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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2012

OR

o **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	**94-3221585**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
12061 Bluemont Way, Reston, Virginia	**20190**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (703) 948-3200

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 x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	x	Accelerated filer	o	Non-accelerated filer	o	Smaller reporting company	o

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

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 20, 2012
Common stock, $.001 par value	156,394,428

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

As required under Item 1—Financial Statements included in this section are as follows:

VERISIGN, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)
(Unaudited)

	June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 315,621	$ 1,313,349
Marketable securities	1,122,397	32,860
Accounts receivable, net	12,653	14,974
Deferred tax assets and other current assets	79,940	86,598
Total current assets	1,530,611	1,447,781
Property and equipment, net	329,328	327,136
Goodwill and other intangible assets, net	53,202	53,848
Other assets	28,883	27,414
Total long-term assets	411,413	408,398
Total assets	$ 1,942,024	$ 1,856,179
LIABILITIES AND STOCKHOLDERS’ DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 112,508	$ 156,385
Deferred revenues	560,127	502,538
Total current liabilities	672,635	658,923
Long-term deferred revenues	243,622	226,033
Convertible debentures, including contingent interest derivative	597,935	590,086
Long-term debt	100,000	100,000
Long-term deferred tax liabilities	341,733	325,527
Other long-term liabilities	45,294	43,717
Total long-term liabilities	1,328,584	1,285,363
Total liabilities	2,001,219	1,944,286
Commitments and contingencies		
Stockholders’ deficit:		
Preferred stock—par value $.001 per share; Authorized shares: 5,000; Issued and outstanding shares: none	—	—
Common stock—par value $.001 per share; Authorized shares: 1,000,000; Issued shares: 317,982 at June 30, 2012 and 316,781 at December 31, 2011; Outstanding shares: 156,667 at June 30, 2012 and 159,422 at December 31, 2011	318	317
Additional paid-in capital	20,027,665	20,135,237
Accumulated deficit	(20,084,096)	(20,220,577)
Accumulated other comprehensive loss	(3,082)	(3,084)
Total stockholders’ deficit	(59,195)	(88,107)
Total liabilities and stockholders’ deficit	$ 1,942,024	$ 1,856,179

See accompanying Notes to Condensed Consolidated Financial Statements.

VERISIGN, INC.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	$ 214,142	$ 189,844	$ 419,868	$ 371,367
Costs and expenses:				
Cost of revenues	42,844	40,667	84,100	81,536
Sales and marketing	26,313	22,179	54,128	44,570
Research and development	15,461	13,074	30,226	26,668
General and administrative	22,726	28,206	46,234	61,835
Restructuring charges	(182)	3,659	(730)	9,189
Total costs and expenses	107,162	107,785	213,958	223,798
Operating income	106,980	82,059	205,910	147,569
Interest expense	(12,580)	(111,856)	(24,920)	(123,676)
Non-operating (loss) income, net	(2,097)	6,149	(1,290)	11,627
Income (loss) from continuing operations before income taxes	92,303	(23,648)	179,700	35,520
Income tax (expense) benefit	(23,831)	15,967	(45,123)	(908)
Income (loss) from continuing operations, net of tax	68,472	(7,681)	134,577	34,612
(Loss) income from discontinued operations, net of tax	—	(2,929)	1,904	(4,451)
Net income (loss)	68,472	(10,610)	136,481	30,161
Foreign currency translation adjustments	—	48	—	76
Change in unrealized gain on investments, net of tax	42	1,077	37	609
Realized gain on investments, net of tax, included in net income (loss)	(30)	(1,398)	(35)	(1,415)
Other comprehensive income (loss)	12	(273)	2	(730)
Comprehensive income (loss)	$ 68,484	$ (10,883)	$ 136,483	$ 29,431
Basic income (loss) per share:				
Continuing operations	$ 0.43	$ (0.05)	$ 0.85	$ 0.20
Discontinued operations	—	(0.01)	0.01	(0.02)
Net income (loss)	$ 0.43	$ (0.06)	$ 0.86	$ 0.18
Diluted income (loss) per share:				
Continuing operations	$ 0.42	$ (0.05)	$ 0.82	$ 0.20
Discontinued operations	—	(0.01)	0.01	(0.02)
Net income (loss)	$ 0.42	$ (0.06)	$ 0.83	$ 0.18
Shares used to compute net income per share				
Basic	157,599	167,471	158,471	169,751
Diluted	164,178	167,471	163,530	171,850

See accompanying Notes to Condensed Consolidated Financial Statements.

VERISIGN, INC.

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

	Six Months Ended June 30,	
	2012	2011
Cash flows from operating activities:		
Net income	$ 136,481	$ 30,161
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment and amortization of other intangible assets	26,273	27,642
Stock-based compensation	16,584	29,014
Excess tax benefit associated with stock-based compensation	(11,638)	(854)
Other, net	10,947	1,627
Changes in operating assets and liabilities		
Accounts receivable	2,213	354
Deferred tax assets and other assets	5,855	(12,786)
Accounts payable and accrued liabilities	(16,644)	(22,736)
Deferred revenues	75,178	50,814
Net cash provided by operating activities	245,249	103,236
Cash flows from investing activities:		
Proceeds from maturities and sales of marketable securities	8,101	369,586
Purchases of marketable securities	(1,097,669)	(44,038)
Purchases of property and equipment	(26,242)	(29,481)
Other investing activities	(520)	(1,181)
Net cash (used in) provided by investing activities	(1,116,330)	294,886
Cash flows from financing activities:		
Proceeds from issuance of common stock from option exercises and employee stock purchase plans	15,348	32,445
Repurchases of common stock	(152,725)	(310,671)
Payment of dividends to stockholders	—	(463,498)
Excess tax benefit associated with stock-based compensation	11,638	854
Other financing activities	189	—
Net cash used in financing activities	(125,550)	(740,870)
Effect of exchange rate changes on cash and cash equivalents	(1,097)	3,285
Net decrease in cash and cash equivalents	(997,728)	(339,463)
Cash and cash equivalents at beginning of period	1,313,349	1,559,628
Cash and cash equivalents at end of period	$ 315,621	$ 1,220,165
Supplemental cash flow disclosures:		
Cash paid for interest, net of capitalized interest	$ 20,476	$ 120,082
Cash paid for income taxes, net of refunds received	$ 21,193	$ 4,737

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

Interim Financial Statements

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by VeriSign, Inc. (“Verisign” or the “Company”) in accordance with the instructions to 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 of, 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 2011 Annual Report on Form 10-K (the “2011 Form 10-K”) filed with the SEC on February 24, 2012.

Note 2. Cash, Cash Equivalents, and Marketable Securities

The following table summarizes the Company’s cash, cash equivalents, and marketable securities:

	June 30, 2012	December 31, 2011
	(In thousands)	
Cash	$ 79,731	$ 1,127,196
Money market funds	238,223	132,145
Time deposits	2,109	57,930
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,122,397	32,860
Total	$ 1,442,460	$ 1,350,131
Included in Cash and cash equivalents	$ 315,621	$ 1,313,349
Included in Marketable securities	$ 1,122,397	$ 32,860
Included in Other assets (Restricted cash)	$ 4,442	$ 3,922

The following table presents the contractual maturities of the Marketable securities held as of June 30, 2012:

	June 30, 2012		
	Amortized Cost	Unrealized Gains	Fair Value
	(In thousands)		
Due within one year	$ 1,092,220	$ 59	$ 1,092,279
Due after one year through three years	29,931	187	30,118
Total	$ 1,122,151	$ 246	$ 1,122,397

Note 3. Fair Value of Financial Instruments

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 and December 31, 2011:

	Total Fair Value	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
As of June 30, 2012				
Assets:				
Investments in money market funds	$ 238,223	$ 238,223	$ —	$ —
Investments in fixed income securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,122,397	1,089,571	32,826	—
Foreign currency forward contracts (1)	536	—	536	—
Total	$ 1,361,156	$ 1,327,794	$ 33,362	$ —
Liabilities:				
Contingent interest derivative on Convertible Debentures	$ 15,585	$ —	$ —	$ 15,585
Foreign currency forward contracts (2)	72	—	72	—
Total	$ 15,657	$ —	$ 72	$ 15,585
As of December 31, 2011:				
Assets:				
Investments in money market funds	$ 132,145	$ 132,145	$ —	$ —
Investments in fixed income securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	32,860	—	32,860	—
Foreign currency forward contracts (1)	49	—	49	—
Total	$ 165,054	$ 132,145	$ 32,909	$ —
Liabilities:				
Contingent interest derivative on Convertible Debentures	$ 11,625	$ —	$ —	$ 11,625
Foreign currency forward contracts (2)	444	—	444	—
Total	$ 12,069	$ —	$ 444	$ 11,625

(1) Included in Deferred tax assets and other current assets
(2) Included in Accounts payable and accrued liabilities

The fair value of the Company's investments in money market funds approximates their face value. Such instruments are classified as Level 1 and are included in Cash and cash equivalents.

The fair value of the Company's investments in fixed income securities consisting of U.S. Treasury bills is based on their quoted market prices and are classified as Level 1. The fair value of the Company's investments in other fixed income securities are obtained using the weighted average price of available market prices for the underlying securities from various industry standard data providers, large financial institutions and other third-party sources and are classified as Level 2. The Company's investments in fixed income securities are included in Marketable securities.

The fair value of the Company's foreign currency forward contracts is based on foreign currency rates quoted by banks or foreign currency dealers and other public data sources.

The Company utilizes a valuation model to estimate the fair value of the contingent interest derivative on the Convertible Debentures. The inputs to the model include stock price, bond price, risk adjusted interest rates, volatility, and credit spread observations. As several significant inputs are not observable, the overall fair value measurement of the derivative is classified as Level 3. The volatility and credit spread assumptions used in the calculation are the most significant unobservable inputs. As of June 30, 2012, the valuation of the contingent interest derivative assumed a volatility rate of approximately 33%. A hypothetical

10% increase or decrease in the volatility rate would not significantly change the fair value of the contingent interest derivative. The credit spread assumed in the valuation was approximately 5% at June 30, 2012. A hypothetical 1% increase or decrease in the credit spread would not significantly change the fair value of the contingent interest derivative.

The following table summarizes the change in the fair value of the Company's contingent interest derivative on Convertible Debentures during the three and six months ended June 30, 2012 and 2011:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Beginning balance	$ 12,438	$ 10,950	$ 11,625	$ 10,500
Unrealized loss (gain) on contingent interest derivative on Convertible Debentures	3,147	(700)	3,960	(250)
Ending balance	$ 15,585	$ 10,250	$ 15,585	$ 10,250

Other

The Company's other financial instruments include cash, accounts receivable, restricted cash, accounts payable, and long-term debt. As of June 30, 2012, the carrying value of these financial instruments approximated their fair value. The fair value of the Company's Convertible Debentures as of June 30, 2012, is $1.8 billion, and is based on available market information from public data sources. The fair value measurement of the Company's Convertible Debentures is classified as Level 2.

Note 4. Other Balance Sheet Items

Deferred Tax Assets and Other Current Assets

Deferred tax assets and other current assets consist of the following:

	June 30, 2012	December 31, 2011
	(In thousands)	
Deferred tax assets	$ 62,012	$ 64,751
Prepaid expenses	15,182	12,016
Non-trade receivables	2,087	9,452
Other	659	379
Total deferred tax assets and other current assets	$ 79,940	$ 86,598

Non-trade receivables as of December 31, 2011 consisted primarily of income tax receivables which were subsequently collected during the six months ended June 30, 2012.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	June 30, 2012	December 31, 2011
	(In thousands)	
Accounts payable	$ 16,019	$ 19,283
Accrued employee compensation	32,011	40,251
Customer deposits, net	17,287	18,558
Taxes payable, deferred and other tax liabilities	12,547	28,441
Accrued restructuring costs	5,068	8,685
Other accrued liabilities	29,576	41,167
Total accounts payable and accrued liabilities	$ 112,508	$ 156,385

Accrued employee compensation primarily consists of liabilities for employee leave, salaries, payroll taxes, employee contributions to the employee stock purchase plan, and incentive compensation. Accrued employee incentive compensation as of December 31, 2011 was paid during the six months ended June 30, 2012. Taxes payable, deferred and other tax liabilities as of June 30, 2012 reflects a decrease in current taxes payable from December 31, 2011 as the result of income tax payments made during the six months ended June 30, 2012. As of June 30, 2012, Accrued restructuring costs represents the remaining lease payments to be made related to excess facilities that were abandoned as part of the relocation of the Company's headquarters during 2011. Other accrued liabilities include miscellaneous vendor payables and interest on the Convertible Debentures which is paid semi-annually in arrears on August 15 and February 15. Other accrued liabilities as of December 31, 2011 included certain retained liabilities related to divested businesses that were reversed or paid during the six months ended June 30, 2012.

Note 5. Stockholders' Deficit

On July 27, 2010, the Company's Board of Directors ("Board") authorized the repurchase of up to approximately $1.1 billion of common stock, in addition to the $393.6 million of its common stock remaining available for repurchase under the previous 2008 Share Buyback Program, for a total repurchase authorization of up to $1.5 billion of its common stock (collectively, the "2010 Share Buyback Program"). The 2010 Share Buyback Program has no expiration date. During the three and six months ended June 30, 2012 the Company repurchased 1.9 million and 3.7 million shares of its common stock, respectively, at an average stock price of $39.88 and $38.64, respectively. The aggregate cost of the repurchases under the 2010 Share Buyback Program in the three and six months ended June 30, 2012 was $76.1 million and $144.5 million, respectively. As of June 30, 2012, $686.9 million remained available for further repurchases under the 2010 Share Buyback Program.

During the six months ended June 30, 2012, the Company placed 0.2 million shares, at an average stock price of $38.19 and for an aggregate cost of $8.3 million, into treasury stock for purposes related to tax withholdings upon vesting of Restricted Stock Units ("RSUs"). The Company placed less than 0.1 million shares into treasury for purposes related to tax withholdings during the three months ended June 30, 2012.

Since inception the Company has repurchased 161.3 million shares of its common stock for an aggregate cost of $4.8 billion, which is presented as a reduction of Additional paid-in capital.

Note 6. Calculation of Net Income per Share

The Company computes basic net income per share by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted net income per share gives effect to dilutive potential common shares, including outstanding stock options, unvested RSUs, conversion spread relating to the Convertible Debentures, and employee stock purchases using the treasury stock method. The following table presents the computation of weighted-average shares used in the calculation of basic and diluted net income per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Weighted-average number of common shares outstanding	157,599	167,471	158,471	169,751
Weighted-average potential shares of common stock outstanding:				
Stock options	189	—	195	436
Unvested RSUs	659	—	713	802
Conversion spread related to Convertible Debentures	5,636	—	4,089	833
Employee stock purchase plan	95	—	62	28
Shares used to compute diluted net income per share	164,178	167,471	163,530	171,850

The following table presents the weighted-average potential shares of common stock that were excluded from the above calculation because their effect was anti-dilutive, and the respective weighted-average exercise prices of the weighted-average stock options outstanding:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands, except per share data)			
Weighted-average stock options outstanding	58	2,443	59	270
Weighted-average exercise price	$ 40.81	$ 27.14	$ 40.81	$ 38.43
Weighted-average RSUs outstanding	4	2,856	3	17
Employee stock purchase plan	—	653	60	255

Note 7. Stock-based Compensation

Stock-based compensation is classified in the Condensed Consolidated Statements of Operations and Comprehensive Income in the same expense line items as cash compensation. The following table presents the classification of stock-based compensation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Cost of revenues	$ 1,451	$ 1,846	$ 2,988	$ 3,836
Sales and marketing	1,833	1,697	3,349	3,551
Research and development	1,327	1,353	2,569	2,871
General and administrative	3,843	7,179	7,678	13,778
Restructuring charges	—	1,989	—	4,978
Total stock-based compensation expense	$ 8,454	$ 14,064	$ 16,584	$ 29,014

The following table presents the nature of the Company’s total stock-based compensation:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Stock options	$ 281	$ 1,031	$ 636	$ 2,494
Employee stock purchase plan	1,098	798	2,108	1,978
RSUs	7,822	11,141	15,235	21,356
RSUs/Stock options acceleration	—	1,989	—	4,978
Capitalization (Included in Property and equipment, net)	(747)	(895)	(1,395)	(1,792)
Total stock-based compensation expense	$ 8,454	$ 14,064	$ 16,584	$ 29,014

Note 8. Interest Expense

The following table presents the components of the Company's interest expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Contractual interest on Convertible Debentures	$ 10,156	$ 10,156	$ 20,312	$ 20,313
Amortization of debt discount on the Convertible Debentures	1,975	1,819	3,910	3,602
Contingent interest to holders of Convertible Debentures	—	100,020	—	100,020
Interest capitalized to Property and equipment, net	(176)	(166)	(564)	(310)
Credit facility and other interest expense	625	27	1,262	51
Total interest expense	$ 12,580	$ 111,856	$ 24,920	$ 123,676

Interest expense in the three and six months ended June 30, 2011 includes $100.0 million of interest paid to holders of the Convertible Debentures as a result of the May 2011 Dividend. The Indenture governing the Convertible Debentures requires the payment of contingent interest to the holders of the Convertible Debentures if the Board declares a dividend to its stockholders that is designated by the Board as an extraordinary dividend. The contingent interest is calculated as the amount derived by multiplying the per share declared dividend with the if-converted number of shares applicable to the Convertible Debentures.

Note 9. Non-operating (Loss) Income, Net

The following table presents the components of Non-operating (loss) income, net:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Interest and dividend income	$ 605	$ 1,579	$ 905	$ 3,670
Unrealized (loss) gain on contingent interest derivative on Convertible Debentures	(3,147)	700	(3,960)	250
Income from transition services agreements	1,086	2,271	2,179	5,733
Other, net	(641)	1,599	(414)	1,974
Total non-operating (loss) income, net	$ (2,097)	$ 6,149	$ (1,290)	$ 11,627

Interest and dividend income is earned principally from the Company's surplus cash balances and marketable securities. Unrealized losses on the contingent interest derivative on the Convertible Debentures in the three and six months ended June 30, 2012, reflect the change in value of the derivative that resulted primarily from an increase in the Company's stock price. Income from transition services agreements includes fees generated from services provided to the purchasers of divested businesses for a certain period of time to facilitate the transfer of business operations. This income decreases over time as the transition services agreements expire. Other, net for the three and six months ended June 30, 2011 includes $2.3 million of realized gains on the sale of investments. Gains on the sale of investments in the three and six months ended June 30, 2012 were not material.

Note 10. Income Taxes

The following table presents the income tax expense from continuing operations and the effective tax rate:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(Dollars in thousands)			
Income tax (expense) benefit from continuing operations	$ (23,831)	$ 15,967	$ (45,123)	$ (908)
Effective tax rate	26%	68%	25%	3%

The effective tax rate for the three and six months ended June 30, 2012 is lower than the statutory federal rate of 35% primarily due to tax benefits from foreign income taxed at lower rates and the release of $0.4 million and $3.1 million of valuation allowances, respectively, which related to investments with differing book and tax bases, partially offset by state income taxes and non-deductible stock based compensation. The effective tax rate for the three and six months ended June 30, 2011 differed from the statutory federal rate of 35% primarily due to tax benefits from foreign income taxed at lower rates, partially offset by state income taxes and non-deductible stock based compensation. In the three months ended June 30, 2011, the Company also recognized a discrete income tax benefit of $39.7 million relating to the contingent interest paid to the holders of the Company's Convertible Debentures.

Note 11. Contingencies

Legal Proceedings

On May 31, 2007, plaintiffs Karen Herbert, et al., on behalf of themselves and a nationwide class of consumers, filed a complaint against Verisign, m-Qube, Inc., and other defendants alleging that defendants collectively operated 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 U.S. District Court for the Central District of California, Western Division. The defendants' motion to dismiss the *Herbert* matter was denied by the district court on December 3, 2007 and that ruling was appealed. On July 8, 2010, the Court of Appeals for the Ninth Circuit dismissed the appeal for lack of jurisdiction and remanded the case to the district court. Certain defendants had asserted indemnity claims against Verisign in connection with these matters.

On July 13, 2011, the parties reached an agreement in principle to settle this matter and the defendants, including Verisign, previously reached an agreement in principle to resolve the indemnity claims noted above. The parties have entered into fully documented settlement agreements. Under the agreement to resolve the *Herbert* case, class members will be able to claim a full refund for premium text message charges incurred entering the Lucky Case Game. Verisign will pay sixty percent of the settlement costs but will receive an approximately $0.5 million contribution towards those costs from a co-defendant as part of the indemnity claim settlement. The Company has accrued for the expected settlement costs, which were not material to its financial condition or results of operations. See Note 4, "Discontinued Operations," of Notes to Consolidated Financial Statements in the 2011 Form 10-K. This estimate of the expected settlement costs, by its nature, is based on judgment and currently available information and involves a variety of factors, including, but not limited to, the type and nature of the lawsuit, the progress of the lawsuit, and the Company's experience in similar matters. Given the inherent uncertainties involved in litigation, the Company cannot assure you that the ultimate resolution of this matter will not exceed the amount accrued for the settlement costs.

The court granted preliminary approval of the *Herbert* settlement on September 19, 2011 and final approval on December 19, 2011.

On March 5, 2012, a complaint entitled *Warhanek v. Bidzos, et al.* was filed in the United States District Court for the District of Delaware. The complaint asserts derivative claims on behalf of Verisign against current directors D. James Bidzos, William L. Chenevich, Roger H. Moore, Kathleen A. Cote, John D. Roach, Louis A. Simpson, Timothy Tomlinson and a former director, President and Chief Executive Officer Mark D. McLaughlin (the "Director Defendants"). The complaint also asserts one derivative claim against officers and certain former officers Richard H. Goshorn, Christine C. Brennan, and Kevin A. Werner (the "Executive Defendants," and together with the Director Defendants and nominal defendant Verisign, the "Defendants").

The complaint alleges that the Director Defendants fraudulently obtained shareholder approval of certain incentive-based compensation plans by misrepresenting the tax deductibility of certain compensation paid to Verisign's executive officers, including the Executive Defendants. Verisign adopted and obtained shareholder approval of several incentive-based compensation plans, including a 2010 Annual Incentive Compensation Plan ("AICP"), and an Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan ("2006 Plan") and these plans were submitted to shareholders for approval in the 2010 and 2011 Proxy Statements (the "Proxy Statements"), respectively. The complaint alleges that the Proxy Statements falsely disclosed, or failed to adequately disclose, the material terms under which performance-based compensation would be paid under the AICP and the 2006 Plan. The complaint further alleges that the Proxy Statements falsely represented that certain compensation paid to certain employees in excess of $1 million would be tax deductible.

The complaint asserts derivative claims against the Director Defendants for (1) violations of Section 14(a) of the Exchange Act for making false statements in and omitting material facts from the Proxy Statements; (2) breach of fiduciary duty; and (3) waste of corporate assets. The complaint asserts an additional derivative claim against the Director Defendants and Executive Defendants for unjust enrichment based on compensation payments they received under the AICP or the 2006 Plan, as disclosed in the Proxy Statements. No demand was made on the Board to institute this action, and the complaint alleges that any such demand would be futile because each director is either interested or lacks independence with respect to the challenges to the AICP and 2006 Plan. The relief sought by the complaint includes, among other things, an order nullifying the shareholder approval of the AICP and the 2006 Plan, an injunction requiring correction of the alleged misrepresentations in the Company's Proxy Statements, and an order requiring equitable accounting, with disgorgement, in favor of the Company for the purported losses it has and will sustain. On May 25, 2012, the defendants filed motions to dismiss this action in its entirety.

The Defendants intend to defend this action vigorously.

Indemnifications

In connection with the sale of the Authentication Services business to Symantec in August 2010, the Company has agreed to indemnify Symantec for certain potential legal claims arising from the operation of the Authentication Services business for a period of sixty months after the closing of the sale transaction. The Company's indemnification obligations in this regard are triggered only when indemnifiable claims exceed in the aggregate $4.0 million. Thereafter, the Company is obligated to indemnify Symantec for 50% of all indemnifiable claims. The Company's maximum indemnification obligation with respect to these claims was capped at $125.0 million until February 9, 2012, at which time the cap was reduced to $50.0 million.

While certain legal proceedings and related indemnification obligations to which the Company is a party specify the amounts claimed, such claims may not represent reasonably possible losses. Given the inherent uncertainties of the litigation, the ultimate outcome of these matters cannot be predicted at this time, nor can the amount of possible loss or range of loss, if any, be reasonably estimated, except in circumstances where an aggregate litigation accrual has been recorded for probable and reasonably estimable loss contingencies. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters. The Company does not believe that any such matter currently being reviewed will have a material adverse effect on its financial condition or results of operations.

Verisign is involved in various other investigations, claims and lawsuits arising in the normal conduct of its business, none of which, in its opinion, will have a material adverse effect on its financial condition or results of operations. The Company cannot assure you that it will prevail in any litigation. Regardless of the outcome, any litigation may require the Company to incur significant litigation expense and may result in significant diversion of management attention.

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.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 of this Quarterly Report on Form 10-Q. You should also 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 2012 and our 2011 Form 10-K, which was filed on February 24, 2012, 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 are a provider of Internet infrastructure services. By leveraging our global infrastructure, we provide network confidence and availability for mission-critical Internet services, such as domain name registry services and infrastructure assurance services. Our service capabilities enable domain name registration through registrars and provide network availability for registrars and Internet users alike.

Our business consists of one reportable segment, Naming Services, which consists of Registry Services and Network Intelligence and Availability ("NIA") Services. Registry Services is the registry operator for all *.com*, *.net*, *.cc*, *.tv*, and *.name* domain names and also operates the back-end systems for all *.gov*, *.jobs* and *.edu* domain names. As of June 30, 2012, we had approximately 118.5 million domain names registered under the *.com* and *.net* registries, our principal registries. The number of domain names registered is largely driven by continued growth in online advertising, e-commerce, and the number of Internet users, which is partially driven by greater availability of broadband, as well as advertising and promotional activities carried out by us and third-party registrars. Although growth in absolute number of registrations remains greatest in the U.S., growth on an annual percentage basis is expected to be greatest in markets outside of the U.S. over the long-term. NIA Services provides infrastructure assurance services to organizations and is comprised of Verisign iDefense Security Intelligence Services, Managed Domain Name System Services, and Distributed Denial of Service Protection Services. Revenues from NIA Services are not significant in relation to our consolidated revenue.

Business Highlights and Trends

- On June 23, 2012, the board of directors of Internet Corporation of Assigned Names and Numbers ("ICANN") approved the renewal of our agreement to serve as the authoritative registry operator for the *.com* registry for the term commencing on December 1, 2012, through November 30, 2018. Our board of directors approved the renewal of the *.com* registry agreement on June 16, 2012. The U.S. Department of Commerce (the Department) is now reviewing the renewal of the *.com* registry agreement under the terms of the Cooperative Agreement between the Department and Verisign.
- We recorded revenues of $214.1 million and $419.9 million during the three and six months ended June 30, 2012, respectively. This represents an increase of 13% in both the three and six months ended June 30, 2012, as compared to the same periods in 2011. The increase was primarily due to an 8% year-over-year increase in active domain names ending in *.com* and *.net* and increases in our *.com* and *.net* registry fees in July 2010 and January 2012.
- We recorded operating income of $107.0 million and $205.9 million during the three and six months ended June 30, 2012, respectively, an increase of 30% and 40%, respectively, as compared to the same periods last year. The increase was primarily due to an increase in our revenues as well as a reduction in restructuring expenses and general and administrative expenses as we realize the effect of post-divestiture cost savings.
- We repurchased 1.9 million and 3.7 million shares, respectively, of our common stock under the 2010 Share Buyback Program for an aggregate cost of $76.1 million and $144.5 million, respectively, during the three and six

months ended June 30, 2012.

- We generated cash flows from operating activities of $245.2 million during the six months ended June 30, 2012, an increase of 138% as compared to the same period last year. The increase was primarily due to the payment of $100.0 million of contingent interest to the holders of our Convertible Debentures during 2011 and an increase in cash received from customers resulting from revenue growth in 2012, partially offset by an increase in income taxes paid.
- We purchased $1.1 billion of marketable securities during the six months ended June 30, 2012. Substantially all of the marketable securities purchased in 2012 consisted of U.S. Treasury bills with maturities of less than one year.

Pursuant to our agreements with ICANN, Verisign makes available on its website at www.verisigninc.com/zone files containing all active domain names registered in the *.com* and *.net* registries. On July 26, 2012, at the same website address, Verisign began making available a summary of the number of active domain names registered in the *.com* and *.net* registries and the number of *.com* and *.net* domain names that are registered but are not configured for use. These files and the related summary data will be updated at least once per day. The update times may vary each day. The summary data provided on the website includes domain names that, at the time of publication, were recently purchased and subject to a five day grace period during which the domain names may be deleted and a credit may be issued to a registrar (the “add grace period”). The number of active domain names subject to the add grace period is typically immaterial. The numbers provided in this Form 10-Q are the numbers as of midnight of the date reported, include domain names registered but not configured for use, and do not include domain names subject to the add grace period and therefore cannot be compared to the summary posted on our website. Information available on, or accessible through, this website is not incorporated herein by reference.

Results of Operations

The following table presents information regarding our results of operations as a percentage of revenues:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	100 %	100 %	100 %	100 %
Costs and expenses:				
Cost of revenues	20	21	20	22
Sales and marketing	12	12	13	12
Research and development	7	7	7	7
General and administrative	11	15	11	17
Restructuring charges	—	2	—	2
Total costs and expenses	50	57	51	60
Operating income	50	43	49	40
Interest expense	(6)	(59)	(6)	(33)
Non-operating (loss) income, net	(1)	3	—	3
Income (loss) from continuing operations before income taxes	43	(13)	43	10
Income tax (expense) benefit	(11)	8	(11)	—
Income (loss) from continuing operations, net of tax	32	(5)	32	10
(Loss) income from discontinued operations, net of tax	—	(1)	1	(2)
Net income (loss)	32 %	(6)%	33 %	8 %

Revenues

Revenues related to our Registry Services are primarily derived from registrations for domain names in the *.com*, *.net*, *.cc*, *.tv*, *.name*, *.gov*, and *.jobs* domain name registries. Revenues from *.cc*, *.tv*, *.name*, *.gov*, and *.jobs* are not significant in relation to our consolidated revenue. For domain names registered with the *.com* and *.net* registries, we receive a fee from third-party registrars per annual registration that is fixed pursuant to our agreements with ICANN. Individual customers, called registrants, contract directly with third-party registrars or their resellers, and the third-party registrars in turn register the *.com*, *.net*, *.cc*, *.tv*, *.name* and *.jobs* domain names with Verisign. Changes in revenues are driven largely by increases in the number of new domain name registrations and the renewal rate for existing registrations, in each case as impacted by continued growth in online advertising, e-commerce, and the number of Internet users, which is partially driven by greater availability of broadband, as well as advertising and promotional activities carried out by us and third-party registrars. On January 15, 2012, we increased our *.com* domain name registration fees by 7% from $7.34 to $7.85 and *.net* domain name registration fees by 10% from $4.65 to $5.11. We have the contractual right to increase the fees for *.net* domain name registrations by up to 10% each year during the term of our *.net* agreement with ICANN through June 30, 2017. We offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate. We are largely insulated from the risk posed by fluctuations in exchange rates due to the fact that all revenues paid to us for *.com* and *.net* registrations are in U.S. dollars. Revenues from NIA Services are not significant in relation to our total consolidated revenue.

A comparison of revenues is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2012	% Change	2011	2012	% Change	2011
	(Dollars in thousands)					
Revenues	$ 214,142	13%	$ 189,844	$ 419,868	13%	$ 371,367

The following table compares domain names ending in *.com* and *.net* managed by our Registry Services business:

	June 30, 2012	% Change	June 30, 2011
Active domain names ending in *.com* and *.net*	118.5 million	8%	109.9 million

Our revenues increased by $24.3 million and $48.5 million during the three and six months ended June 30, 2012, as compared to the same periods last year, primarily due to an 8% year-over-year increase in the number of domain names ending in *.com* and *.net* and increases in our *.com* and *.net* registry fees in July 2010 and January 2012 as per our agreements with ICANN.

The growth in the number of active domain names was primarily driven by continued Internet growth and new domain name promotional programs. We expect to see continued growth in the number of active domain names in 2012 as a result of further Internet growth. In addition, we expect to see continued growth internationally in both *.com* and *.net* domain name bases, especially in markets that we have targeted through our marketing programs. According to published reports, Google recently changed its search algorithm and pay-per-click advertising policies to provide less compensation for certain types of websites. This could make such websites less profitable and result in fewer domain registrations and renewals. We believe that some first time renewing websites affected by this change did not renew during the second quarter. We expect revenues to increase in fiscal 2012 as compared to fiscal 2011 as a result of continued growth in the number of active domain names ending in *.com* and *.net* and implementation of the price increase which became effective in January 2012 as domain names are renewed at the increased price.

During the first half of 2012, ICANN began the application process for new gTLDs, including new IDN gTLDs. The application period closed in May 2012, and new registration opportunities are expected to be available beginning in 2013. We applied directly for 14 new gTLDs including 12 transliterations of *.com* and *.net*. In addition, applicants for approximately 220 new gTLDs selected us to provide back-end registry services. We cannot predict whether we will be successful in becoming the registry for all or any of these gTLDs or whether any of the 220 applications for which we would serve as the back-end service provider will be successful, and whether there will be any delays in ICANN's approval process.

We cannot assess the impact, if any, the introduction of these new gTLDs will have on our revenues and results of operations. See Item 1A. “Risk Factors—We may face additional competition, operational and other risks from the introduction of new TLDs by ICANN, which could have a material adverse effect on our business and results of operations,” of this Form 10-Q.

Geographic revenues

We generate revenue in the U.S.; Australia, China, India and other Asia Pacific countries (“APAC”); Europe, the Middle East and Africa (“EMEA”); and certain other countries including Canada and Latin American countries.

The following table presents a comparison of our geographic revenues:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2012	% Change	2011	2012	% Change	2011
	(Dollars in thousands)					
U.S.	$ 129,180	12%	$ 115,800	$ 255,107	12%	$ 227,183
EMEA	33,176	14%	29,171	63,845	12%	56,771
APAC	32,311	21%	26,625	63,414	23%	51,684
Other	19,475	7%	18,248	37,502	5%	35,729
Total revenues	$ 214,142		$ 189,844	$ 419,868		$ 371,367

Revenues are generally attributed to the country of domicile and the respective regions in which our registrars are located.

Revenues from each of the respective regions increased during the three and six months ended June 30, 2012, as compared to the same period last year, primarily driven by an increase in the number of domain names ending in *.com* and *.net* and increases in our *.com* and *.net* registry fees in July 2010 and January 2012. The increase in the number of domain names ending in *.com* and *.net* was driven by continued Internet growth and domain name promotional programs. Mature markets such as the U.S., where broadband and e-commerce have seen strong market penetration, are expected to see decreasing incremental growth rates reflecting the maturing of the markets. We expect to see larger increases in certain international regions, resulting from greater broadband and Internet penetration and expanding e-commerce as electronic means of payments are increasingly adopted.

Cost of revenues

Cost of revenues consist primarily of salaries and employee benefits expenses for our personnel who manage the operational systems, depreciation expenses, operational costs associated with the delivery of our services, fees paid to ICANN, customer support and training, consulting and development services, costs of facilities and computer equipment used in these activities, telecommunications expense and allocations of indirect costs such as corporate overhead.

A comparison of cost of revenues is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2012	% Change	2011	2012	% Change	2011
	(Dollars in thousands)					
Cost of revenues	$ 42,844	5%	$ 40,667	$ 84,100	3%	$ 81,536

Cost of revenues increased during the three months ended June 30, 2012, as compared to the same period last year, due to increases in a variety of expenses, none of which were individually significant.

Cost of revenues increased during the six months ended June 30, 2012, as compared to the same period last year, due to increases in salary and employee benefits expenses and direct cost of revenues, partially offset by a decrease in depreciation expenses. Salary and employee benefits expenses increased by $1.9 million due to an increase in the average headcount to support our Registry Services business and continued growth of our NIA Services business, partially offset by a decrease in stock-based compensation due to additional vested RSUs granted to option holders during the six months ended June 30, 2011 as they did not participate in the May 2011 and December 2010 special cash dividends. Direct cost of revenues increased by $1.5 million, primarily due to an increase in the *.tv* registry fees required to be paid in the renewed *.tv* registry agreement, which took effect beginning in 2012. Depreciation expenses decreased by $2.2 million due to the acceleration of depreciation on an abandoned software project in the six months ended June 30, 2011 and a change in the estimated useful lives of computer hardware and equipment assets from three years to four years beginning in 2012.

We expect cost of revenues as a percentage of revenues to decrease during the remainder of 2012 compared to the six months ended June 30, 2012 due to revenue growth resulting from the increase in *.com* and *.net* registry fees in January 2012 and our continued focus on effectively managing our expenses.

Sales and marketing

Sales and marketing expenses consist primarily of salaries, sales commissions, sales operations and other personnel-related expenses, travel and related expenses, gTLD application costs, trade shows, costs of lead generation, costs of computer and communications equipment and support services, facilities costs, consulting fees, costs of marketing programs, such as online, television, radio, print and direct mail advertising costs, and allocations of indirect costs such as corporate overhead.

A comparison of sales and marketing expenses is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2012	% Change	2011	2012	% Change	2011
	(Dollars in thousands)					
Sales and marketing	$ 26,313	19%	$ 22,179	$ 54,128	21%	$ 44,570

Sales and marketing expenses increased during the three months ended June 30, 2012, as compared to the same period last year, due to increases in salary and employee benefits expenses and advertising expenses. Salary and employee benefits expenses increased by $1.9 million due to an increase in the average headcount related to growth in the NIA Services sales and marketing teams and the expansion of the international marketing team for our Registry Services business. Advertising expenses increased by $2.5 million due to increases in product marketing initiatives promoting our Registry Services business.

Sales and marketing expenses increased during the six months ended June 30, 2012, as compared to the same period last year, due to increases in salary and employee benefits expenses, advertising expenses, fees paid to ICANN for gTLD applications and allocated overhead expenses. Salary and employee benefits expenses increased by $3.4 million due to an increase in the average headcount related to growth in the NIA Services sales and marketing teams and the expansion of the international marketing team for our Registry Services business partially offset by a decrease in stock-based compensation due to additional vested RSUs granted to option holders during the six months ended June 30, 2011 as they did not participate in the May 2011 and December 2010 special cash dividends. Advertising expenses increased by $3.0 million due to increases in product marketing initiatives promoting our Registry Services business. During the six months ended June 30, 2012, we incurred fees of $2.6 million related to applications for new gTLDs. Allocated overhead expenses increased by $1.5 million due to an increase in the relative headcount of the sales and marketing function compared to other functions.

We expect sales and marketing expenses as a percentage of revenues to decrease during the remainder of 2012 compared to the six months ended June 30, 2012 due to revenue growth resulting from the increase in *.com* and *.net* registry fees in January 2012 and our continued focus on effectively managing our expenses.

Research and development

Research and development expenses consist primarily of costs related to research and development personnel, including salaries and other personnel-related expenses, consulting fees, facilities costs, computer and communications equipment, support services used in our service and technology development, and allocations of indirect costs such as corporate overhead.

A comparison of research and development expenses is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2012	% Change	2011	2012	% Change	2011
	(Dollars in thousands)					
Research and development	$ 15,461	18%	$ 13,074	$ 30,226	13%	$ 26,668

Research and development expenses increased during the three months ended June 30, 2012, as compared to the same period last year, primarily due to increases in salary and employee benefits expenses. Salary and employee benefits expenses increased by $1.5 million due to an increase in average headcount to support the development of our DNS infrastructure and new services partially offset by a decrease in stock-based compensation due to additional vested RSUs granted to option holders during the three months ended June 30, 2011 as they did not participate in the May 2011 special cash dividend.

Research and development expenses increased during the six months ended June 30, 2012, compared to the same period last year, primarily due to increases in salary and employee benefits expenses and contract and professional services expenses, partially offset by an increase in capitalized labor. Salary and employee benefits expenses increased by $2.9 million due to an increase in average headcount to support the development of our DNS infrastructure and new services partially offset by a decrease in stock-based compensation due to additional vested RSUs granted to option holders during the six months ended June 30, 2011 as they did not participate in the May 2011 and December 2010 special cash dividends. Contract and professional services increased by $1.7 million primarily to support projects in our NIA Services business. Capitalized labor increased by $1.7 million due to an increase in the volume of work performed on internally developed software projects.

We expect research and development expenses as a percentage of revenues to increase during the remainder of 2012 compared to the six months ended June 30, 2012 as we further invest in the development of our product portfolio.

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, costs of facilities, computer and communications equipment, management information systems, support services, professional services fees, certain tax and license fees, and bad debt expense, offset by allocations of indirect costs such as facilities and shared services expenses to other cost types.

A comparison of general and administrative expenses is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2012	% Change	2011	2012	% Change	2011
	(Dollars in thousands)					
General and administrative	$ 22,726	(19)%	$ 28,206	$ 46,234	(25)%	$ 61,835

General and administrative expenses decreased during the three months ended June 30, 2012, as compared to the same period last year primarily due to decreases in salary and employee benefits expenses and contract and professional services expenses. These decreases were partially offset by an increase in miscellaneous expenses. Salary and employee benefits expenses decreased by $7.0 million, including a $3.3 million decrease in stock-based compensation, as a result of reduced headcount in corporate support functions subsequent to the divestiture of the Authentication Services business. Stock-based compensation expenses decreased due to additional vested RSUs granted to option holders during the three months ended June 30, 2011 as they did not participate in the May 2011 special cash dividend. Contract and professional services expenses decreased by $2.1 million due to reductions in consulting services expenses. Miscellaneous expenses increased due to the release of $5.9 million of liabilities related to non-income tax expenses as a result of the lapse of the statutes of limitations during the three months ended June 30, 2011.

General and administrative expenses decreased during the six months ended June 30, 2012, as compared to the same period last year primarily due to decreases in salary and employee benefits expenses, contract and professional services expenses, occupancy expenses and an increase in overhead costs allocated to other cost types. These decreases were partially offset by an increase in miscellaneous expenses. Salary and employee benefits expenses decreased by $14.1 million, including a $6.1 million decrease in stock-based compensation, as a result of reduced headcount in corporate support functions subsequent to the divestiture of the Authentication Services business. Stock-based compensation expenses decreased due to additional vested RSUs granted to option holders during the six months ended June 30, 2011 as they did not participate in the May 2011 and December 2010 special cash dividends. Contract and professional services expenses decreased by $2.8 million due to reductions in consulting services expenses. Occupancy expenses decreased by $2.3 million as we exited certain facilities in Mountain View, California and Dulles, Virginia during 2011 as part of the relocation of our corporate headquarters. Overhead expenses allocated to other cost types increased by $2.9 million due to a decrease in the relative headcount of the general and administrative function compared to other functions subsequent to the divestiture of the Authentication Services business. Miscellaneous expenses increased due to the release of $5.9 million of liabilities related to non-income tax expenses as a result of the lapse of the statutes of limitations during the six months ended June 30, 2011.

We expect general and administrative expenses as a percentage of revenue to decrease during the remainder of 2012 compared to the six months ended June 30, 2012 due to revenue growth resulting from the increase in *.com* and *.net* registry fees in January 2012 and our continued focus on effectively managing our expenses.

Restructuring charges

Restructuring charges in the three and six months ended June 30, 2012 decreased from the same periods of the prior year as we substantially completed our 2010 Restructuring Plan during the fourth quarter of 2011.

Interest expense

See Note 8, "Interest Expense" of our Notes to Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

Non-operating (loss) income, net

See Note 9, "Non-operating (loss) income, net" of our Notes to Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

Income tax expense

See Note 10, "Income Taxes" of our Notes to Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

(Loss) Income from discontinued operations, net of tax

Income from discontinued operations before income taxes for the six months ended June 30, 2012 primarily represents the reversal of certain retained liabilities related to the prior operations of a divested business. Losses from discontinued operations before income taxes for the three and six months ended June 30, 2011 primarily represent the effects of certain retained litigation of the divested businesses. Income tax expense for discontinued operations for the six months ended June 30, 2011 includes a $2.9 million discrete charge attributable to a change in the purchase price allocation prepared for income tax purposes related to the divestiture of the Authentication Services business.

Liquidity and Capital Resources

In summary, our cash flows for the six months ended June 30, 2012 and 2011 are as follows:

	Six Months Ended June 30,	
	2012	2011
	(In thousands)	
Net cash provided by operating activities	$ 245,249	$ 103,236
Net cash (used in) provided by investing activities	(1,116,330)	294,886
Net cash used in financing activities	(125,550)	(740,870)
Effect of exchange rate changes on cash and cash equivalents	(1,097)	3,285
Net decrease in cash and cash equivalents	$ (997,728)	$ (339,463)

Cash flows from operating activities

Our largest source of operating cash flows is cash collections from our customers. Our primary uses of cash from operating activities are for personnel related expenditures, and other general operating expenses, as well as payments related to taxes and facilities.

Net cash provided by operating activities in the six months ended June 30, 2012 increased due to an increase in cash received from customers which resulted from revenue growth compared to the same period last year and a reduction in interest paid as a result of the $100.0 million of contingent interest paid to holders of our Convertible Debentures in May 2011. This increase was partially offset by an increase in payments for income taxes during the six months ended June 30, 2012 compared to the same period of last year.

Cash flows from investing activities

The changes in cash flows from investing activities primarily relate to purchases, maturities and sales of marketable securities, and purchases of property and equipment.

The changes in cash (used in) provided by investing activities in the six months ended June 30, 2012 compared to the same period last year was due to an increase in purchases of marketable securities and a decrease in the proceeds from sales of marketable securities.

Cash flows from financing activities

The changes in cash flows from financing activities primarily relate to borrowings from our credit facility, stock repurchases, stock option exercises, our employee stock purchase plan ("ESPP"), excess tax benefits from stock-based compensation, and dividend payments.

Net cash used in financing activities decreased primarily due to the payment of a special cash dividend in May 2011 and a decrease in the amount of share repurchases made during the six months ended June 30, 2012 compared to the same period of the prior year and an increase in realized excess tax benefits from exercises of stock options and vesting of RSUs, partially offset by a decrease in proceeds from stock option exercises and our ESPP.

Other Liquidity and Capital Resources Information

	June 30, 2012	December 31, 2011
	(In thousands)	
Cash and cash equivalents	$ 315,621	$ 1,313,349
Marketable securities	1,122,397	32,860
Total	$ 1,438,018	$ 1,346,209

As of June 30, 2012, our principal source of liquidity was $315.6 million of cash and cash equivalents and $1.1 billion of marketable securities. The marketable securities consist of debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies meeting the criteria of our investment policy, which is focused on the preservation of our capital through investment in investment grade securities. The cash equivalents consist mainly of amounts deposited in money market funds.

The $1.1 billion of marketable securities held as of June 30, 2012 consist primarily of U.S. Treasury bills that were purchased during the second quarter of 2012 using funds held by foreign subsidiaries. All of the U.S. Treasury bills purchased have contractual maturities of less than one year. Approximately $30.1 million of marketable securities held as of June 30, 2012 have contractual maturities between one year and three years. Our cash and cash equivalents are readily accessible. For additional information on our investment portfolio, see Note 2, “Cash, Cash Equivalents, and Marketable Securities,” of our Notes to Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

As of June 30, 2012, the amount of cash and cash equivalents and marketable securities held by foreign subsidiaries was $1.2 billion. Our intent is to permanently reinvest outside of the U.S. those funds held by foreign subsidiaries that have not been previously taxed in the U.S. Currently, we do not anticipate that we will need funds that were generated from foreign operations to fund our domestic operations. In the event funds from foreign operations are needed to fund operations in the U.S. and if U.S. tax has not already been previously provided, we would be required to accrue and pay additional U.S. taxes in order to repatriate these funds.

We believe existing cash, cash equivalents and marketable securities, together with funds generated from operations should be sufficient to meet our working capital, capital expenditure requirements, and to service our debt for the next 12 months. 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

During the six months ended June 30, 2012, we purchased $1.1 billion of marketable securities that consisted primarily of U.S. Treasury bills with maturities of less than one year. Due to the short maturity and credit quality of these investments, we do not believe there has been a significant change in our market risk exposure since December 31, 2011.

ITEM 4. CONTROLS AND PROCEDURES

Based on our management’s evaluation, with the participation of our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), as of June 30, 2012, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

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, 2012 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Inherent Limitations of Disclosure Controls and Internal Control over Financial Reporting

Because of their inherent limitations, our disclosure controls and procedures and 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 effectiveness of our disclosure controls and procedures and our internal control over financial reporting is subject to risks, including that the control 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

The information set forth under "Legal Proceedings" in Note 11, "Contingencies," of our Notes to Condensed Consolidated Financial Statements in Part I, Item 1, of this Quarterly Report on Form 10-Q is incorporated herein by reference.

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 and in other filings we make with the SEC.

Risks relating to our business

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:

- current global economic and financial conditions as well as their impact on e-commerce, financial services, and the communications and Internet industries;
- volume of new domain name registrations and customer renewals;
- the long sales and implementation cycles for, and potentially large order sizes of, some of our services and the timing and execution of individual customer contracts;
- our success in direct marketing and promotional campaigns;
- in the case of our Registry Services business, any changes to the scope and success of marketing efforts by third-party registrars;
- market acceptance of our services by our existing customers and by new customers;
- customer renewal rates and turnover of customers of our services, and in the case of our Registry Services business, the customers of the distributors of our services;
- continued development of our distribution channels for our products and services, both in the U.S. and abroad;
- the impact of price changes in our products and services or our competitors' products and services;
- the impact of decisions by distributors to offer competing or replacement products or modify or cease their marketing practices;
- the availability of alternatives to our products;
- seasonal fluctuations in business activity;
- changes in marketing expenses related to promoting and distributing our services or services provided by third-party registrars or their resellers;
- potential attacks, including hacktivism, by nefarious actors, which could threaten the perceived reliability of our products and services;
- potential attacks on the service offerings of our distributors, such as distributed denial-of-service ("DDoS") attacks, which could limit the availability of their service offerings and their ability to offer our products and services;
- changes in policies regarding Internet administration imposed by governments or governmental authorities outside the U.S.;
- potential disruptions in regional registration behaviors due to catastrophic natural events or armed conflict;
- changes in the level of spending for information technology-related products and services by our customers; and
- the uncertainties, costs and risks as a result of the sale of our Authentication Services business, including costs related to our transition services agreements and any retained liability related to existing and future claims or retained litigation.

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 continue to be adversely affected as a result of unfavorable market, economic, social and political conditions.

An unstable global economic, social and political environment may have a negative impact on demand for our services, our business and our foreign operations, including the ongoing hostilities in the Middle East, natural disasters, the eurozone crisis and the U.S. economic environment. The economic, social and political environment has or may negatively impact, among other things:

- our customers' continued growth and development of their businesses and our customers' ability to continue as going concerns or maintain their businesses, which could affect demand for our products and services;
- current and future demand for our services, including decreases as a result of reduced spending on information technology and communications by our customers;
- price competition for our products and services;
- the price of our common stock;
- our liquidity;
- our ability to service our debt, to obtain financing or assume new debt obligations;
- our ability to obtain payment for outstanding debts owed to us by our customers or other parties with whom we do business; and
- our ability to execute on any share repurchase plans.

In addition, to the extent that the economic, social and political environment impacts specific industry and geographic sectors in which many of our customers are concentrated, that may further negatively impact our business. If the market, economic, social and political conditions in the U.S. and globally do not improve, or if they further deteriorate, we may experience material adverse impacts on our business, operating results and financial position as a consequence of the above factors or otherwise.

The operation of our business depends on numerous factors.

The successful operation of our business depends on numerous factors, many of which are not entirely under our control, including, but not limited to, the following:

- the use of the Internet and other IP networks, and the extent to which domain names and the DNS are used for e-commerce and communications;
- changes in customer behavior, Internet platforms, mobile devices and web-browsing patterns;
- growth in demand for our services;
- the competition for any of our services;
- the perceived security of e-commerce and communications over the Internet;
- the perceived security of our services, technology, infrastructure and practices;
- the loss of customers through industry consolidation or customer decisions to deploy in-house or competitor technology and services;
- our continued ability to maintain our current, and enter into additional, strategic relationships;
- our ability to successfully market our services to new and existing distributors and customers;
- our success in attracting, integrating, training, retaining and motivating qualified personnel;
- our response to competitive developments;
- the successful introduction, and acceptance by our current or new customers, of new products and services, including our NIA Services;
- potential disruptions in regional registration behaviors due to catastrophic natural events and armed conflict;
- seasonal fluctuations in business activity;
- our ability to implement remedial actions in response to any attacks by nefarious actors; and
- the successful introduction of enhancements to our services to address new technologies and standards, alternatives to our products and services and changing market conditions.

Issues arising from our agreements with ICANN, the DOC and the GSA could harm our Registry Services business.

We are parties to agreements (i) with the DOC with respect to certain aspects of the DNS, (ii) with ICANN and the DOC as the exclusive registry of domain names within the *.com* gTLD and (iii) with ICANN with respect to being the exclusive registry for the *.net* and *.name* gTLDs.

We face risks arising from our agreements with ICANN and the DOC, including the following:

- the *.com* Registry Agreement may not renew when it expires in 2012, which could have a material adverse effect on our business;

- ICANN could adopt or promote policies, procedures or programs that are unfavorable to us as the registry operator of the *.com*, *.net* and *.name* gTLDs, that are inconsistent with our current or future plans, or that affect our competitive position;
- under certain circumstances, ICANN could terminate one or more of our agreements to be the registry for the *.com*, *.net* or *.name* gTLDs and the DOC could refuse to grant its approval to the renewal of the *.com* Registry Agreement, which, in the case of the *.com* and *.net* Registry Agreements, 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;
- under certain circumstances, the GSA could terminate our agreement to be the registry for the *.gov* gTLD, which could have a material adverse impact on how the Registry Services business is perceived; and
- our Registry Services business faces, and could continue to face, legal or other challenges resulting from our activities or the activities of registrars and registrants, and any adverse outcome from such matters could have a material adverse effect on our business.

In addition, under the *.com*, *.net* and *.name* Registry Agreements, as well as the Cooperative Agreement with the DOC, we are prohibited from holding a greater than 15% ownership interest in any ICANN accredited registrar. This prohibition on cross-ownership currently applies to all eighteen ICANN gTLDs, but does not apply to ccTLDs. ICANN has adopted a proposal to allow the operators of new gTLDs to also own, be owned 100% by, or otherwise be affiliated with, a registrar. The impact of these changes to the distribution channel is uncertain but could have a material adverse effect on our business. In addition, ICANN has also adopted a procedure pursuant to which an operator of one of the existing eighteen ICANN gTLDs can apply to remove the cross-ownership restrictions with respect to new, but not existing gTLDs. If Verisign were to seek removal of the cross-ownership restriction with respect to new gTLDs, it is uncertain whether ICANN and/or the DOC approval would be obtained.

Substantially all of our revenue is derived from our Registry Services business.

Our Registry Services business, which derives most of its revenues from registration fees for domain names, generates substantially all of our revenue. If there is a disruption in the Registry Services business, including any disruption from changes in the domain name industry, changes in or challenges to our agreements with ICANN, including any changes resulting from legal challenges to these agreements, changes in customer preferences, a downturn in the economy or changes in technology related to the use of domain names, there may be a material adverse effect on our business and results of operations. In addition, a failure of the DOC to approve the renewal of the *.com* Registry Agreement prior to the expiration of its current term on November 30, 2012 could have a material adverse effect on our business.

Challenges to Internet administration could harm our Registry Services business.

Risks we face from challenges by third parties, including governmental authorities in the U.S. and other countries, to our role in the ongoing operation 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 DNS administration; and
- some governments and governmental authorities outside the U.S. have in the past disagreed, and may in the future disagree, with the actions, policies or programs of ICANN, the U.S. Government and us relating to the DNS. The Affirmation of Commitments established several multi-party review panels and contemplates a greater involvement by foreign governments and governmental authorities in the oversight and review of ICANN. These periodic review panels may take positions that are unfavorable to Verisign.

As a result of these and other risks, it may be difficult for us to introduce new services in our Registry Services business and we could also be subject to additional restrictions on how this business is conducted, which may not also apply to our competitors.

Our international operations subject our business to additional economic risks that could have an adverse impact on our revenues and business.

As of June 30, 2012, we had 129, or 12%, of our employees outside the U.S. Expansion into international markets has required and will continue to require significant management attention and resources. We may also need to tailor some of our 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 new international markets or expand our presence in existing markets. Failure to do so could harm our business. Moreover, local laws and customs in many countries differ significantly from those in the U.S. 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 U.S. law or regulations applicable to us. There can be no assurance that all of our employees, contractors and agents will not take actions in violation of such policies, procedures, laws and/or regulations. Violations of laws, regulations 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 services and could have a material adverse effect on our business. In addition, we face 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, enforcing our contracts and compliance with foreign laws;
- 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 a small portion of our international revenues are not always denominated in U.S. dollars and some of our costs are denominated in foreign currencies;
- high costs associated with repatriating profits to the U.S.;
- potential problems associated with adapting our services to technical conditions existing in different countries;
- difficulty of verifying customer information;
- political instability;
- failure of foreign laws to protect our U.S. proprietary rights adequately;
- more stringent privacy policies in some foreign countries;
- additional vulnerability from terrorist groups targeting U.S. interests abroad;
- seasonal reductions in business activity;
- potentially conflicting or adverse tax consequences; and
- reliance on third parties in foreign markets in which we only recently started doing business.

We are exposed to risks faced by financial institutions.

The hedging transactions we have entered into expose us to credit risk in the event of default by one of our counterparties. Despite the risk control measures we have in place, a default by one of our counterparties, or liquidity problems in the financial services industry in general, could have a material adverse effect on our business, financial condition and results of operations.

Our marketable securities portfolio could experience a decline in market value, which could materially and adversely affect our financial results.

As of June 30, 2012, we had $1.4 billion in cash, cash equivalents, marketable securities and restricted cash, of which $1.1 billion was invested in marketable securities. The marketable securities consist of debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies meeting the criteria of our investment policy, which is focused on the preservation of our capital through the investment in investment grade securities. We currently do not use derivative financial instruments to adjust our investment portfolio risk or income profile.

These investments, as well as any cash deposited in bank accounts, are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by unusual events, such as the eurozone crisis and the U.S. debt ceiling crisis, which have affected various sectors of the financial markets and led to global credit and liquidity issues. Over the past several years, the volatility and disruption in the global credit market reached unprecedented levels. If the global credit market deteriorates further, our investment portfolio may be impacted and we could determine that some of our investments have experienced an other-than-temporary decline in fair value, requiring an impairment charge which could adversely impact our financial results.

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

Application of new and existing laws and regulations to the Internet and communications industry can be unclear. The costs of complying or failing to comply with these laws and regulations could limit our ability to operate in our current 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, financial condition, results of operations, and our ability to conduct business in certain foreign countries. For example, laws designed to restrict who can register domain names, the on-line distribution of certain materials deemed harmful to children, on-line gambling (especially as we consider providing NIA Services and Registry Services to this sector), counterfeit goods, and cybersquatting; laws designed to require registrants to provide additional documentation or information in connection with domain name registrations; and laws designed to promote cyber security may impose significant additional costs on our business or subject us to additional liabilities. We have contracts pursuant to which we provide services to the U.S. government and even though these contracts are immaterial, they impose compliance costs, including compliance with the Federal Acquisition Regulation, which could be significant to the Company.

Due to the nature of the Internet, it is possible that state or foreign governments 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, affect our reputation, force us to change our business practices or otherwise materially harm our business. In addition, any such new laws could impede growth of or result in a decline in domain name registrations, as well as impact the demand for our services.

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 non-regulated basis. Root zone servers are name servers that contain authoritative data for the very top of the DNS hierarchy. These servers have the software and data needed to locate name servers that contain authoritative data for the top-level domains. These root zone servers are critical to the functioning of the Internet. Consequently, our Registry Services business could be harmed if these independent 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 the independent operators fails to include or provide accessibility to the data that it maintains in the root zone servers that it controls, or presents inconsistent data for the top-level domains.

Changes in customer behavior, either as a result of evolving technologies or user practices, may impact the demand for domain names.

Currently, Internet users navigate to a website either by directly typing its domain name into a web browser or through the use of a search engine. If (i) web browser or Internet search technologies were to change significantly; (ii) Internet search engines changed the value of their algorithms on the use of a domain for finding a website; (iii) Internet users' preferences or practices were to shift away from direct navigation; (iv) Internet users were to increase the use of web and phone applications to locate and access content; or (v) Internet users were to increase the use of second or third level domains or alternate identifiers, such as social networking and microblogging sites, in each case the demand for domain names could decrease.

Changes in the level of spending on on-line advertising and/or the way that on-line networks compensate owners of websites could impact the demand for domain names.

Some domain name registrars and registrants seek to generate revenue through advertising on their websites; changes in the way these registrars and registrants are compensated (including changes in methodologies and metrics) by advertisers and advertisement placement networks, such as Google and Yahoo!, could adversely affect the market for those domain names favored by such registrars and registrants resulting in a decrease in demand and/or the renewal rate for those domain names. For example, according to published reports, Google recently changed its search algorithm and pay-per-click advertising policies to provide less compensation for certain types of websites. This could make such websites less profitable and result in fewer domain registrations and renewals. In addition, as a result of the general economic environment, spending on on-line advertising and marketing may not increase as projected or may be reduced, which in turn, may result in a further decline in the demand for those domain names.

Changes in state taxation laws and regulations may discourage the registration or renewal of domain names for e-commerce.

Many Internet merchants are not currently required to pay sales or other similar taxes in respect of shipments of goods into most states. However, state taxation laws and regulations may change in the future and one or more states may seek to impose sales tax collection obligations on out-of-state companies that engage in online commerce. The enactment of any such law in any state may impair the growth of e-commerce and discourage the registration or renewal of domain names for e-commerce.

Consolidation or changes in ownership or management among third-party registrars could result in reduced marketing efforts or other operational changes that could harm our Registry Services business.

Third-party registrars utilize substantial marketing efforts to increase the demand and/or renewal rates for domain names. Consolidation in the registrar industry or changes in ownership or management among individual registrars could result in significant changes to their business, operating model and cost structure. Such changes could include reduced marketing efforts or other operational changes that could adversely impact the demand and/or the renewal rates for domain names. Our Registry Services business, which generates substantially all of our revenue, derives most of its revenues from registrations and renewals of domain names, and decreased demand for and/or renewals of domain names could cause a material adverse effect on our business and results of operations.

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

Services as complex as those we offer or develop could contain undetected defects or errors. Despite testing, defects or errors may occur in our existing or new services, which could result in compromised customer data, 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.

If we encounter system interruptions or failures, 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;
- attacks, including hacktivism, by hackers or nefarious actors;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism, terrorist attacks and other events beyond our control;
- State suppression of Internet operations; and
- any failure to implement effective and timely remedial actions in response to any damage or interruption.

Most of our systems are located at, and most of our customer information is stored in, our facilities in New Castle, Delaware; Dulles, Virginia; and Fribourg, Switzerland. To the extent we are unable to partially or completely switch over to primary alternate or tertiary sites, 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, we do not carry insurance or financial reserves for interruptions or potential losses arising from terrorism.

In addition, our Registry Services business and certain of our other 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 beyond our scope of control.

A failure in the operation of our top-level domain name zone servers, the domain name root zone servers, or other events could result in the deletion of one or more domain names from the Internet for a period of time or a misdirection of a domain name to a different server. In the event that a registrar has not implemented back up services recommended by us in conformance with industry best practices, 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 also 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 or a misdirection of a domain name to a different server. Any of these problems or outages could decrease customer satisfaction, harming our business or resulting in adverse publicity that could adversely affect the market's perception of the security of e-commerce and communications over the Internet as well as of the security or reliability of our services.

In addition, a failure in our NIA Services could have a negative impact on our reputation and our business could suffer.

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

We retain certain customer and employee 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. The Company, as an operator of critical infrastructure, is frequently targeted and experiences a high rate of attacks. These include the most sophisticated form of attacks, such as advanced persistent threat (“APT”) attacks and zero-hour threats, which means that the threat is not compiled or has been previously unobserved within our observation and threat indicators space until the moment it is launched, making these attacks virtually impossible to anticipate and difficult to defend against. The Shared Registration System, the domain name root zone servers and top-level domain name zone servers that we operate are critical hardware and software to our Registry Services operations. We expend significant time and money on 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 nefarious actors or similar disruptive problems, including hacktivism. 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, customers could be reluctant to use our services and we could be at risk for loss of various security and standards-based compliance certifications needed for certain of our businesses, all or any of which could adversely affect our reputation and harm our business. Such an occurrence could also result in adverse publicity and therefore adversely affect the market's perception of the security of e-commerce and communications over the Internet as well as of the security or reliability of our services.

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 in part on our internally developed technologies and 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 U.S. 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. Additionally, we have filed patent applications with respect to certain of our technology in the U.S. Patent and Trademark Office and patent offices outside the U.S. Patents may not be awarded with respect to these applications and even if such patents are awarded, such patents may not provide us with sufficient protection of our intellectual property. 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 attention 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 would suffer if we lost the rights to use certain of these technologies. Additionally, another 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 harm our business.

We rely on the strength of our Verisign brand to help differentiate ourselves in the marketing of our products. Dilution of the strength of our brand could harm our business. We are at risk that we will be unable to register, build equity in, or enforce the new logo for the Company.

We could become subject to claims of infringement of intellectual property of others, which could be costly to defend and 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. It is possible that we could become subject to additional claims for infringement of the intellectual property of third parties. The international use of the Company's logo could present additional potential risks for third party claims of infringement. Any claims, with or without merit, could be time consuming, result in costly litigation and diversion of technical and management personnel attention, cause delays in our business activities generally, or require us to develop a non-infringing logo or 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 was made against us, we could be required to pay damages or have portions of our business enjoined. If we could not identify and adopt an alternative non-infringing logo, 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 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 could become involved in claims, lawsuits or investigations that may result in adverse outcomes.

In addition to possible intellectual property litigation and infringement claims, we may become involved in other claims, lawsuits and investigations. Such proceedings may initially be viewed as immaterial but could prove to be material. Litigation is inherently unpredictable, and excessive verdicts do occur. Adverse outcomes in lawsuits and investigations could result in significant monetary damages, including indemnification payments, or injunctive relief that could adversely affect our ability to conduct our business and may have a material adverse effect on our financial condition and results of operations. Given the inherent uncertainties in litigation, even when we are able to reasonably estimate the amount of possible loss or range of loss and therefore record an aggregate litigation accrual for probable and reasonably estimable loss contingencies, the accrual may change in the future due to new developments or changes in approach. In addition, such investigations, claims and lawsuits could involve significant expense and diversion of management's attention and resources from other matters.

We must establish and maintain strategic, channel 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, including in international markets. 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 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, any changes by our distributors to their existing marketing strategies could have a material adverse effect on our business. Similarly, if one or more of our distributors were to encounter financial difficulties, or if there were a significant reduction in marketing expenditures by our distributors (including registrars), as a result of industry consolidation or otherwise, it could have a material adverse effect on our business, including a decrease in domain name registrations and renewals. Failure of one or more of our strategic, channel or other 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 existing relationships or to enter into additional relationships, this could harm our business.

The success of our NIA Services depends in part on the acceptance of our services.

We are investing in our NIA Services, and the future growth of these services depends, in part, on the commercial success, acceptance, and reliability of our NIA Services. These services will suffer if our target customers do not adopt or use these services. We are not certain that our target customers will choose our NIA Services or continue to use these services even after adoption.

We rely on third parties to provide products which are incorporated in our NIA Services.

The NIA Services incorporate and rely on third party hardware and software products, many of which have unique capabilities. If Verisign was unable to procure these third party products, the NIA Services may malfunction, not perform as well as they should perform, not perform as well as they have been performing or not perform as planned, and our business could suffer.

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 be harmed.

Our Registry Services and NIA Services businesses are developing services in emerging markets, including services that involve naming and directory services other than registry and related infrastructure services. These emerging markets are rapidly evolving, may never gain wide acceptance and may not grow. Even if these markets grow, our services may not be widely accepted. Accordingly, the demand for our services in these markets is very uncertain. The factors that may affect market acceptance of our services in these markets 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 devices;
- the ability of the Internet infrastructure to accommodate increased levels of usage; and
- government regulations affecting Internet access and availability, e-commerce and telecommunications over the Internet.

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

We depend on key employees to manage our business effectively and have experienced changes in our senior management team, and we may face difficulty in attracting and retaining full-time, qualified leaders.

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 employees, both in the U.S. and abroad.

During the second quarter of 2012, our Board appointed George E. Kilguss, III as Senior Vice President and Chief Financial Officer, effective May 14, 2012. During the period of transition following the commencement of Mr. Kilguss' employment, there may be operational inefficiencies as Mr. Kilguss becomes familiar with our business and operations.

We have anti-takeover protections that may discourage, 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 (“Board”). These provisions include:

- our stockholders may take action only at a duly called meeting and not by written consent;
- special meetings of our stockholders may be called only by the chief executive officer, the president or our Board, and cannot be called by our stockholders;
- 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;
- vacancies on our Board can be filled until the next annual meeting of stockholders by majority vote of the members of the Corporate Governance and Nominating Committee, or a majority of directors then in office if no such committee exists, or a sole remaining director; and
- our Board has the ability to designate the terms of and issue new series of preferred stock without stockholder approval.

We have also adopted a stockholder rights plan that may discourage, delay or prevent a change of control or the acquisition of a substantial block of our common stock and may make any future unsolicited acquisition attempt more difficult. The rights plan is scheduled to expire in September 2012. Under the rights plan:

- The rights will generally become exercisable if a person or group acquires 20% or more of our outstanding common stock (unless such transaction is approved by our Board) and thus becomes an “acquiring person.”
- Each right, when exercisable, will entitle the holder, other than the “acquiring person,” to acquire shares of our common stock at a 50% discount to the then-prevailing market price.
- As a result, the rights plan will cause substantial dilution to a person or group that becomes an “acquiring person” on terms that our Board does not believe are in our best interests and those of our stockholders and may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares.

In addition, Section 203 of the General Corporation Law of Delaware prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns or within the last three years has owned 15% or more of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless in the same transaction the interested stockholder acquired 85% ownership of our voting stock (excluding certain shares) or the business combination is approved in a prescribed manner. Section 203 therefore may impact the ability of an acquirer to complete an acquisition of us after a successful tender offer and accordingly could discourage, delay or prevent an acquirer from making an unsolicited offer without the approval of our Board.

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 U.S. 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.

A significant portion of our foreign earnings for the current fiscal year were earned by our Swiss subsidiaries. Our effective tax rate could fluctuate significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates.

Various legislative proposals that would reform U.S. corporate tax laws have been proposed by the Obama administration as well as members of Congress. We are unable to predict whether these or other proposals will be implemented. We have not yet determined whether, or the extent to which, these proposals will ultimately impact us.

Our inability to indefinitely reinvest our foreign earnings could materially adversely affect our results of operations.

Deferred income taxes are not provided on most of the undistributed earnings of our foreign subsidiaries because these earnings are intended to be indefinitely reinvested and we do not plan to initiate any action that would precipitate the payment of income taxes thereon. We consider the following matters, among others, in evaluating our plans for indefinite reinvestment: the forecasts, budgets and financial requirements of the parent and subsidiaries for both the long and short term; the tax consequences of a decision to reinvest; and any U.S. and foreign government programs designed to influence remittances. If factors change and as a result we are unable to indefinitely reinvest the foreign earnings, the income tax expense and payments may differ significantly from the current period and could materially adversely affect our results of operations.

We are subject to the risks of owning real property.

We own the land and building in Reston, Virginia, which constitutes our headquarters facility. Ownership of this property, as well as our data centers in Sterling, Virginia and New Castle, Delaware, may subject us to risks, including:

- adverse changes in the value of the properties, due to interest rate changes, changes in the commercial property markets, or other factors;
- ongoing maintenance expenses and costs of improvements;
- the possible need for structural improvements in order to comply with zoning, seismic, disability law, or other requirements;
- the possibility of environmental contamination and the costs associated with fixing any environmental problems; and
- possible disputes with neighboring owners, service providers or others.

Risks relating to the competitive environment in which we operate

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.

General: 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 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.

Competition in Registry 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 *.info*, *.org*, *.mobi*, *.biz*, *.pro*, *.aero*, *.museum*, *.coop* and *.xxx* gTLDs and registries offering services related to ccTLDs. ICANN currently has registry agreements with 16 registries for the operation of 18 gTLDs. In addition, there are over 250 Latin script ccTLD registries and 38 IDN ccTLD registries. Furthermore, under our agreements with ICANN, we are subject to certain restrictions in the operation of *.com*, *.net* and *.name* on pricing, bundling, methods of distribution and use of registrars that do not apply to ccTLDs and therefore may create a competitive disadvantage. If other registries launch marketing campaigns for new or existing TLDs, including forms of marketing campaigns that we are prohibited from running under the terms of our agreements with ICANN, which result in registrars giving other TLDs greater prominence on their websites, advertising or marketing materials, we could be at a competitive disadvantage and our business could suffer.

We also face competition from service providers that offer outsourced domain name registration, resolution and other DNS services to organizations that require a reliable and scalable infrastructure. Among the competitors are Neustar Inc., Afilias Limited, ARI Registry Services and Nominet UK, Inc. In addition, to the extent end-users navigate using search engines or social media, as opposed to direct navigation, we may face competition from search engine operators such as Google Inc., Microsoft Corporation, and Yahoo! Inc., operators of social networks such as Facebook, and operators of microblogging tools such as Twitter. Furthermore, to the extent end-users increase the use of web and phone applications to locate and access content, we may face competition from providers of such web and mobile applications.

Competition in Network Intelligence and Availability Services: Several of our current and potential competitors have longer operating histories and/or 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, we may experience difficulty establishing or increasing demand for our products and services or distributing our products successfully.

We face competition in the network intelligence and availability services industry from companies or services such as iSight Partners, Security Services X-Force Threat Analysis Service, Secunia ApS, Dell SecureWorks, McAfee, Inc., Prolexic Technologies, Inc., AT&T Inc., Verizon Communications, Inc., Dyn, Inc.'s Dynect Platform, NeuStar Ultra Services, OpenDNS, BlueCat Networks, Inc., Infoblox Inc., Nominum, Inc. and Afilias Limited.

We may face additional competition, operational and other risks from the introduction of new TLDs by ICANN, which could have a material adverse effect on our business and results of operations.

Additional competition to our business may arise from the introduction of new TLDs by ICANN. ICANN announced the introduction of new gTLDs, which include IDN gTLDs. On October 30, 2009, ICANN approved a fast track process for the awarding of new IDN ccTLDs and such new IDN ccTLDs have started to be introduced into the root. On June 13, 2012, ICANN announced it received 1930 applications to operate over 1400 new gTLDs, with new registration opportunities expected to be available beginning in 2013. We do not yet know the impact, if any, that these new domain extensions may have on our business, including if or how the introduction of these new gTLDs will affect registrations for *.com* and *.net* and therefore have a material adverse effect on our business and results of operations.

Applicants for new gTLDs include companies which may have greater financial, marketing and other resources than we do, including companies that are existing competitors as well as domain name registrars and new entrants into the domain name industry. Furthermore, ICANN will allow the operators of new gTLDs to also own, be owned 100% by or otherwise affiliated with a registrar, whereas we are currently prohibited by our agreements with ICANN and the DOC from owning more than 15% of a registrar. As a result, operators of new gTLDs may be able to obtain competitive advantages through such vertical integration. ICANN has also approved a process pursuant to which an operator of an existing gTLD could apply to become a registrar with respect to a new gTLD; however, it is uncertain whether ICANN and/or the DOC would approve the necessary changes to Verisign's existing agreements to allow us to vertically integrate with respect to new gTLDs, in which case, we may be at a competitive disadvantage.

We have applied for 14 gTLDs, including 12 IDN gTLDs. There is no certainty that we will ultimately be successful, and even if we are successful in obtaining one or more of these new domain extensions, there is no guarantee that such extensions will be any more successful than the domain name extensions obtained by our competitors. Similarly, while we have entered into agreements to provide back-end registry services to other applicants for approximately 220 new gTLDs, there is no guarantee that such applicants with which we have entered into agreements will be successful in obtaining one or more of these new domain extensions or that such domain extensions will be successful. Furthermore, our agreements to provide back-end registry services directly to other applicants and indirectly through reseller relationships expose us to operational and other risks. For, example, the increase in the number of gTLDs for which we provide registry services on a standalone basis or as a back-end service provider could further increase costs or increase the frequency or scope of targeted attacks from nefarious actors. Finally, IDN TLDs face additional challenges in that current desktop software does not ubiquitously recognize IDN TLDs and may be slow to adopt standards even if demand for such products is strong.

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

The Internet and communications network services industries are characterized by rapid technological change and frequent new product and service announcements which require us continually to improve the performance, features and reliability of our services, particularly in response to competitive offerings or alternatives to our products and services. In order to remain competitive and retain our market share, 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 and practices, or launch entirely new products and services in anticipation of, or in response to, market trends. We cannot assure you that we will be able to adapt to these challenges or anticipate 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.

Risks related to the sale of our Authentication Services business and the completion of our divestitures

We face risks related to the terms of the sale of the Authentication Services business.

Under the agreement reached with Symantec for the sale of our Authentication Services business (the "Symantec Agreement"), we agreed to several terms that may pose risks to us, including the potential for confusion by the public with respect to Symantec's right to use certain of our trademarks, brands and domain names, as well as the risk that current or potential investors in or customers of the Company may incorrectly attribute to the Company problems with Symantec products or services that currently use the VERISIGN brand pursuant to a license granted by the Company to Symantec. Any such confusion may have a negative impact on our reputation, our brand and the market for our products and services. In addition, we may determine that certain assets transferred to Symantec could have been useful in our Naming Services businesses or in other future endeavors, requiring us to forego future opportunities or design or purchase alternatives which could be costly and less effective than the transferred assets. Further, we may not be able to achieve the full strategic and financial benefits we expect from the sale of our Authentication Services business.

Under the terms of the Symantec Agreement, we have licensed rights to certain of our domain name registrations to Symantec. We are at risk that our customers will go to a URL for a licensed domain name and be unable to locate our Registry or NIA Services. In addition, we will continue to maintain the registration rights for the domain names licensed to Symantec for which Symantec has sole control over the displayed content, and we may be subject to claims of infringement if Symantec posts content that is alleged to infringe the rights of a third party.

We continue to be responsible for certain liabilities and transition services following the divestiture of certain businesses.

Under the agreements reached with the buyers of certain divested businesses, including the Authentication Services business, we remain liable for certain liabilities related to the divested businesses. In addition, we have entered into, and may in the future amend or extend, a transition services agreement with Symantec in connection with the divestiture of the Authentication Services business. These transition services may be required for a longer period of time than anticipated by management, and currently, we are obligated to provide the transition services at a fixed price, but our actual costs to provide such services may exceed the fees Symantec is contractually obligated to pay.

There is a possibility that we will incur unanticipated costs and expenses associated with management of liabilities relating to the businesses we have divested, including requests for indemnification by the buyers of the divested businesses. These liabilities could potentially relate to (i) breaches of contractual representations and warranties we gave to the buyers of the divested businesses, or (ii) certain liabilities relating to the divested businesses that we retained under the agreements reached with the buyers of the divested businesses. Such liabilities could include certain litigation matters, including actions brought by third parties. Where responsibility for such liabilities is to be contractually allocated to the buyer or shared with the buyer or another party, it is possible that the buyer or the other party may be in default for payments for which they are responsible, obligating us to pay amounts in excess of our agreed-upon share of those obligations.

Following the divestiture of certain businesses, our ability to compete in certain market sectors is restricted.

Under the agreements reached with buyers for certain businesses we divested, including the Authentication Services business, we are restricted from competing, either directly or indirectly, with those businesses or from entering certain market sectors for a defined period of time pursuant to negotiated non-compete arrangements.

Risks related to our securities

We have a considerable number of common shares subject to future issuance.

As of June 30, 2012, we had one billion authorized common shares, of which 156.7 million shares were outstanding. In addition, of our authorized common shares, 18.7 million common shares were reserved for issuance pursuant to outstanding equity and employee stock purchase plans ("Equity Plans"), and 36.4 million shares were reserved for issuance upon conversion of the 3.25% junior subordinated convertible debentures due 2037 (the "Convertible Debentures"). As a result, we keep substantial amounts of our common stock available for issuance upon exercise or settlement of equity awards outstanding under our Equity Plans and/or the conversion of Convertible Debentures into our common stock. Issuance of all or a large portion of such shares would be dilutive to existing security holders, could adversely affect the prevailing market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities.

Our financial condition and results of operations could be adversely affected if we do not effectively manage our liabilities.

As a result of the sale of the Convertible Debentures, we have a substantial amount of long-term debt outstanding. In addition to the Convertible Debentures, we have a Facility with a borrowing capacity of $200.0 million. As of June 30, 2012, we had borrowed $100.0 million under the Facility. The availability of borrowing capacity under the Facility allows us immediate access to working capital if we identify opportunities for the use of this cash. Our maintenance of substantial levels of debt could adversely affect our flexibility to take advantage of corporate opportunities. The Facility is described in Note 7, "Debt and Interest Expense," of the Notes to Consolidated Financial Statements of our 2011 Form 10-K.

We may not have the ability to repurchase the Convertible Debentures in cash upon the occurrence of a fundamental change, or to pay cash upon the conversion of Convertible Debentures.

As a result of the sale of the Convertible Debentures, we have a substantial amount of long-term debt outstanding. Holders of our outstanding Convertible Debentures will have the right to require us to repurchase the Convertible Debentures upon the occurrence of a fundamental change as defined in the Indenture dated as of August 20, 2007 (the "Indenture") between the Company and U.S. Bank National Association, as Trustee. Although, in certain situations, the indenture requires us to pay this repurchase price in cash, we may not have sufficient funds to repurchase the Convertible Debentures in cash or have the ability to arrange necessary financing on acceptable terms or at all. In addition, upon conversion of the Convertible Debentures, we will be permitted, if we so elect, to make cash payments to the holders of the Convertible Debentures based on the conversion value (as defined in the Indenture) of the Convertible Debentures being converted. Such payments could be significant, and we may not have sufficient funds to make them at such time. If our Convertible Debentures become currently redeemable or convertible for cash or other assets at the end of any fiscal period, we will be required to reclassify the carrying value of the debt component to current liabilities and the corresponding carrying value of the equity component to temporary equity on the balance sheet for that period.

A fundamental change may also constitute an event of default or prepayment under, or result in the acceleration of the maturity of, our then-existing indebtedness. Our ability to repurchase the Convertible Debentures in cash or make any other required payments may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to repurchase the Convertible Debentures when required would result in an event of default with respect to the Convertible Debentures.

While we currently have the intent and ability to settle the principal in cash, if we conclude that we no longer have the ability, in the future, we will be required to change our accounting policy for earnings per share from the treasury stock method to the if-converted method. Earnings per share will most likely be lower under the if-converted method as compared to the treasury stock method.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents the share repurchase activity during the three months ended June 30, 2012:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)
	(Shares in thousands)			
April 1 – 30, 2012	447	$38.92	447	$745.6 million
May 1 – 31, 2012	761	40.16	761	715.0 million
June 1 – 30, 2012	700	$40.19	700	$686.9 million
	1,908		1,908	

(1) On July 27, 2010, the Board of Directors authorized the repurchase of up to approximately $1.1 billion of Verisign's common stock, in addition to the $393.6 million of its common stock remaining available for repurchase under the previous 2008 Share Buyback Program, for a total repurchase of up to $1.5 billion of its common stock (collectively, the "2010 Share Buyback Program"). The 2010 Share Buyback Program has no expiration date. Purchases made under the 2010 Share Buyback Program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions.

ITEM 6. 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	Employment Offer Letter between the Registrant and George E. Kilguss, III dated April 20, 2012. +
10.02	Letter Agreement between the Registrant and George E. Kilguss, III dated June 28, 2012. +
10.03	VeriSign, Inc. 2006 Equity Incentive Plan Form of Non-Employee Director Restricted Stock Unit Agreement. +
31.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a).
31.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a).
32.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). *
32.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). *
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

\+ Indicates a management contract or compensatory plan or arrangement

* 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 SEC and are not incorporated by reference in any filing of VeriSign, Inc. under the Securities Act of 1933 or the Securities Exchange 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.

Date: July 27, 2012	By:	/s/ D. James Bidzos
		D. James Bidzos
		Chief Executive Officer
Date: July 27, 2012	By:	/s/ George E. Kilguss, III
		George E. Kilguss, III
		Chief Financial Officer

Exhibit 10.01

VERISIGN

April 13, 2012

12061 Bluemont Way
Reston, VA 20190
t: 703-948-3200

VerisignInc.com

Mr. George E. Kilguss, III
3321 Grant Valley Road
Atlanta, GA 30305

Dear George:

On behalf of VeriSign, Inc. ("Verisign" or the "Company"), I am pleased to offer you a regular full-time position as **Senior Vice President**, **Chief Financial Officer**, reporting to me. Below are details of the offer:

1. **Start Date:** On or before May 14, 2012.
2. **Annual Base Salary: $375,000** (paid in bi-weekly installments subject to Verisign's regular payroll practices).
3. **Annual Bonus:** You will be eligible to receive a discretionary annual bonus based on individual and Company performance and subject to the terms and conditions of the Verisign Performance Plan ("VPP"), as may be amended from time to time. Your target bonus percentage will be **60%** of your annual base salary, subject to proration based on your hire date and as otherwise explained in the VPP.
4. **Equity Grants:**
   - **a. Restricted Stock Units ("RSUs"):** I will recommend to the Compensation Committee of the Verisign Board of Directors (the "Compensation Committee") that you be granted time vested RSUs covering **40,000**shares of Verisign common stock, such grant subject to the terms and conditions of the Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan (the "Plan"), the corresponding RSU agreement, and any related documents. The grant date will be the date of your commencement of employment as Senior Vice President, Chief Financial Officer (the "Grant Date"). This award will fully vest over a period of four years from the Grant Date with 25% vesting on each annual anniversary of the Grant Date, provided that you are employed by Verisign or one of its direct or indirect subsidiaries on that particular date. We recommend that you consult with your tax advisor regarding tax treatment of RSUs.

b. **Performance-Based RSUs:** Subject to the below, I will recommend to the Compensation Committee that you be granted performance-based RSUs of Verisign common stock, the target amount of which is performance based RSUs covering **40,000** shares of Verisign common stock, and subject to the terms and conditions of the Plan, the corresponding performance-based RSU agreement, and any related documents. Please note that the above number of RSUs represents a target amount. The actual number of performance-based RSUs that will be earned is based on achievement of the 2012 VPP performance measures. The RSUs earned may range from 0% to 150% of target based on the final certified performance results of the 2012 VPP and the corresponding funding multiplier. Any performance-based RSUs earned under this Section 4.b. will fully vest over a period of four years from the Grant Date with 25% vesting upon certification of the achievement of the performance measures by the Compensation Committee and receipt of an unqualified signed opinion from the Company's independent registered public accounting firm regarding the financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, and thereafter 25% subsequently vesting on each annual anniversary of the Grant Date starting in 2014, provided that you are employed by Verisign or one of its direct or indirect subsidiaries on each of those dates. Performance-based RSUs are not "earned" until the above events occur and they vest according to the above schedule.

c. **Stock Retention Policy:** You will be required to comply with Verisign's Stock Retention Policy, a copy of which is attached to this offer letter as Exhibit A.

5. **Benefits, Vacation, and Holidays:** You will be eligible to participate in the employee benefit programs available to similarly situated Verisign employees in the U.S. (including medical, dental, and life), as may be in effect from time to time, subject to the terms and conditions of the relevant plans and Verisign policies. In addition, new employees currently accrue up to 18 days of paid time off per year, as outlined in Verisign's policies, and Verisign currently observes 11 paid holidays per year.

6. **Change-In-Control Agreement:** You will be eligible to enter into the Amended and Restated Change-In-Control and Retention Agreement, approved by the Compensation Committee on April 26, 2011, which is attached hereto as Exhibit B.

7. **Confidentiality Agreement and Background Check:** Please note that this offer is also contingent upon: (a) you signing and returning Verisign's standard Assignment of Invention, Nondisclosure and Nonsolicitation Agreement ("Confidentiality Agreement"), a copy of which is attached as Exhibit C; (b) you providing evidence of your legal right to work in the United States as required by the U.S. Citizenship and Immigration Services; and (c) successful clearance of your background check. To the extent permitted by applicable law, such background check may include, among other things, an identity check, investigation of your educational, employment, and credit history, department of motor vehicle and criminal records check, drug testing, an investigation to determine whether you have been "statutorily disqualified," as such term is defined in Section 3(a)(39) of the Securities Exchange Act of 1934 (as amended), and satisfactory review of any non-competition restriction. From time to time, you may be required to redo the background check, such as if required by a customer for legitimate business reasons.

8. **At-Will Employment:** If you accept this offer, you will be employed on an at-will basis, which means that the employment relationship can be terminated at any time by either party, with or without cause or notice. Any change to the at-will nature of employment can only be made by a written amendment to this offer letter, approved by the Verisign Board of Directors, which expressly states that your employment is no longer at-will. As an employee, you will be expected to review and comply with all Verisign policies, including, without limitation, our Code of Conduct and Human Resources policies available on our intranet.

9. **Relocation Assistance:** Provided you execute Verisign's standard Relocation Repayment Agreement, a copy of which is attached as Exhibit D, you will be eligible to receive relocation reimbursement for costs incurred within one year from the commencement of your employment up to **$150,000**, subject to Verisign's U.S. Domestic Relocation Policy and repayment terms, a copy of which is attached as Exhibit E. Should you voluntarily terminate your employment with Verisign for any reason within one year from the commencement of your employment, you will be required to reimburse Verisign the relocation expenses on a 12-month pro-rated basis.

10. **Taxes**: All payments and vesting events outlined in this offer letter will be less applicable deductions and withholdings.

11. **Integrated Agreement**: The offer letter and its accompanying Exhibits A-E, once accepted by you and Verisign, will constitute the entire agreement between you and Verisign concerning the subject matter therein and will supersede any prior or contemporaneous agreements, promises, representations, or understandings, whether written or verbal, or express or implied. The agreement may not be modified in any material respect absent a writing signed by an authorized representative of Verisign.

To accept this offer, please sign below and return the original offer letter, the signed Exhibits A through E, and the additional enclosed documents in the return envelope, and please keep a copy for your records. This offer will expire one week after it is provided to you.

Our new hire orientation meetings are conducted weekly. The meeting time is approximately two hours and begins at 9:00 a.m. EST. Brian Mann will contact you after I receive your signed offer letter to confirm a date for your new hire orientation.

Verisign is the trusted provider of Internet infrastructure services for the networked world. Billions of times each day, Verisign helps companies and consumers all over the world connect between the dots. We hope you will join our team and help Verisign to achieve its goals!

Sincerely,

VERISIGN, INC.		ACCEPTED:
BY:	/s/ D. James Bidzos	/s/ George E. Kilguss, III
	D. James Bidzos	**(Signature)**
	Executive Chairman, President & CEO	**Date: 4-20-12**

EXHIBIT A
STOCK RETENTION POLICY

Stock Retention Policy
For VeriSign Board of Directors and Certain Officers
Effective August 1, 2009
(amended July 26, 2011)

1. **Introduction.** The Compensation Committee of the Board of Directors believes that certain of the Company's officers and members of the Board should retain long-term ownership of common stock of the Company received as incentive compensation to further align their interests with the long-term interests of the Company's stockholders. To further that goal, the Compensation Committee has adopted this Stock Retention Policy effective as of August 1, 2009 (the "***Effective Date***"). References to "Stock Retention Policy" shall include Rules of Administration adopted in accordance with Section 4 below.

2. **Covered Individuals.** This Stock Retention Policy applies to each of the Company's employees at the Senior Vice President level and above ("***Officers***"), and the members of the Company's Board of Directors ("***Directors***") as of the Effective Date and to each individual who shall become an Officer or Director after the Effective Date.

3. **Covered Awards.** This Stock Retention Policy applies to all equity compensation awards outstanding as of the Effective Date under any of the Company's equity plans and all future equity compensation awards granted under any Company equity plan as such plans may exist from time to time. With respect to any individual who becomes an Officer or Director after the Effective Date, this Stock Retention Policy shall apply to all equity compensation awards held by such individual on the date he or she becomes an Officer or Director and to all equity compensation awards received thereafter. The equity compensation awards described in this paragraph constitute the "***Covered Awards***" for purposes of this Stock Retention Policy. The term "equity compensation awards" shall include stock options (excluding options under VeriSign's employee stock purchase plans), stock appreciation rights, restricted and unrestricted stock awards, restricted and unrestricted stock units, performance shares, performance units, or any other stock-based incentive awards that are granted by the Company for compensatory purposes.

4. **Retention Requirement.**

- Each Officer and Director shall be required to retain, until the date that is six months after the Officer's or Director's service with the Company and its subsidiaries ceases for any reason, direct or indirect ownership of 50% of any Net Shares of Company common stock issued to or on behalf of the Officer or Director under any Covered Award.
- "***Net Shares***" means the number of issued shares of Company common stock remaining upon the exercise or settlement of a Covered Award on or after August 1, 2009, after shares are sold or netted to pay the exercise price and applicable taxes as such amount is determined by the Company. The Company's determination shall be binding upon all Officers and Directors.
- Retention of direct or indirect ownership shall be limited to direct ownership by the Officer or Director or ownership by his or her immediate family members who share the same household, whether held individually or jointly, and shares held in trust for the benefit of the Officer or Director or his or her immediate family members who share the same household. Shares subject to the retention requirement shall not be pledged, hypothecated, made subject to execution, attachment or similar process, or in any manner be made subject to a hedge transaction or puts and calls.

- There may be instances where abiding by this Stock Retention Policy may place an undue hardship on an Officer or Director, though it is anticipated that such instances will be rare. The Compensation Committee may in its sole discretion, which it may withhold, waive or develop an alternative to this Stock Retention Policy for an Officer or Director that reflects the intent of this Stock Retention Policy and the Officer or Director's personal circumstances. The Compensation Committee shall make such a determination after receipt of a written request from the Officer or Director requesting the waiver and specifying the reasons therefor. There shall be no time limit on when the Committee may consider the request. The retention requirement shall terminate immediately upon death of the Officer or Director.
- Subject to Compensation Committee approval, the Company's stock plan administration personnel may establish such rules of administration ("***Rules of Administration***") as they determine to be appropriate or desirable to implement and enforce this Stock Retention Policy. Such Rules of Administration shall be binding upon Officers and Directors and may only be waived or an alternative substituted in accordance with this Section 4.

5. Modification. The Compensation Committee reserves the right to modify or terminate this Stock Retention Policy and/or any Rules of Administration at any time if it determines in its sole discretion that such action would be in the best interests of the Company.

EXHIBIT B

AMENDED AND RESTATED CHANGE-IN-CONTROL AND RETENTION AGREEMENT

AMENDED AND RESTATED CHANGE-IN-CONTROL

AND RETENTION AGREEMENT

This Amended and Restated Change-in-Control and Retention Agreement (the "Agreement") is made and entered into as of _________________, 2011, by and between VeriSign, Inc., a Delaware corporation, and ___________(the "Executive").

RECITALS

WHEREAS, the Executive is a key employee of the Company who possesses valuable proprietary knowledge of the Company, its business and operations and the markets in which the Company competes;

WHEREAS, the Company draws upon the knowledge, experience, expertise and advice of the Executive to manage its business for the benefit of the Company's stockholders;

WHEREAS, the Company desires to standardize its executive Change-in-Control arrangements;

WHEREAS, the Company recognizes that if a Change-in-Control were to occur, the resulting uncertainty regarding the consequences of such an event could adversely affect the performance of, and the Company's ability to attract and retain, its key employees, including the Executive;

WHEREAS, the Company believes that the existence of this Agreement will serve as an incentive to Executive to remain in the employ of the Company and to be focused and motivated to work to maximize the value of the Company for the benefit of its stockholders, and would enhance the Company's ability to call on and rely upon Executive if a Change-in-Control were to occur; and

WHEREAS, the Company and the Executive desire to enter into this Agreement to encourage the Executive to continue to devote the Executive's full attention and dedication to the success of the Company, and to provide specified compensation and benefits to the Executive in the event of a Termination Upon Change-in-Control pursuant to the terms of this Agreement.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. PURPOSE

The purpose of this Agreement is to provide specified compensation and benefits to the Executive in the event of Termination Upon Change-in-Control of Executive. Subject to the terms of any applicable written employment agreement between Company and the Executive, either the Executive or Company may terminate the Executive's employment at any time for any reason.

2. TERMINATION UPON CHANGE OF CONTROL

In the event of the Executive's Termination Upon Change-in-Control, the Executive shall be entitled to the benefits described below in this Section 2. In addition if during the twenty-four (24) months following a Change-in-Control Executive dies, or terminates employment due to Disability, then Executive, or Executive's estate or designated beneficiary, shall receive the benefits provided under Section 2.3 below.

2.1 Prior Obligations.

2.1.1 Accrued Salary and Vacation. A lump sum payment of all salary and accrued vacation earned through the Termination Date.

2.1.2 Accrued Bonus. A lump sum payment of any earned and unpaid bonus from the prior fiscal year previously awarded by the Company.

2.1.3 Expense Reimbursement. Upon submission of proper expense reports by the Executive, the Company shall reimburse the Executive for all expenses incurred by the Executive, consistent with past practices, in connection with the business of the Company prior to the Executive's Termination Date.

2.1.4 Employee Benefits. Benefits, if any, under any 401(k) plan, nonqualified deferred compensation plan, employee stock purchase plan and other Company benefit plans under which the Executive may be entitled to benefits, payable pursuant to the terms of such plans.

2.2 Cash Severance Benefits. A lump sum equal to the sum of (i) a pro rata portion of Executive's target bonus for the fiscal year of the Company in which the Termination Upon Change-in-Control occurs, (ii) twelve (12) months of Executive's Base Salary, and (iii) Executive's average target bonus for the three (3) fiscal years of the Company preceding the fiscal year in which Termination Upon Change-in-Control occurs or, if Executive was employed by the Company for fewer than three (3) full fiscal years preceding the fiscal year in which the Termination Upon Change-in-Control occurs, the average target bonus for the number of full fiscal years Executive was employed by the Company prior to the Change-in-Control or the target bonus for the fiscal year in which the Termination Upon Change-in-Control occurs if the Executive was not eligible to receive a bonus from the Company during any of the prior three (3) fiscal years. This lump sum amount shall be paid no later than sixty (60) days after the Termination Date of the Termination Upon Change-in-Control.

2.3 Acceleration of Equity Awards. All then unvested and outstanding Equity Awards granted to Executive prior to the Change-in-Control shall have their vesting and exercisability accelerated in full on the Termination Date of the Termination Upon Change-in-Control; provided, however, that notwithstanding any provision in this Agreement to the contrary, if the Equity Awards held by the Executive are not assumed upon a Change-in-Control, then all such Equity

Awards shall have their vesting and exercisability accelerated in full immediately prior to the Change-in-Control regardless of whether there is a Termination Upon Change-in-Control. If the consideration to be received by stockholders of the Company in connection with the Change-in-Control consists of substantially all cash, then all such Equity Awards shall have their vesting and exercisability accelerated in full immediately prior to the Change-in-Control regardless of whether there is a Termination Upon Change-in-Control. To the extent the amount payable pursuant to an Equity Award is determined based upon performance and, at the time of acceleration, the performance period has not been completed, the amount payable pursuant to the Equity Award shall be computed by assuming performance at the target level.

2.4 Extended Insurance Benefits.

2.4.1 Benefit Continuation. If the Executive timely elects health insurance continuation coverage under COBRA, then the Company shall reimburse the COBRA premiums paid to provide health insurance coverage for Executive and Executive's dependents for the first 12 months of COBRA coverage, provided that the amount to be reimbursed shall be based on the Company's health insurance coverage as in effect for such person immediately prior to the Termination Upon Change-in-Control. The date of the "qualifying event" for the Executive and any of Executive's dependents shall be the date of the Termination Upon Change-in-Control.

2.4.2 Coverage Under Another Plan. Notwithstanding the preceding provisions of this Section 2.4, upon the Executive's becoming covered as a primary insured (that is, not as a beneficiary under a spouse's or partner's plan) under another employer's group health plan during the period provided for herein, the Executive promptly shall inform the Company and the Company's obligations under Section 2.4.1 shall cease.

3. FEDERAL EXCISE TAX UNDER SECTION 280G

If (i) any amounts payable to the Executive under this Agreement or otherwise are characterized as excess parachute payments pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) the Executive thereby would be subject to any United States federal excise tax due to that characterization, then Executive's termination benefits hereunder will be reduced to an amount so that none of the amounts payable constitute excess parachute payments if this would result, after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, in Executive's receipt on an after-tax basis of the greatest amount of termination and other benefits. The determination of any reduction required pursuant to this section (including the determination as to which specific payments shall be reduced) shall be made by a neutral party designated by the Company and such determination shall be conclusive and binding upon the Company or any related corporation for all purposes.

4. DEFINITIONS

4.1 Capitalized Terms Defined. Capitalized terms used in this Agreement shall have the meanings set forth in this Section 4, unless the context clearly requires a different meaning.

4.2 "Base Salary" means the base salary of the Executive immediately preceding the Executive's Termination Date.

4.3 "Board" means the Company's Board of Directors.

4.4 "Cause" means:

(a) Executive's willful and continued failure to substantially perform Executive's duties after written notice providing Executive with ninety (90) days from the date of Executive's receipt of such notice in which to cure;

(b) conviction of (or plea of guilty or no contest to) Executive for a felony involving moral turpitude;

(c) Executive's willful misconduct or gross negligence resulting in material harm to the Company; or

(d) Executive's willful violation of the Company's policies resulting in material harm to the Company.

4.5 "Change-in-Control" means:

(a) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")), other than a trustee or other fiduciary holding securities of the Company under an employee benefit plan of the Company or its subsidiaries, becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly (excluding, for purposes of this Section 4.5, securities acquired directly from the Company), of securities of the Company representing at least thirty-five percent (35%) of (A) the then-outstanding shares of common stock of the Company or (B) the combined voting power of the Company's then-outstanding securities;

(b) the consummation of a merger or consolidation, or series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), directly or indirectly, at least fifty (50%) percent of the combined voting power of the voting securities of the

Company or such surviving entity outstanding immediately after such merger or consolidation;

(c) a change in the composition of the Board occurring within a 24-month period, as a result of which fewer than a majority of the Directors are Incumbent Directors;

(d) the sale or disposition of all or substantially all of the Company's assets (or consummation of any transaction, or series of related transactions, having similar effect); or

(e) stockholder approval of the dissolution or liquidation of the Company.

4.6 "Company" means VeriSign, Inc. and, following a Change-in-Control, any Successor.

4.7 "Director" means a member of the Board.

4.8 "Disability" shall have the meaning given such term under Section 409A of the Code.

4.9 "Equity Award" shall mean any option, restricted stock award, restricted stock unit award, stock appreciation right or other equity award to acquire shares of the Company's common stock granted or issued to the Executive.

4.10 "Good Reason" means the occurrence of any of the following conditions, without Executive's written consent:

(a) a change in the Executive's authority, duties or responsibilities that is inconsistent in any material and adverse respect from the Executive's authority, duties and responsibilities immediately preceding the Change-in-Control;

(b) a reduction in Executive's base salary compared to Executive's base salary immediately preceding the Change-in-Control, except for an across-the-board reduction of not more than ten percent (10%) of base salary applicable to all senior executives of the Company;

(c) a reduction in Executive's bonus opportunity of five percent (5%) or more from Executive's bonus opportunity immediately preceding the Change-in-Control, except for an across-the-board reduction applicable to all senior executives of the Company;

(d) a failure to provide Executive with long-term incentive opportunities that in the aggregate are at least comparable to the long-term incentives provided to other senior executives at the Company;

(e) a reduction of at least 5% in aggregate benefits that Executive is entitled to receive under all employee benefit plans of the Company following a Change-in-Control compared to the aggregate benefits Executive was eligible to receive under all employee benefit plans maintained by the Company immediately preceding the Change-in-Control; or

(f) a requirement that Executive be based at any office location more than 40 miles from Executive's primary office location immediately preceding the Change-in-Control, if such relocation increases Executive's commute by more than ten (10) miles from Executive's principal residence immediately preceding the Change-in-Control; or

(g) the failure of the Company to obtain the assumption of this Agreement from any Successor as provided in Section 12.1 of this Agreement.

4.11 "Incumbent Directors" shall mean Directors who either (i) are Directors as of the date hereof, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

4.12 "Successor" means any successor to the Company or assignee of substantially all of the Company's business and/or assets whether or not as part of a Change-in-Control.

4.13 "Termination Date" means the effective date of any termination of Executive's employment with the Company or a Successor.

4.14 "Termination Upon Change-in-Control" means (i) during the twenty-four (24) months following the consummation of a Change-in-Control any termination of the employment of the Executive by the Company without Cause, or any resignation by the Executive for Good Reason; or (ii) any termination of the employment of the Executive by the Company without Cause occurring within six (6) months prior to the consummation of such Change-in-Control that is requested by a third party as part of such Change-in-Control. Executive must provide written notice to the Company within ninety (90) days of the existence of Good Reason and provide the Company with at least thirty (30) days to cure the circumstances giving rise to Good Reason. Notwithstanding the preceding sentences of this section and section 4.13, with respect to a termination described in (ii) of this section 4.14, (1) the effective date of the Change-in-Control shall be deemed the Termination Date for purposes of this Agreement and (2) with respect to Equity Awards, to the extent they would have otherwise terminated or been forfeited prior to the Change-in-Control as a result of the Executive's termination of employment, they shall be deemed to have continued in existence until the Change-in-Control (but without any right to exercise, settlement or additional vesting during the period of continuation).

5. RELEASE OF CLAIMS

Executive's receipt of payments and benefits under this Agreement (other than those provided pursuant to Section 2.1) is conditioned upon the delivery by Executive of a signed Termination Release Agreement in substantially the form attached hereto as Exhibit A; provided, however, that the Executive shall not be required to release any rights the Executive may have to be indemnified by the Company. Notwithstanding any provisions to the contrary herein, no benefits shall be payable pursuant to this Agreement until and unless seven days have elapsed after a signed Termination Release Agreement has been delivered (and Executive has not revoked the Termination Release Agreement during said seven day period) and such signed Termination Release Agreement is delivered no later than the 53rd day following the Termination Date. If a Termination Release Agreement is not executed and delivered by the 53rd day following the Termination Date or the Executive revokes such Termination Release Agreement, no benefits will be paid under this Agreement and the Executive will have no further rights hereunder.

6. EXCLUSIVE REMEDY

The Executive shall be entitled to no other termination, severance or change of control compensation, benefits, or other payments from the Company as a result of any Termination Upon a Change-in-Control with respect to which the payments and/or benefits described in Section 2 have been provided to the Executive, except as expressly set forth in this Agreement.

7. CONFLICT IN BENEFITS; NONCUMULATION OF BENEFITS

7.1 No Limitation of Regular Benefit Plans. Except as provided in Section 7.2 below, this Agreement is not intended to and shall not affect, limit or terminate any plans, programs or arrangements of the Company that are regularly made available to a significant number of employees or officers of the Company, including without limitation the Company's equity incentive plans.

7.2 Noncumulation of Benefits. Executive may not cumulate cash severance payments, vesting acceleration of any Equity Award or other termination benefits under this Agreement with those provided under any other written agreement with the Company and/or other plan or policy of the Company. If the Executive has any other binding written agreement or other binding arrangement with the Company that provides that upon a Change-in-Control or termination of employment the Executive shall receive benefits, then Executive must waive Executive's rights to such other benefits to receive benefits under this Agreement.

8. PROPRIETARY AND CONFIDENTIAL INFORMATION

Executive's receipt of the payments and benefits described in this Agreement are conditioned upon the Executive's acknowledgment of Executive's continuing obligation under, and Executive's agreement to abide by the terms and conditions of, the Company's Confidentiality and/or Proprietary Rights Agreement between the Executive and the Company. Accordingly, during the term of this Agreement and following any Termination Upon Change-in-Control, Executive agrees to continue to abide by the terms and conditions of the Company's Confidentiality and/or Proprietary Rights Agreement between the Executive and the Company.

9. NON-SOLICITATION/NON-COMPETITION

For a period of one (1) year following Termination Upon Change-in-Control: (i) the Executive will not solicit the services or business of any employee or consultant of the Company to discontinue that person's or entity's relationship with or to the Company without the written consent of the Company; and (ii) the Executive will not engage (whether as an employee, director, or independent contractor) in a business in which the Company or any subsidiary of the Company is engaged immediately prior to the Change-in-Control.

10. RESOLUTION OF DISPUTES THROUGH ARBITRATION OR THE COURTS

10.1 Matters Subject to Arbitration or Judicial Enforcement. Any claim, dispute or controversy arising out of this Agreement, the interpretation, validity or enforceability of this Agreement or the alleged breach thereof shall be submitted by the parties to binding arbitration by a sole arbitrator under the rules of the American Arbitration Association; provided, however, that (1) the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to the trade secrets, confidential and proprietary information or other intellectual property of the Company upon the Executive or any third party; and (2) this arbitration provision shall not preclude the Company from seeking legal and equitable relief from any court having jurisdiction with respect to any disputes or claims relating to or arising out of the misuse or misappropriation of the Company's intellectual property or breach of Executive's obligations under Sections 8 and 9 of this Agreement. Judgment may be entered on the award of the arbitrator in any court having jurisdiction.

10.2 Site of Arbitration. The site of the arbitration proceeding shall be in Virginia.

10.3 Legal Fees and Expenses. The Company shall reimburse the Executive for all reasonable legal fees and expenses that Executive incurs in connection with Executive's prosecution or defense of any breach of this Agreement unless Executive does not substantially prevail. Executive shall reimburse the Company for all reasonable legal fees and expenses that the Company incurs in connection with the Company's prosecution or defense of any breach of this Agreement unless the Company does not substantially prevail.

11. NOTICES

For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or sent by mail or courier with appropriate evidence of mailing or delivery to the courier:

(i) if to the Company: VeriSign, Inc.

21355 Ridgetop Circle

Dulles, VA 20166
Attention: General Counsel

and, (ii) if to the Executive, at the address indicated in the Executive's personnel file or such other address specified by the Executive in writing to the Company. Either party may provide the other with notices of change of address, which shall be effective upon receipt.

12. MISCELLANEOUS PROVISIONS

12.1 Heirs and Representatives of the Executive; Successors and Assigns of the Company. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devises and legatees. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the Company. The Company agrees that in connection with any Change-in-Control, it will cause any Successor unconditionally to assume by written instrument delivered to Executive (or Executive's beneficiary), all of the obligations of the Company hereunder.

12.2 No Assignment of Rights. The interest of the Executive in this Agreement or in any distribution to be made under this Agreement may not be assigned, pledged, alienated, anticipated, or otherwise encumbered (either at law or in equity) and shall not be subject to attachment, bankruptcy, garnishment, levy, execution, or other legal or equitable process. Any act in violation of this Section 12.2 shall be void.

12.3 Amendment; Waiver. Any provision of this Agreement may be modified or amended in the sole discretion of a majority of the Board; provided however that any modification or amendment detrimental to Executive shall not be effective if consummation of a Change-in-Control occurs within one year after the date of adoption of such modification or amendment. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

12.4 Entire Agreement. This Agreement represents the entire agreement and understanding between the parties as to the subject matter herein (whether oral or written and whether express or implied) and expressly supersedes any existing agreement or understanding providing for any change control, severance, termination or similar benefits by and between the Executive and the Company.

12.5 Withholding Taxes; Section 409A. All payments made under this Agreement shall be subject to reduction to reflect all federal, state, local and other taxes required to be withheld by applicable law. Notwithstanding any provision in

Section 2 to the contrary, to the extent (i) any payments to which Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with Executive's termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code, and (ii) Executive is deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment shall not be made or commence until the earliest of (i) the expiration of the six (6)-month period measured from the date of Executive's "separation from service" (as such term is at the time defined in Treasury Regulations under Section 409A of the Code) with the Company; (ii) the date of Executive's Disability; or (iii) the date of Executive's death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive's beneficiary in one lump sum.

12.6 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

12.7 Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Virginia, without regard to where the Executive has Executive's residence or principal office or where Executive performs Executive's duties hereunder.

12.8 Effective Date; Term of Agreement.

12.8.1 Effective Date. The "Effective Date" of this Agreement is ______, 2011.

12.8.2 Term of Agreement. This Agreement shall commence on the Effective Date and shall have an initial term that shall extend until August 24, 2012. Thereafter, this Agreement shall be extended automatically without further action as of August 24, 2012 and on each anniversary thereafter, for terms of one year unless at least ninety (90) days prior to any such date the Board shall notify Executive in writing of such non-renewal, such notice of non-renewal to be provided by the Board to the Executive at least ninety (90) days before the end of the then current term. If the written notice of non-renewal is not provided by the Board to the Executive before the last ninety (90) days of a term then the Agreement will not terminate until the end of the immediately subsequent term. Any termination of this Agreement shall not be effective if consummation of a Change-in-Control occurs within one year after such requested Agreement termination date. Notwithstanding the foregoing, following the occurrence of a Change-in-Control this Agreement shall terminate only at such time as all of the parties' respective obligations under this Agreement have been discharged.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

EXECUTIVE

____

[Executive Signature]

VERISIGN, INC.

By: _____________

Title:_____________

EXHIBIT A

TERMINATION RELEASE AGREEMENT

As required by the Amended and Restated Change-in-Control and Retention Agreement, dated ____________, 20__, between you and VeriSign, Inc., a Delaware corporation (the "***Change-in-Control and Retention Agreement***") to which this Termination Release Agreement (the "***Agreement***") is attached as **Exhibit A**, this Agreement sets forth below your waiver and release of claims in favor of VeriSign, Inc., and its officers, directors, employees, agents, representatives, subsidiaries, divisions, affiliated companies, successors, and assigns (collectively, the "***Company***") in exchange for the consideration provided for under the terms of the Change-in-Control and Retention Agreement.

1. GENERAL RELEASE AND WAIVER OF CLAIMS.

(a) The payments set forth in the Change-in-Control and Retention Agreement fully satisfy any and all accrued salary, vacation pay, bonus and commission pay, stock-based compensation, profit sharing, termination benefits or other compensation to which you may be entitled by virtue of your employment with the Company or your termination of employment. You acknowledge that you have no claims and have not filed any claims against the Company based on your employment with or the separation of your employment with the Company.

(b) To the fullest extent permitted by law, you hereby release and forever discharge the Company, its successors, subsidiaries and affiliates, directors, shareholders, current and former officers, agents and employees (all of whom are collectively referred to as "***Releasees***") from any and all existing claims, demands, causes of action, damages and liabilities, known or unknown, that you ever had, now have or may claim to have had arising out of or relating in any way to your employment or non-employment with the Company through the Effective Date of this Agreement (as defined in Section 10), including, without limitation, claims based on any oral, written or implied employment agreement, claims for wages, bonuses, commissions, stock-based compensation, expense reimbursement, and any claims that the terms of your employment with the Company, or the circumstances of your separation, were wrongful, in breach of any obligation of the Company or in violation of any of your rights, contractual, statutory or otherwise. Each of the Releasees is intended to be a third party beneficiary of this General Release and Waiver of Claims.

(i) <u>Release of Statutory and Common Law Claims.</u> Such rights include, but are not limited to, your rights under the following federal and state statutes: the Employee Retirement Income Security Act (ERISA) (regarding employee benefits); the Occupational Safety and Health Act (safety matters); the Family and Medical Leave Act of 1993; the Worker Adjustment and

Retraining Act (WARN) (notification requirements for employers who are curtailing or closing an operation) and common law; tort; wrongful discharge; public policy; workers' compensation retaliation; tortious interference with contractual relations, misrepresentation, fraud, loss of consortium; slander, libel, defamation, intentional or negligent infliction of emotional distress; claims for wages, bonuses, commissions, stock-based compensation or fringe benefits; vacation pay; sick pay; insurance reimbursement, medical expenses, and the like.

(ii) Release of Discrimination Claims. You understand that various federal, state and local laws prohibit age, sex, race, disability, benefits, pension, health and other forms of discrimination, harassment and retaliation, and that these laws can be enforced through the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, and similar state and local agencies and federal and state courts. You understand that if you believe your treatment by the Company violated any laws, you have the right to consult with these agencies and to file a charge with them. Instead, you have decided voluntarily to enter into this Agreement, release the claims and waive the right to recover any amounts to which you may have been entitled under such laws, including but not limited to, any claims you may have based on age or under the Age Discrimination in Employment Act of 1967 (ADEA; 29 U.S.C. Section 621 et. seq.) (age); the Older Workers Benefit Protection Act (OWBPA) (age); Title VII of the Civil Rights Act of 1964 (race, color, religion, national origin or sex); the 1991 Civil Rights Act; the Vocational Rehabilitation Act of 1973 (disability); The Americans with Disabilities Act of 1990 (disability); 42 U.S.C. Section 1981, 1986 and 1988 (race); the Equal Pay Act of 1963 (prohibits pay differentials based on sex); the Immigration Reform and Control Act of 1986; Executive Order 11246 (race, color, religion, sex or national origin); Executive Order 11141 (age); Vietnam Era Veterans Readjustment Assistance Act of 1974 (Vietnam era veterans and disabled veterans); and Virginia state statutes and local laws of similar effect.

(iii) Releasees and you do not intend to release claims which you may not release as a matter of law (including, but not limited to, indemnification claims under applicable law). To the fullest extent permitted by law, any dispute regarding the scope of this general release shall be determined by an arbitrator under the procedures set forth below.

2. Covenant Not to Sue.

(a) To the fullest extent permitted by law, you agree that you will not now or at any time in the future pursue any charge, claim, or action of any kind, nature and character whatsoever against any of the Releasees, or cause or knowingly permit any such charge, claim or action to be pursued, in any federal, state or municipal court, administrative agency, arbitral forum, or other tribunal, arising out of any of the matters covered by Section 1 above.

(b) You further agree that you will not pursue, join, participate, encourage, or directly or indirectly assist in the pursuit of any legal claims against the Releasees, whether the claims are brought on your own behalf or on behalf of any other person or entity.

(c) Nothing herein prohibits you from: (1) providing truthful testimony in response to a subpoena or other compulsory legal process, and/or (2) filing a charge or complaint with a government agency such as the Equal Employment Opportunity Commission, the National Labor Relations Board or applicable state anti-discrimination agency.

3. **Arbitration of Disputes**. Except for claims for injunctive relief arising out of a breach of the Confidentiality Agreement, you and the Company agree to submit to mandatory binding arbitration any disputes between you and the Company arising out of or relating to this Agreement. You agree that the American Arbitration Association will administer any such arbitration(s) under its National Rules for the Resolution of Employment Disputes, with administrative and arbitrator's fees to be borne by the Company. The arbitrator shall issue a written arbitration decision stating his or her essential findings and conclusions upon which the award is based. The parties agree that the arbitration award shall be enforceable in any court having jurisdiction to enforce this Agreement. This Agreement does not extend or waive any statutes of limitations or other provisions of law that specify the time within which a claim must be brought. Notwithstanding the foregoing, each party retains the right to seek preliminary injunctive relief in a court of competent jurisdiction to preserve the status quo or prevent irreparable injury before a matter can be heard in arbitration.

4. **Review of Agreement**. You may take up to twenty-one (21) days from the date you receive this Agreement, to consider whether to sign this Agreement. By signing below, you affirm that you were advised to consult with an attorney before signing this Agreement and were given ample opportunity to do so. You understand that this Agreement will not become effective until you return the original of this Agreement, properly signed by you, to the Company, Attention: General Counsel, and after expiration of the revocation period without revocation by you.

5. **Revocation of Agreement**. You acknowledge and understand that you may revoke this Agreement by sending a written notice of revocation to Attention: General Counsel, VeriSign,Inc, 21355 Ridgetop Circle, Dulles, VA 20166, any time up to seven (7) days after you sign it. After the revocation period has passed, however, you may no longer revoke your Agreement.

6. **Entire Agreement**. This Agreement and the Change-in-Control and Retention Agreement are the entire agreement between you and the Company with respect to the subject matter herein and supersede all prior negotiations and agreements, whether written or oral, relating to this subject matter. You acknowledge that neither the Company nor its agents or attorneys, made any promise or representation, express or implied, written or oral, not contained in this Agreement to induce you to execute this Agreement. You acknowledge that you have signed this Agreement voluntarily and without coercion, relying only on such promises, representations and warranties as are contained in this document and understand that you do not waive any right or claim that may arise after the date this Agreement becomes effective.

7. **Modification**. By signing below, you acknowledge your understanding that this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by another written agreement that specifically refers to this Agreement, executed by your and the Company's authorized representatives.

8. **Governing Law**. This Agreement is governed by, and is to be interpreted according to, the laws of the State of Virginia.

9. **Savings and Severability Clause**. Should any court, arbitrator or government agency of competent jurisdiction declare or determine any of the provisions of this Agreement to be illegal, invalid or unenforceable, the remaining parts, terms or provisions shall not be affected thereby and shall remain legal, valid and enforceable. Further, if a court, arbitrator or agency concludes that any claim under Section 1 above may not be released as a matter of law, the General Release in Section 1 shall otherwise remain effective as to any and all other claims.

10. **Effective Date.** The effective date of this Agreement shall be the eighth day following the date this Agreement was signed, without having been revoked within seven (7) days thereafter, by you.

PLEASE SIGN THIS AGREEMENT NO EARLIER THAN YOUR TERMINATION DATE (AS DEFINED IN THE CHANGE-IN-CONTROL AND RETENTION AGREEMENT) AND RETURN IT TO THE GENERAL COUNSEL AT THE COMPANY.

PLEASE REVIEW CAREFULLY. THIS AGREEMENT CONTAINS A RELEASE OF KNOWN AND UNKNOWN CLAIMS.

REVIEWED, UNDERSTOOD AND AGREED:

_________________________________ Date: ____________________
Executive

DO NOT SIGN PRIOR TO THE TERMINATION DATE

EXHIBIT C

ASSIGNMENT OF INVENTION, NONDISCLOSURE, AND NONSOLICITATION AGREEMENT

ASSIGNMENT OF INVENTION, NONDISCLOSURE, AND NONSOLICITATION AGREEMENT

IN CONSIDERATION OF the value of my employment and/or continued employment with VeriSign, Inc. or any of its subsidiaries or affiliated entities (hereinafter referred to collectively with its subsidiaries and affiliated entities as “Verisign”), the unique training and experience afforded to me at Verisign’s expense, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Verisign and I agree to this ASSIGNMENT OF INVENTION, NONDISCLOSURE, AND NONSOLICITATION AGREEMENT (“Agreement”) as follows:

1. PROPRIETARY INFORMATION OF VERISIGN IS NOT TO BE DISCLOSED.

(a) I agree that all information, whether or not in writing, of a non-public, private, secret or confidential nature concerning Verisign’s business, technology, business relationships, customers, or financial affairs (collectively, “Proprietary Information”) is and shall be the exclusive property of Verisign. By way of illustration, but not limitation, Proprietary Information may include inventions, products, processes, methods, algorithms, devices, techniques, formulas, compositions, compounds, projects, developments, plans, research data, clinical data, financial data, personnel data, computer programs, customer and supplier lists, and contacts at or knowledge of customers or prospective customers of Verisign

(b) I agree that all files, letters, memoranda, reports, records, data, sketches, drawings, laboratory notebooks, program listings, or other written, photographic, or other tangible material containing Proprietary Information, whether created by me or others, which shall come into my custody or possession, shall be and are the exclusive property of Verisign to be used by me only in the performance of my duties for Verisign and shall not be removed from Verisign’s premises under any circumstances without prior written authorization. All such materials or copies thereof and all tangible property of Verisign in my custody or possession shall be delivered to Verisign, upon the earlier of (i) a request by Verisign or (ii) termination of my employment. After such delivery, I shall not retain any such materials or copies thereof or any such tangible property.

(c) I recognize, acknowledge and agree that during my employment and following the termination of that employment, whether voluntary or involuntary, whether with or without cause, and whether with or without notice, I will not, on my own behalf or as a partner, officer, director, employee, agent, administrator, teacher, trainer, advisor or consultant of any other person or entity, directly or indirectly, disclose Proprietary Information to any person or entity other than employees, agents of Verisign with a legitimate need to know such information in connection with their employment with Verisign and I will not use or aid others in obtaining or using any such Proprietary Information without the express written permission of the Chief Executive Officer of Verisign or his/her designee, and only provided that such third party has signed a confidentiality agreement that has been prepared and approved by Verisign’s legal department. I agree that my obligation not to disclose or to use information and materials of the types set forth in paragraphs (a) and (b) above, and my obligation to return all materials and tangible property, set forth in paragraph (b) above, also extends to such types of information, materials and tangible property of customers of Verisign or suppliers to Verisign or other third parties who may have disclosed or entrusted the same to Verisign or to me.

(d) The obligations of this Section 1 will survive the termination of my employment unless and until such Proprietary Information becomes public knowledge and becomes matter in the public domain through no act or omission by me.

2. INVENTIONS AND DEVELOPMENTS ARE PROPERTY OF VERISIGN

(a) If I shall (either alone or with others) make, conceive, create, discover, invent or reduce to practice any invention, modification, discovery, design, development, improvement, method, process, software program, work of authorship, documentation, formula, algorithm, data, technique, know-how, trade secret, copyright, patent or other intellectual property right whatsoever or any interest therein (whether or not patentable or registrable under patent, copyright, trademark or similar statutes or subject to analogous protection) (herein called "Developments"), at any time or times during my employment (whether during or after business hours and whether on or off Verisign's premises), or thereafter, if such post-employment which Developments are developed or made from knowledge gained from such employment, that (i) relates to the business of Verisign or any customer of or supplier to Verisign in connection with such customer's or supplier's activities with Verisign or any of the products or services being developed, manufactured or sold by Verisign or which may be used in relation therewith, (ii) results from tasks assigned to me by Verisign or (iii) results from the use of premises or any personal or intellectual property or Proprietary Information (whether tangible or intangible) owned, leased or contracted for by Verisign, all such Developments and the benefits thereof are and shall immediately become the sole and absolute property of Verisign and its assigns, as works made for hire to the extent permitted by law, or otherwise, and I shall promptly disclose to Verisign (or any persons designated by it) each such Development and, as may be necessary to ensure Verisign's ownership of such Developments, I hereby assign any and all rights, title and interest (including, but not limited to, any patents, copyrights and trademarks) in and to the Developments and benefits and/or rights resulting there from to Verisign and its assigns without further compensation and shall communicate, without cost or delay, and without disclosing to others the same, all available information relating thereto (with all necessary plans and models) to Verisign I hereby waive and agree to waive any and all moral rights or similar that I may have in any Developments.

(b) I shall keep complete notes, data and records of Developments in the manner and form requested by Verisign I will, during my employment and at any time thereafter, at the request and cost of Verisign, promptly sign, execute, make and do all such deeds, documents, acts and things as Verisign and its duly authorized agents may reasonably require: (i) to apply for, obtain, register and vest in the name of Verisign alone (unless Verisign otherwise directs) letters patent, copyright, trademark or other analogous protection in any country throughout the world and when so obtained or vested to renew, maintain or restore the same; and (ii) to defend in any judicial, opposition, interference, or other proceedings in respect of such applications and any judicial, opposition, interference or other proceedings or petitions or applications for revocation of such letters patent, copyright, trademark or other analogous protection; and (iii) to waive any and all moral rights or similar that I may have in any Developments. Verisign is under no obligation to procure or protect Developments.

(c) To the extent I may have incorporated any of my pre-existing materials in the Developments, I hereby grant to Verisign the irrevocable, perpetual, non-exclusive, worldwide, royalty-free license to use, execute, reproduce, display, perform, distribute copies of, and prepare derivative works based upon, such pre-existing materials, and to authorize others to do any or all of the foregoing.

(d) Listed below are titles and identifications of reserved works, if any, that I have previously made, conceived, created, discovered, invented or reduced to practice, and that are expressly excluded from Developments.

3. I AM NOT BOUND BY OTHER AGREEMENTS.

I hereby represent and warrant that, (i) except as I have disclosed in writing to Verisign, I am not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or any other party; (ii) to the best of my knowledge, my performance of all the terms of this Agreement and as an employee of Verisign does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me in confidence or in trust prior to my employment with Verisign, and I will not knowingly disclose to Verisign or induce Verisign to use any confidential or proprietary information or material belonging to any previous employer or others; (iii) I have the full right and authority to perform my obligations and grant the rights and licenses granted herein, and I have neither assigned nor otherwise entered into an agreement that would conflict with my obligations under this Agreement. I covenant and agree that I shall not enter into any such agreement.

4. I WILL ADHERE TO GOVERNMENT OR OTHER THIRD PARTY OBLIGATIONS.

I acknowledge that Verisign from time to time may have agreements with other persons or entities or with the United States Government, or agencies thereof, which impose obligations or restrictions on Verisign regarding inventions made during the course of work under such agreements or regarding the sensitive nature of such work. I agree to be bound by all such obligations and restrictions which are made known to me and to take all action necessary to discharge the obligations of Verisign under such agreements.

5. I AM AN EMPLOYEE AT WILL.

I understand and agree that my employment with Verisign is not for any definite period of time and that nothing provided for in this Agreement in any way creates an express or implied contract of employment or warranty of any benefits. I further understand that any and all of the rules, policies, wages and benefits referred to in any employee handbook or manual may be unilaterally amended, modified, reduced or discontinued at any time by Verisign, in its judgment and discretion. I also agree that either Verisign or I can terminate my employment at any time, with or without cause and with or without notice. I understand and agree that no agreement for employment for any specified period of time or contrary in any way to the foregoing is valid unless made as a written amendment to my offer letter, approved by the Verisign Board of Directors, which expressly states that my employment is no longer at-will.

6. I WILL NOT SOLICIT VERISIGN’S EMPLOYEES, CUSTOMERS, AND VENDORS.

During the period of my employment, and for a period of one (1) year after the termination or expiration thereof, and without limiting the applicability of any other provisions of this Agreement that are intended to operate after such termination or expiration, I recognize, acknowledge and agree that I will not, directly or indirectly (other than as the holder of not more than one percent (1%) of the total outstanding stock of a publicly held company), either on my own behalf or as an owner, shareholder, partner, member, participant, officer, director, employee, agent, representative, advisor or consultant of any other individual, entity or enterprise, do or attempt to do any of the following:

(a) solicit, encourage or induce any current or prospective clients, customers, suppliers, vendors or contractors of Verisign to terminate or adversely modify any business relationship with Verisign or not to proceed with, enter into, renew or continue any business relationship with Verisign, or otherwise interfere with any business relationship between Verisign and any such person; or

(b) solicit, encourage or induce any officer, director, employee, agent, partner, consultant or independent contractor of Verisign to terminate any employment or relationship with Verisign, employ or engage any such person, or otherwise interfere with or disrupt Verisign's relationship with any such person.

7. I WILL NOT ENGAGE IN CONFLICTS OF INTEREST.

I recognize, acknowledge and agree to comply with all rules and policies of Verisign, including but not limited to those relating to conflicts of interest, and without limiting the generality of the foregoing:

(a) I will promptly notify Verisign of any conflicts of interest or gifts or offers of gifts or remuneration from clients, consultants, customers, suppliers, partners, officers, agents, directors, employees, vendors, contractors or others doing or seeking to do business with Verisign, and will not accept such gifts or remuneration; and

(b) I will promptly inform Verisign of any business opportunities coming to my attention that relate to the existing or prospective business of Verisign and will not participate in any such opportunities without the prior written consent of Verisign.

8. MISCELLANEOUS.

(a) This Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Agreement to be excessively broad as to scope, activity, geography, time-period, subject, or otherwise so as to be invalid or unenforceable, I agree that, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the maximum degree necessary to render it valid and enforceable without affecting the rest of this Agreement, and, if such reduction or modification is not allowed by law, the parties shall promptly agree in writing to a provision to be substituted therefore which will have an effect as close as possible to the invalid or unenforceable provision that is consistent with applicable law. The invalidity or unenforceability of any provision of this Agreement shall not affect or limit the validity and enforceability of the other provisions hereof.

(b) The failure of Verisign to enforce any term of this Agreement shall not constitute a waiver of any rights or deprive Verisign of the right to insist thereafter upon strict adherence to that or any other term of this Agreement, nor shall a waiver of any breach of this Agreement constitute a waiver of any preceding or succeeding breach. No waiver of a right under any provision of this Agreement shall be binding on Verisign unless made in writing and signed by the Chief Executive Officer of Verisign or his/her designee.

(c) The restrictions contained in this Agreement are necessary for the protection of the business and goodwill of Verisign and are considered by me to be reasonable for such purpose. I recognize, acknowledge and agree that any breach by me of any of the provisions contained in this Agreement will cause Verisign immediate, material and irreparable injury and damage, and there is no adequate remedy at law for such breach. Accordingly, in the event of a breach of any of the provisions of this Agreement by me, in addition to any other remedies it may have at law or in equity, Verisign shall be entitled immediately to seek enforcement of this Agreement in a court of competent jurisdiction by means of a decree of specific performance, an injunction without the posting of a bond or the requirement of any other guarantee, and any other form of equitable relief, and Verisign is entitled to recover from me the costs and attorneys' fees it incurs to recover under this Agreement. This provision is not a waiver of any other rights which Verisign may have under this Agreement, including the right to recover money damages.

(d) This Agreement shall be binding upon me and my heirs, successors, assigns, and personal representatives, and will inure to the benefit of Verisign its affiliates, successors and its assigns, that this Agreement is personal to me, and that I may not assign any rights or duties under this Agreement.

(e) This Agreement contains the entire agreement between me and Verisign with respect to the subject matter herein and supersedes all prior agreements, written or oral, between me and Verisign relating to the subject matter of this Agreement. All previous discussions, promises, representations, and understandings relating to the topics herein discussed are hereby merged into this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by me and the Chief Executive Officer of Verisign, Inc or his/her designee. No person has any authority to make any representation or promise on behalf of any of the parties not set forth herein, and this Agreement has not been executed in reliance upon any representation or promise except those recited herein. I agree that any change or changes in my duties, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.

(f) I expressly consent to be bound by the provisions of this Agreement for the benefit of Verisign or any subsidiary or affiliate thereof to whose employ I may be transferred without the necessity that this Agreement be re-signed at the time of such transfer.

(g) This Agreement is governed by and will be construed as a sealed instrument under and in accordance with the laws of the Commonwealth of Virginia, except for provision 8(h). The headings herein are for convenience only and do not limit or restrict the meaning or interpretation of the text of this Agreement.

(h) Notice to California Employees. Section 2870, subsection (a), of the California Labor Code provides:

> "(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either (1) relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) result from any work performed by the employee for the employer."

I ACKNOWLEDGE THAT I HAVE CAREFULLY READ THIS AGREEMENT IN ITS ENTIRETY AND UNDERSTAND ALL OF ITS TERMS AND CONDITIONS, THAT I HAVE HAD THE OPPORTUNITY TO CONSULT WITH ANYONE OF MY CHOICE REGARDING THIS AGREEMENT, THAT I AM ENTERING INTO THIS AGREEMENT OF MY OWN FREE WILL, WITHOUT COERCION FROM ANY SOURCE, AND THAT I AGREE TO ABIDE BY ALL OF THE TERMS AND CONDITIONS HEREIN CONTAINED.

____
Employee's Name (Printed)

____
Employee's Signature

Date: ______________________________

RESERVED INVENTIONS OR WORKS AUTHORED PRIOR TO EMPLOYMENT

Title	**Description**

EXHIBIT D

VERISIGN, INC. RELOCATION REPAYMENT AGREEMENT

VeriSign, Inc.

RELOCATION REPAYMENT AGREEMENT

Upon acceptance of the relocation and before any relocation expenses can be incurred, you will be asked to sign this Employee Relocation Repayment Agreement. This agreement requires repayment of relocation benefits according to the following schedule:

Relocation to Termination Date	% Reimbursed by Transferee
1 month or less	100%
2 months	90%
3 months	80%
4 months	70%
5 months	60%
6 months	50%
7 months	40%
8 months	30%
9 months	20%
10 months	15%
11 months	10%
12 months	5%

I hereby agree to refund to Verisign, Inc. a pro-rated portion of any and all relocation reimbursements which were made to me, or on my behalf to third-party vendors, in connection with my relocation and subsequent move, should I voluntarily resign within a twelve month period of my hire date.

The reimbursement owed to Verisign will be based upon the gross amount paid before taxes, and reduced for the number of days in the first year of employment in the new location that I have completed as of my separation from VeriSign, Inc.'s payroll. These monies are due and payable within 30 days of my termination date.

________________________________ ____________________
Human Resources Representative Date

____
Print Name

________________________________ __________________________
Employee's Signature Date

____
Print Name

Relocation benefits will not be processed without a signed Employee Relocation Agreement

EXHIBIT E

VERISIGN DOMESTIC RELOCATION POLICY

VeriSign
Domestic Relocation Policy

I Introduction

Definition: A Domestic Relocation is the transfer of a new hire employee or current employee who has been requested by VeriSign to relocate to a new job location within the same country. This relocation is considered a one-way transfer offer.

Basic relocation benefits for employees that are offered relocation benefits will be provided for all transferring employees. All relocations must qualify under the U.S. IRS regulations that state the distance between the new principal place of work and the employee's former residence must be at least fifty (50) miles.

Any exceptions to this leveling must be approved by the Vice President of Human Resources, Vice President of the Hiring Division Cost Center and Finance Manager for the Division.

Approval Process: The following process will be used to obtain an authorization for a Domestic Transfer.

- **Relocation Estimate Request:** The Hiring Manager or appropriate HR contact obtains a Cost Estimate Request form from the Relocation Specialist. This form is filled out by the hiring manager or HR contact with the assistance of the Relocation Specialist. The form is then given to the Relocation Specialist.
- **Estimate Provided:** The Relocation Specialist will review the information provided and then prepare an estimate for the proposed Relocation. Approximate timeframe for this activity is 72 hours as long as all the data is provided. If the requestor wishes to have a more complete estimate that would involve additional activity, the timeframe would be 5 to 7 working days.
- **Approval:** The Relocation Specialist would then send the estimate for the relocation back to the requestor with an authorization form attached. The Hiring Manager and Finance Manager would sign the authorization form and return it to the Relocation Specialist for the relocation activity to begin. (If exceptions are being requested, additional signatures will be needed.)

Employee Level Guidelines: The Hiring Managers will be responsible for all relocation costs for their employee. Depending on the level of the employee moving, the suggested relocation assistance amounts are as follows:

- Individual Contributor: $15,000 maximum plus vendor file fee (or lump sum amount, less applicable taxes)

- Manager: $25,000 maximum plus vendor file fee (or lump sum amount, less applicable taxes)
- Director: $50,000 maximum plus vendor file fee
- Vice President: $75,000 maximum plus vendor file fee
- Sr. Vice President: $100,000 maximum plus vendor file fee
- Executive Vice President: $150,000 maximum plus vendor file fee

The employee can utilize any of the benefits in their appropriate policy up to the maximum amount provided to them. Any exceptions to the above ranges must be authorized by the Executive Vice President, or above if applicable, of the hiring manager's department.

Family: The employee's immediate family and domestic household pets will be transferred to the new location.

New Location Start Date: The start date in the new location will begin when all immigration requirements, if applicable, are met and approved. If there are no immigration requirements, the hiring date will be at the discretion of the Hiring Manager and HR representative.

Vendors or Service Providers: will be selected or pre-approved by the VeriSign Relocation Specialist.

Exceptions to this policy: will be approved by the VP of Human Resources, Vice-President of the Hiring Division Cost Center and Finance Director of Hiring Cost Center.

Termination: In the event an employee terminates his/her employment prior to the 12 months following the transfer or hire date, the employee will be expected to repay prorated relocation costs (including tax gross up) to VeriSign, see repayment agreement.

Description of Services provided: Services or budget estimates not used will not be exchanged for cash value. All benefits are coordinated through the Relocation Specialist.

II Benefits

A. Immigration: If needed, VeriSign will sponsor the prospective employee for a work permit and any dependent visas needed, see immigration policy. The coordination of this activity should take place as soon as possible through the Relocation Specialist, using the attorney selected by the company.

The employee will be expected to provide documentation needed for this application in a timely manner. This process should be started as soon as possible as government processing times can be lengthy. VeriSign is not responsible for government processing times.

It is the intent of the company to comply with laws and regulations concerning this area. If the employee or his/her dependents cannot qualify for the appropriate work permit in the new location, then the offer of employment and transfer will be withdrawn.

B. House-Hunting Trip: All travel and accommodations related to this trip will be in accordance with the VeriSign Travel Policy:

- **Duration:** Estimated time is for 3 days (2 nights hotel expenses). This trip will include a Saturday night stay.
- **Transportation:** Round trip air transportation (over Saturday) or mileage reimbursement according to the VeriSign Travel Policy for the employee and his /her spouse.
- **Lodging:** During this trip, the employee will be reimbursed the hotel (room and tax only) for a reasonable accommodation.
- **Transportation:** A rental car for a maximum of 3 days will be reimbursed to the employee.
- **Meals:** Reasonable and actual meal costs up to a maximum of $30.00 per day per adult will be reimbursed by VeriSign.
- **Dependent Care:** No provision is made for childcare or elder care while the employee and spouse are on a house-hunting trip.
- **House-Hunting Services in the New Location:** The Company will select and provide the services of a relocation professional in the new location to assist the employee in the selection of a home purchase or rental housing.
- **Reimbursement of Funds:** All reimbursement of approved funds will be made by submitting an expense report to the Relocation Specialist.

C. Relocation Allowance: An allowance of one month’s salary (less taxes, not to exceed $10,000) will be provided for those miscellaneous expenses the employee may incur as a result of the relocation to the new location. This could include, but is not limited to the following areas:

- Cleaning or maid service at the previous primary residence;
- Cost for duplicating medical and dental records;
- Cost for duplicating school records;
- Un-expired club or association membership dues;
- Utility installation or deposit at the new location;
- Driver’s licenses at the new location;
- Telephone charges associated with the relocation;
- Preparation of a will or other legal documents;

- Purchases related to new items for the new residence
- Pet inoculations and other transfer issues, including kenneling if needed.

The employee will receive this allowance as long as any required immigration paperwork is in order. Receipts are not required for this allowance.

D. Household Goods: The employee's household belongings will be relocated to the new location with a moving company selected and coordinated by VeriSign. VeriSign will pay this moving company directly.

VeriSign will not pay for the shipment or storage of recreational vehicles, boats**,** building supplies, bulky collections, firewood or bricks, flammable items, paint, perishable items, plants, trees, satellite antennas, trailers, airplanes or any other items that would be considered an exception to "normal" household goods as determined by VeriSign and the moving company.

Moving services include a pre-departure survey and cost estimate, packing, transfer of the household goods for shipment to the new location, transfer of household goods to temporary storage at the new location, delivery of household goods, and unpacking of specific household goods at the new primary residence.

Details are as follows:

- **Surface Shipment:** This shipment is for the household goods that will be transferred to the new location. A maximum amount of 12,000 pounds will be transferred.

- **Insurance Coverage:** VeriSign will provide full replacement value insurance coverage on the employee's household goods that are transferred. A maximum valuation of $150,000.00 USD will be paid by VeriSign. The employee will be expected to provide a detailed inventory to the moving company BEFORE the shipments are removed from the old location residence. Shipments will not leave the old location until the insurance forms are completed.

- **Automobiles:** If an automobile is transferred to the new location, it will be included with the shipment allowance and shipped with the household goods OR transported by car carrier, whichever is most cost effective.

E. Travel to the New Location: The employee and accompanying dependents travel to the new location by the most direct route will be authorized. Travel will not commence until after the appropriate Immigration documentation is approved. One of the following selections will be authorized for this travel:

- **Selection One: Transportation to new location/Driving:** If the transfer is under 350 miles, the employee is expected to drive his/her automobile to the new location. Reimbursement will include mileage (according to the VeriSign Travel Policy), reasonable accommodations and reasonable meals for the employee and family members.

- **<u>Selection Two: Transportation to new location/Air:</u>** One way airline tickets will be authorized for the employee and approved family members according to the VeriSign Travel Policy for this flight. One domestic pet air transportation will be paid by VeriSign. All other charges related to the transfer of this pet will be borne by the employee**.**

- **<u>Pets:</u>** If the family has domestic pets (dogs and/or cats) a total of one domestic pet will be transferred to the new location. Air transportation will be paid. No other expenses related to the transfer of this pet will be covered by VeriSign.

F. Temporary Housing at the New Location: This housing is meant to provide the employee and family with temporary accommodations until household goods arrive and permanent housing can be arranged in the new location. If possible, the accommodation will be a furnished apartment for a maximum of 30 days arranged by the Relocation Specialist. If furnished housing is not available, reasonable meal expenses will be reimbursed for the time the family is in temporary housing.

G. Temporary Transportation: If the new location is within 350 miles of the previous location, the employee is expected to drive his/her personal automobile to the new location. If the employee's automobile(s) are transferred to the new location by moving van or car carrier, auto rental will be provided by VeriSign until the vehicles arrive as long as that is within a maximum of 30 days.

H. Taxes: With the exception of the relocation allowance, VeriSign will pay the gross up on all relocation benefits that are considered taxable to the employee in the U.S. At the end of the tax year, the employee will be provided a summary of relocation expenses and taxes paid on behalf of the employee.

III Director and Above

I. Old Primary Residence/RENTER: If the employee is renting his/her primary residence in the old location, he/she must terminate the lease. If the employee is unable to break the lease without a penalty for this early cancellation, VeriSign will reimburse the employee up to one month rent or a maximum of $2,000.00, whichever is less, with the appropriate documentation.

J. Old Primary Residence/HOMEOWNER – Marketing Consulting: This service provides the employee consultation with a relocation professional who will work with the employee in planning and executing a strategy for the sale of the primary residence. This relocation professional will work with the local real estate representative to provide the following information to the employee.

- Marketing plan and strategy
- Written action plan with recommended sales price
- Creative ideas for promoting the property
- Up to date information on closed and comparable sales
- Up to date information on current listings that compete with employee’s property

This assistance will provide the employee additional professional resources needed for the sales strategy, real estate issues, etc. in selling the primary residence within a reasonable time frame (target is 60 days). The marketing consultant is available to assist in the negotiation of all offers as well as, coordinating the closing to assist in the timely sale of the primary residence.

IV Vice President and Above

K. Old Primary Residence/HOMEOWNER: The following situations may be selected by the homeowner. After each description is the VeriSign benefit, if available, that would be offered by VeriSign:

- **Homeowner Leaves Primary Residence Vacant:** The employee does not choose to sell the property or have renters in the property. The employee should review insurance requirements and tax implications for this selection. No VeriSign benefits are offered.
- **Homeowner Rents Out Primary Residence:** The employee does not choose to sell the property. The employee should review insurance requirements and tax implications for this selection. No VeriSign benefits are offered.
- **Homeowner Sells Primary Residence:** The employee chooses to sell the primary residence.

  VeriSign will pay the closing costs for the sale of the primary residence as long as the employee participates in the local domestic home sale program managed by the service provider of VeriSign's choosing. This is usually referred to as a Buyer Value Option (BVO) program. It is extremely important that the service provider be involved in all aspects of the sale of the property or additional tax costs will be incurred.

Typical home sale expenses that would be reimbursed with appropriate documentation are Realtors' commission, transfer costs, and required inspections. Reimbursement will not include any costs for repairs or "fix-ups" on the property, property insurance, property taxes, or capital gains related to the sale of the property.

Additional information will be provided under separate cover for this option.

L. New Primary Residence Purchase: This benefit is available to employees that owned and sold a primary residence at the old location as a result of this relocation.

Typical costs eligible for reimbursement will be the non-recurring costs listed on the HUD statement are covered. Construction loans, mortgage buy-down points, brokers fees, and repairs will not be reimbursed. The employee must submit the HUD statement to the Relocation Specialist for this reimbursement.

M. Equity Advance (Bridge Loan): If the employee owns a home in the previous location and that home has "equity", then VeriSign may be able to arrange for an advance on that home equity to be used on the purchase of a new home at the new location for the employee.

Exhibit 10.02

VERISIGN™

Via Hand Delivery

12061 Bluemont Way
Reston, VA 20190
t: 703-948-3200

VerisignInc.com

June 18, 2012

Mr. George E. Kilguss, III
3321 Grant Valley Road
Atlanta, GA 30305

Re: Separation Package

Dear George,

I write to confirm the agreement between you and VeriSign, Inc. ("Verisign" or the "Company") concerning a possible separation package if the Company terminates your employment without cause prior to January 1, 2013. The remainder of this letter will confirm the terms and conditions of our agreement (the "Agreement"), which has been approved by the Compensation Committee of the Board of Directors.

1. Overview. The purpose of this Agreement is to provide you with a separation payment and benefits in the event your employment is Terminated by the Company Without Cause (as defined below) prior to January 1, 2013. Such payment and benefits are contingent upon your full satisfaction of the conditions precedent outlined in Section 4. Unless otherwise defined in this Agreement, all capitalized terms shall have the meanings set forth in Section 5.

2. At-Will Acknowledgment. You acknowledge that your employment with Verisign will be "at-will," which means that the employment relationship can be terminated at any time and for any reason by either you or Verisign with or without notice. Nothing in this Agreement is intended to alter or otherwise modify the at-will relationship.

3. Termination by the Company Without Cause. In the event your employment is Terminated by the Company Without Cause prior to January 1, 2013, you will be entitled to receive any earned but unpaid Base Salary and any accrued but unused paid time off under Verisign's policies through and including your Termination Date. In addition, and subject to satisfaction of the conditions precedent outlined in Section 4, you will also be eligible to receive the following payment and benefits, which collectively shall be referred to as the "Separation Package":

a. a lump-sum cash payment in a gross amount equal to: (i) your pro-rata Base Salary for the period starting on the first day after your Termination Date and ending on June 30, 2013; plus (ii) a bonus equal to 60% of your Base Salary. This cash payment will be subject to all applicable withholdings and deductions and will be payable within thirty (30) days after the expiration of the revocation period set forth in the Release Agreement (as defined below) or March 15, 2013, whichever is earlier; provided, however, that you timely signed and returned the Release Agreement and did not revoke your acceptance; and

b. accelerated vesting of 25% of the time-vested restricted stock unit award and 25% of the performance-based restricted stock unit award (assuming target achievement of performance measures), to be granted to you effective upon commencement of your employment with the Company as outlined in your offer letter dated April 13, 2012.

The above Separation Package is in lieu of, and not in addition to, any annual or other bonus, separation pay or benefits, equity issue, or any further remuneration under any plan, program, policy, and/or practice of the Company (other than any vested benefit which you may have under any retirement plan of the Company). You understand and agree that any remaining continuation and/or conversion rights that you may have to health or other insurance benefits will be as provided by the terms and conditions of those plans and applicable law.

4. Conditions Precedent. Notwithstanding any other provision in this Agreement to the contrary, you agree that any obligation of the Company to provide you any of the Separation Package is expressly conditioned upon your full satisfaction of the below conditions precedent:

a. your timely execution and non-revocation of a separation agreement and general release that, among other things, releases all claims arising out of or relating to your employment and the termination of your employment and contains non-competition, covenant not to sue, non-disparagement, and confidentiality provisions (the "Release Agreement"). Such Release Agreement, which shall be made in a form satisfactory to the Company, will be provided to you on or within seven (7) days after your Termination Date; and

b. your timely execution of an amendment to the equity award agreements under which your restricted stock units were granted to allow for the above equity acceleration in the form provided by Verisign. Such amendment must be executed and returned on or before your Termination Date.

You agree that you will not be entitled to receive any of the Separation Package, and no severance will be paid or restricted stock units accelerated, unless and until the above conditions precedent are satisfied and any applicable revocation period has expired without you revoking your acceptance. If you fail to comply with all of the terms and conditions of the Release Agreement, you will not be entitled to the Separation Package.

In addition, and notwithstanding anything herein to the contrary, you understand and agree that Verisign is not obligated to provide you with the Release Agreement and/or the Separation Package if: you engage in any type of misconduct, violate any Verisign policy, or disrupt Verisign's operations after you receive notice (if any) that your employment is being Terminated by the Company Without Cause; the Company otherwise decides to terminate your employment for Cause before your Termination Date; or your employment does not end on the Termination Date as anticipated for any reason, such as the Company decides to retain your services.

5. Definitions.

a. "Base Salary" means your annual base salary as of your Termination Date.

b. "Cause" means: (a) your negligence or willful disregard of duties; (b) theft, embezzlement, fraud, or dishonesty; (c) insubordination, willful disobedience or misconduct, breach of fiduciary duty, or violation of any of Verisign's rules, policies, practices, or lawful instructions or orders; (d) any violation of any law, rule, or regulation applicable to the Company; (e) conviction of a felony, plea of guilty or nolo contendere to a felony charge, or any criminal act involving financial activity, fraud, dishonesty, breach of fiduciary duty, misappropriation, or moral turpitude; and/or (f) any other conduct that would constitute cause under applicable law in addition to the specified causes stated above.

c. “Disability” for purposes of this Agreement only means that, due to a physical or mental impairment, you are substantially unable to perform the essential functions of your position with or without a reasonable accommodation for a period of either 180 days, which need not be consecutive, in any 12-month period or based upon the written certification by a licensed physician of the likely continuation of such impairment for such period.

d. “Termination Date” means the effective date of any termination of your employment with Verisign.

e. “Terminated by the Company Without Cause” means any termination of your employment by the Company prior to January 1, 2013 that: (i) is not for Cause; and (ii) is not due to your death or Disability; and (iii) does not qualify as a “Termination Upon Change-in-Control” as defined in any applicable Change-In-Control and Retention Agreement signed by you and the Company.

6. Integrated Agreement. This Agreement, once accepted by you and returned to me, will constitute the entire agreement between you and Verisign concerning the Separation Package and will supersede any prior or contemporaneous agreements, promises, representations, or understandings, whether written or verbal, or express or implied, with respect to the matters discussed herein. This Agreement may not be modified in any material respect absent a writing signed by you and an authorized representative of Verisign.

To accept this Agreement, please sign below, return it to Brian Mann in Human Resources by June 27, 2012, and keep a copy for your records.

Very truly yours,

VERISIGN, INC.	ACCEPTED:
BY: /s/ D. JAMES BIDZOS	/s/ GEORGE E. KILGUSS, III
D. James Bidzos	**George E. Kilguss, III**
Executive Chairman, President & CEO	**Date: 6-28-12**

Exhibit 10.03

Grant No. __________

VERISIGN, INC.

2006 EQUITY INCENTIVE PLAN

NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AGREEMENT

The Board of Directors of VeriSign, Inc. has approved a grant to you (the "***Participant***" named below) of [______] Restricted Stock Units ("***RSUs***") pursuant to the VeriSign, Inc. 2006 Equity Incentive Plan (the "***Plan***"), as described below. Capitalized terms not defined herein shall have the meaning ascribed to them in the Plan.

Participant: ______________________________

Number of RSUs: ______________________________

Date of Grant: ______________________________

Expiration Date: The date on which settlement of all RSUs granted hereunder occurs, with earlier expiration upon the Termination Date.

Vesting Schedule: The RSUs will vest as follows:

100% on the latest to occur of (i) the Date of Grant; (ii) the date next following the Date of Grant on which such Shares may be issued from the Plan in compliance with the requirements for use of the Form S-8 Registration Statement pursuant to which the Plan and such Shares have been registered with the SEC; and (iii) the date next following the Date of Grant on which the Company's common stock is listed on a "national securities exchange" (as defined in Sec. 6 of the Exchange Act).

1. Settlement. Settlement of vested RSUs shall be made within 30 days following the applicable date of vesting under the above vesting schedule (provided that if at the time of settlement Participant is a "specified employee" of the Company under Section 409A, and settlement would be treated as a payment made on separation of service, then if required to avoid the taxes imposed by Section 409A settlement shall be delayed by six (6) months or such other period of time as is then required to avoid such taxes). Settlement of vested RSUs shall be in Shares or cash (or some combination thereof), as determined by the Committee in its discretion at the time of payment. The Participant shall pay to the Company the aggregate par value of the Shares issued prior to their issuance (par value being $0.001 per Share) with such payment deemed to have been made for each Share, by Participant's services from the Date of Grant to the applicable vesting date. Participant agrees that, if necessary due to applicable law, Participant shall pay to the Company each affected Share's par value by making appropriate payroll deductions from funds due the Participant. Notwithstanding the issuance of Shares in settlement of the RSUs or the delivery of one or more stock certificates for such Shares, the Shares shall be subject to applicable restrictions on transfer or sale pursuant to any policy adopted by the Company, now or hereafter existing, that imposes stock ownership requirements, stock retention requirements or stock sale restrictions on the Participant. To enforce any restrictions or requirements on the Participant's Shares, the Committee may require the Participant 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 or requirements have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions or requirements to be placed on the certificates.

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested RSUs, the Participant shall have no ownership of the Shares allocated to the RSUs and shall have no right to vote such Shares, subject to the terms, conditions and restrictions described in the Plan and herein.

3. Dividend Equivalents. Any dividends paid in cash on Shares of the Company shall be credited to the Participant as additional RSUs as if the RSUs previously held by the Participant were outstanding Shares (in such number as determined by the Committee), as follows: such credit shall be made in whole and/or fractional RSUs and shall be based on the Fair Market Value of the Shares on the date of payment of such dividend. All such additional RSUs shall be subject to the same vesting requirements applicable to the RSUs in respect of which they were credited and shall be settled in accordance with, and at the time of, settlement of the vested RSUs to which they are related.

4. No Transfer. The RSUs and any interest therein: (i) shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of, and (ii) shall, if the Participant's continuous service with the Company or any of its affiliates shall terminate for any reason (except as otherwise provided in the Plan or herein), be forfeited to the Company forthwith, and all the rights of the Participant to such RSUs shall immediately terminate.

5. Termination. In the event of Termination by the Company or the Participant, the Committee shall settle, in Shares, the value of any vested RSUs (based on the then Fair Market Value of Shares deemed allocated to such vested RSUs on the date of such Termination) as soon as practicable thereafter. In case of any dispute as to whether Termination has occurred, the Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination.

6. Acknowledgement. By their signatures below, the Company and the Participant agree that the RSUs are granted under and governed by this Restricted Stock Unit Agreement and by the provisions of the Plan (incorporated herein by reference). The Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that the Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan. In the event that upon the 30th day after the Date of Grant, the Participant has not refused the RSUs by notice to the Company pursuant to Section 11 hereof, the Participant shall be deemed to have accepted the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan.

7. Tax Consequences. The Participant acknowledges that there may be adverse tax consequences upon settlement of the RSUs or disposition of the Shares, if any, received in connection therewith and that the Company recommends that Participant should consult a tax adviser prior to such settlement or disposition. In particular, Participant must make arrangements, satisfactory to the Company, for satisfaction of any applicable foreign, federal, state or local income tax withholding requirements or social security requirements related to the grant of the RSUs or Participant's receipt of Shares in settlement thereof, including, in either case, any dividend paid in respect thereof. In the event settlement of the RSUs is made in Shares, Participant shall pay the minimum statutory withholding tax obligation by withholding a certain number of Shares otherwise deliverable from the total number of Shares deliverable to the

Participant upon settlement in accordance with rules and procedures established by the Committee. The Committee may require, in its discretion, that some portion of vested Shares be retained by (or returned to) the Company to satisfy such withholding requirements. In the absence of such arrangements Participant hereby authorizes the Company to withhold the required minimum amount from Participant's other sources of compensation from the Company or any Parent or Subsidiary.

8. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Common Stock may be listed or quoted at the time of such issuance or transfer.

9. 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 herein set forth, this Agreement will be binding upon Participant and Participant's heirs, executors, administrators, legal representatives, successors and assigns.

10. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Virginia as such laws are applied to agreements between Virginia residents entered into and to be performed entirely within Virginia, excluding that body of laws pertaining to conflict of laws. If any provision of this Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

11. Notices. Any notice required to be given or delivered to the Company 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 Participant shall be in writing (including email) and addressed to Participant at such address as Participant may designate in writing from time to time to the Company. All notices shall be deemed effectively given upon personal delivery, (i) three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested), (ii) one (1) business day after its deposit with any return receipt express courier (prepaid), or (iii) one (1) business day after transmission by fax or telecopier.

12. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

13. Headings. The captions and headings of this Agreement are included for ease of reference only and are to be disregarded in interpreting or construing this Agreement.

14. Entire Agreement; Modification. The Plan and this Restricted Stock Unit Agreement for these RSUs constitute the entire agreement and understanding of the parties with respect to the subject matter herein and supersede all prior understandings and agreements, whether oral or written, between the parties hereto with respect to the specific subject matter hereof. This Restricted Stock Unit Agreement may be amended only by a written instrument executed by an authorized representative of the Company and effectively given to the Participant pursuant to the methods of delivery set forth in Section 11 above. Any such amendment shall be deemed effective thirty (30) calendar days after the date on which it is effectively given to the Participant as described in Section 11 above, provided the Participant does not provide the Company with a written notice within that thirty (30) day period rejecting the amendment.

Please sign your name in the space provided below on this Restricted Stock Unit Agreement and return an executed copy to: Stock Administration, Attn: Director of Financial Shared Services, VeriSign, Inc., 12061 Bluemont Way, Reston, VA 20190.

VERISIGN, INC.

By: ______________________________

____
(Please print name)

____
(Please print title)

PARTICIPANT

____
(Signature)

____
(Please print name)

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, D. James Bidzos, 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 the 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: July 27, 2012	By:	/S/ D. JAMES BIDZOS
		D. James Bidzos
		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, George E. Kilguss, III, 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 the 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: July 27, 2012	By:	/S/ GEORGE E. KILGUSS, III
		George E. Kilguss, III
		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, D. James Bidzos, 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, 2012, 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: July 27, 2012

/S/ D. JAMES BIDZOS

D. James Bidzos
Chief 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, George E. Kilguss, III, 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, 2012, 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:July 27, 2012

/S/ GEORGE E. KILGUSS, III

George E. Kilguss, III
Chief Financial Officer