indicated and then return the signed Agreement to VeriSign's General Counsel at the address stated in Section 12.7(a) above either on or before the Acceptance Expiration Date. VeriSign will have no obligations to you under this Agreement if you do not sign it and return it before the Acceptance Expiration Date or if you revoke your acceptance of this Agreement during the Revocation Period. If, during the Revocation Period, you decide that you would like to revoke your acceptance of this Agreement then revocation must be made by delivering written notice of your revocation to *Attention: General Counsel, VeriSign, Inc., 21351 Ridgetop Circle, Dulles, Virginia 20166*, and must be received no later than the seventh day after you return the signed Agreement. You may keep the enclosed duplicate copy of this Agreement for your records.

Your signature below will indicate that you are entering into this Agreement freely and with a full understanding of its terms and that you are committing to comply with all of the obligations imposed upon you by this Agreement.

If you have any questions, please feel free to contact me.

Very truly yours,
On behalf of VeriSign, Inc.

/s/ William A. Roper
William A. Roper
Chief Executive Officer

I, RODNEY A. MCCOWAN, HAVE READ AND UNDERSTAND THIS AGREEMENT, AND I ENTER INTO IT VOLUNTARILY, WITH FULL KNOWLEDGE OF ITS EFFECT. I UNDERSTAND THAT ALL REFERENCES IN THIS AGREEMENT TO "YOU" ARE REFERENCES TO ME, RODNEY A. MCCOWAN. THE EXECUTION, DELIVERY AND PERFORMANCE OF THIS AGREEMENT BY ME WILL NOT CONFLICT WITH, BREACH, OR VIOLATE OR CAUSE A DEFAULT UNDER ANY AGREEMENT CONTRACT OR INSTRUMENT TO WHICH I AM SUBJECT.

/s/ Rodney A. McCowan — 7/20/07
Signature — Date

/s/ Witness — 7/20/07
Witness — Date

CONFIDENTIAL

EXHIBIT 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William A. Roper, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of VeriSign, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2007

By: /S/ WILLIAM A. ROPER, JR.

William A. Roper, Jr.
President and Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Albert E. Clement, certify that:

1. I have reviewed this quarterly report on Form 10-Q of VeriSign, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2007

By: /s/ Albert E. Clement

Albert E. Clement
Chief Financial Officer

EXHIBIT 32.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, William A. Roper, Jr., President and Chief Executive Officer of VeriSign, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2007, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2007

/S/ WILLIAM A. ROPER, JR.

William A. Roper, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.02

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Albert E. Clement, Chief Financial Officer of VeriSign, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2007, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 9, 2007

/S/ ALBERT E. CLEMENT

Albert E. Clement
Chief Financial Officer
(Principal Financial and Accounting Officer)