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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

OR

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

For the transition period from __________ to __________

Commission File Number: 000-23593

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

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

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

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

Indicate by check mark whether the registrant 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 ☐ NO ☐

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 ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

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

Class	Shares Outstanding April 30, 2009
Common stock, $.001 par value	192,833,519

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PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

VERISIGN, INC. AND SUBSIDIARIES

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

	March 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 942,386	$ 789,068
Accounts receivable, net of allowance for doubtful accounts of $1,246 at March 31, 2009 and $1,208 at December 31, 2008	80,783	83,749
Prepaid expenses and other current assets	172,807	268,178
Assets held for sale	505,860	483,840
Total current assets	1,701,836	1,624,835
Property and equipment, net	372,723	385,498
Goodwill	289,448	283,109
Other intangible assets, net	34,302	35,312
Other assets	34,334	38,118
Total long-term assets	730,807	742,037
Total assets	$ 2,432,643	$ 2,366,872
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 195,358	$ 263,535
Accrued restructuring costs	11,190	28,920
Deferred revenues	651,647	629,800
Deferred tax liabilities	5,355	5,463
Liabilities related to assets held for sale	60,541	49,160
Total current liabilities	924,091	976,878
Long-term deferred revenues	219,944	215,281
Long-term accrued restructuring costs	3,766	3,037
Convertible debentures, including contingent interest derivative	569,044	568,712
Long-term deferred tax liabilities	73,259	68,833
Other long-term tax liabilities	15,995	15,710
Total long-term liabilities	882,008	871,573
Total liabilities	1,806,099	1,848,451
Commitments and contingencies		
Stockholders' equity:		
VeriSign, Inc. and subsidiaries stockholders' equity:		
Preferred stock—par value $.001 per share; Authorized shares: 5,000,000; Issued and outstanding shares: none	—	—
Common stock—par value $.001 per share; Authorized shares: 1,000,000,000; Issued and outstanding shares: 192,754,908 excluding 112,788,543 held in treasury, at March 31, 2009; and 191,547,795 excluding 112,717,587 held in treasury, at December 31, 2008	306	304
Additional paid-in capital	21,945,092	21,891,891
Accumulated deficit	(21,374,968)	(21,439,988)
Accumulated other comprehensive income	11,819	17,006
Total VeriSign, Inc. and subsidiaries stockholders' equity	582,249	469,213
Noncontrolling interest in subsidiary	44,295	49,208
Total stockholders' equity	626,544	518,421
Total liabilities and stockholders' equity	$ 2,432,643	$ 2,366,872

See accompanying Notes to Condensed Consolidated Financial Statements.

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VERISIGN, INC. AND SUBSIDIARIES

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

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Revenues	$254,995	$235,265
Costs and expenses:		
Cost of revenues	60,308	59,485
Sales and marketing	38,027	48,583
Research and development	24,802	25,224
General and administrative	49,148	54,491
Restructuring charges	4,775	16,261
Amortization of other intangible assets	3,221	2,638
Total costs and expenses	180,281	206,682
Operating income	74,714	28,583
Other loss, net	(4,293)	(3,639)
Income from continuing operations before income taxes and loss from unconsolidated entities	70,421	24,944
Income tax expense	(23,532)	(6,649)
Loss from unconsolidated entities, net of tax	—	(1,761)
Income from continuing operations, net of tax	46,889	16,534
Income (loss) from discontinued operations, net of tax	18,626	(23,689)
Net income (loss)	65,515	(7,155)
Less: Net income attributable to noncontrolling interest in subsidiary	(495)	(906)
Net income (loss) attributable to VeriSign, Inc. and subsidiaries	$ 65,020	$ (8,061)
Basic income (loss) per share attributable to VeriSign, Inc. and subsidiaries from:		
Continuing operations	$ 0.24	$ 0.08
Discontinued operations	0.10	(0.12)
Net income (loss)	$ 0.34	$ (0.04)
Diluted income (loss) per share attributable to VeriSign, Inc. and subsidiaries from:		
Continuing operations	$ 0.24	$ 0.07
Discontinued operations	0.10	(0.11)
Net income (loss)	$ 0.34	$ (0.04)
Shares used to compute net income (loss) per share attributable to VeriSign, Inc. and subsidiaries:		
Basic	192,311	206,550
Diluted	192,804	210,471
Amounts attributable to VeriSign, Inc. and subsidiaries:		
Income from continuing operations, net of tax	$ 46,394	$ 15,628
Income (loss) from discontinued operations, net of tax	18,626	(23,689)
Net income (loss) attributable to VeriSign, Inc. and subsidiaries	$ 65,020	$ (8,061)

See accompanying Notes to Condensed Consolidated Financial Statements.

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VERISIGN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

		VeriSign, Inc. and Subsidiaries Stockholders' Equity						
		Common Stock						
	Total Stockholders' Equity	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total	Noncontrolling Interest In Subsidiary
Balance at December 31, 2008	$ 50,795	191,548	$ 304	$ 21,472,895	$ (21,439,410)	$ 17,006	$ 50,795	$ —
Cumulative adjustment to beginning balance upon adoption of FSP APB 14-1 (Note 1)	418,418	—	—	418,996	(578)	—	418,418	—
Cumulative adjustment to beginning balance upon adoption of SFAS 160 (Note 1)	49,208	—	—	—	—	—	—	49,208
Adjusted balance at December 31, 2008	518,421	191,548	304	21,891,891	(21,439,988)	17,006	469,213	49,208
Comprehensive income (loss):								
Net income	65,515	—	—	—	65,020	—	65,020	495
Other comprehensive income (loss):							—	
Foreign currency translation adjustments	(9,954)	—	—	—	—	(5,271)	(5,271)	(4,683)
Change in unrealized gain on investments, net of tax	158	—	—	—	—	84	84	74
Total comprehensive income (loss)	55,719	—	—	—	—	—	59,833	(4,114)
Issuance of common stock under stock plans	17,133	1,278	2	17,131	—	—	17,133	—
Stock-based compensation	14,622	—	—	14,614	—	—	14,614	8
Dividend payable to noncontrolling interest in subsidiary	(807)	—	—	—	—	—	—	(807)
Income tax associated with stock options	22,817	—	—	22,817	—	—	22,817	—
Repurchase of common stock	(1,361)	(71)	—	(1,361)	—	—	(1,361)	—
Balance at March 31, 2009	$ 626,544	192,755	$ 306	$ 21,945,092	$ (21,374,968)	$ 11,819	$ 582,249	$ 44,295

See accompanying Notes to Condensed Consolidated Financial Statements.

VERISIGN, INC. AND SUBSIDIARIES

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

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	$ 65,515	$ (7,155)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Gain on divestiture of businesses, net of tax	—	(1,221)
Unrealized gain on contingent interest derivative on convertible debentures	(1,174)	(1,838)
Depreciation of property and equipment	17,309	31,852
Amortization of other intangible assets	3,221	11,957
Estimated (gains) losses on assets held for sale	(4,477)	25,511
Gain on receipt of acquisition termination fee	(3,279)	—
Provision for doubtful accounts	329	575
Stock-based compensation	13,928	26,795
Loss on disposal of property and equipment and other	1,658	836
Loss from unconsolidated entities, net of tax	—	1,761
Changes in operating assets and liabilities:		
Accounts receivable	8,464	(1,025)
Prepaid expenses and other assets	(29,380)	14,535
Accounts payable and accrued liabilities	(42,467)	(94,842)
Accrued restructuring costs	(17,001)	19,296
Deferred revenues	25,792	42,473
Net cash provided by operating activities	38,438	69,510
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	94,016	100
Purchases of investments	(750)	—
Proceeds from sale of property and equipment	—	1,286
Purchases of property and equipment	(20,994)	(26,167)
Proceeds received from acquisition termination fee	3,279	—
Proceeds received from divestiture of businesses, net of cash contributed	2,372	14,160
Other investing activities	206	(268)
Net cash provided by (used in) investing activities	78,129	(10,889)
Cash flows from financing activities:		
Proceeds from issuance of common stock from option exercises and employee stock purchase plan	17,133	45,916
Repurchases of common stock	(1,361)	(1,146,510)
Proceeds from credit facility	—	200,000
Repayment of short-term debt related to credit facility	—	(60,000)
Excess tax benefit associated with stock options	27,293	—
Net cash provided by (used in) financing activities	43,065	(960,594)
Effect of exchange rate changes on cash and cash equivalents	(6,314)	8,276
Net increase (decrease) in cash and cash equivalents	153,318	(893,697)
Cash and cash equivalents at beginning of period	789,068	1,376,722
Cash and cash equivalents at end of period	$942,386	$ 483,025
Supplemental cash flow disclosures:		
Cash paid for interest, net of capitalized interest	$ 19,521	$ 17,922
Dividend payable to noncontrolling interest in subsidiary	$ 807	$ 730

See accompanying Notes to Condensed Consolidated Financial Statements.

VERISIGN, INC. AND SUBSIDIARIES

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. and its subsidiaries (collectively, “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, 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 2008 Annual Report on Form 10-K (the “2008 Form 10-K”) filed with the SEC on March 3, 2009.

Segments

The Company has the following two reportable segments: (1) Internet Infrastructure and Identity Services (“3IS”) which consists of Naming Services, and Authentication Services comprising of Secure Socket Layer (“SSL”) Certificate Services and Identity and Authentication Services (“IAS”); and (2) Other Services which consists of the continuing operations of non-core businesses and legacy products and services from divested businesses. See Note 10, “Segment Information,” for further information regarding the Company’s reportable segments.

Reclassifications

During the three months ended March 31, 2009, the Company disaggregated its Enterprise and Security Services (“ESS”) disposal group held for sale as of December 31, 2008, into the following three businesses: (i) Global Security Consulting (“GSC”), (ii) iDefense Security Intelligence Services (“iDefense”) and (iii) Managed Security Services (“MSS”). The Company decided to retain its iDefense business and, accordingly, reclassified the assets and liabilities related to iDefense as held and used as of March 31, 2009. The Company also reclassified the historical results of operations of iDefense from discontinued operations to continuing operations as part of Naming Services for all periods presented. See Note 3, “Assets Held for Sale and Discontinued Operations,” for further information.

The Condensed Consolidated Statements of Operations have been reclassified for all periods presented to reflect current discontinued operations treatment. Unless noted otherwise, discussions in the Notes to Condensed Consolidated Financial Statements pertain to continuing operations.

Adoption of New Accounting Standards

Effective January 1, 2009, the Company adopted Statement of Financial Accounting Standard (“SFAS”) No. 160 (“SFAS 160”), “*Noncontrolling Interests in Consolidated Financial Statements*, *an amendment of Accounting Research Bulletin No. 51,”* which requires all entities to report minority interests in subsidiaries as equity in the consolidated financial statements, and requires that transactions between entities and noncontrolling interests be treated as equity. The Company reclassified the noncontrolling interest of $49.2 million as of December 31, 2008 in its consolidated VeriSign Japan subsidiary to Stockholders’ equity.

Effective January 1, 2009, the Company retroactively adopted the Financial Accounting Standards Board (“FASB”) Staff Position (“FSP”) No. Accounting Principles Board (“APB”) 14-1 (“FSP APB 14-1”), “*Accounting for*

Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." FSP APB 14-1 specifies that issuers of convertible debt instruments should separately account for the liability (debt) and equity (conversion option) components of such instruments in a manner that reflects the borrowing rate for a similar non-convertible debt. The Company's adoption of FSP APB 14-1 affected its 3.25% junior subordinated convertible debentures due 2037 (the "Convertible Debentures"). The condensed consolidated financial statements have been retroactively adjusted for all periods presented in accordance with FSP APB 14-1. See Note 9, "Junior Subordinated Convertible Debentures," for further information regarding the adoption of FSP APB 14-1.

The following table presents the effects of the retroactive adjustments to the Company's Condensed Consolidated Balance Sheet as of December 31, 2008, upon the adoption of SFAS 160 and FSP APB 14-1:

	As Reported (1)	Adjustments	As Adjusted
	(in thousands, except share and per share data)		
ASSETS			
Current assets:			
Cash and cash equivalents	$ 789,068	$ —	$ 789,068
Accounts receivable, net of allowance for doubtful accounts of $1,208 at December 31, 2008	83,749	—	83,749
Prepaid expenses and other current assets	268,178	—	268,178
Assets held for sale	483,840	—	483,840
Total current assets	1,624,835	—	1,624,835
Property and equipment, net	382,241	3,257(2)	385,498
Goodwill	283,109	—	283,109
Other intangible assets, net	35,312	—	35,312
Other assets	247,735	(209,617)(3)	38,118
Total long-term assets	948,397	(206,360)	742,037
Total assets	$ 2,573,232	$ (206,360)	$ 2,366,872
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	$ 263,535	$ —	$ 263,535
Accrued restructuring costs	28,920	—	28,920
Deferred revenues	629,800	—	629,800
Deferred tax liabilities	5,463	—	5,463
Liabilities related to assets held for sale	49,160	—	49,160
Total current liabilities	976,878	—	976,878
Long-term deferred revenues	215,281	—	215,281
Long-term accrued restructuring costs	3,037	—	3,037
Convertible debentures	1,261,655	(692,943)(4)	568,712
Long-term deferred tax liabilities	668	68,165(5)	68,833
Other long-term tax liabilities	15,710	—	15,710
Total long-term liabilities	1,496,351	(624,778)	871,573
Total liabilities	2,473,229	(624,778)	1,848,451
Commitments and contingencies			
Stockholders' equity:			
VeriSign stockholders' equity:			
Preferred stock—par value $.001 per share; Authorized shares: 5,000,000; Issued and outstanding shares: none	—	—	—
Common stock—par value $.001 per share; Authorized shares: 1,000,000,000; Issued and outstanding shares: 191,547,795 excluding 112,717,587 held in treasury, at December 31, 2008	304	—	304
Additional paid-in capital	21,472,895	418,996(6)	21,891,891
Accumulated deficit	(21,439,410)	(578)	(21,439,988)
Accumulated other comprehensive income	17,006	—	17,006
Total VeriSign stockholders' equity	50,795	418,418	469,213
Noncontrolling interest in subsidiary	49,208	—	49,208
Total stockholders' equity	100,003	418,418	518,421
Total liabilities and stockholders' equity	$ 2,573,232	$ (206,360)	$ 2,366,872

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(1) As reported in the Company's 2008 Form 10-K, except Noncontrolling interest in subsidiary which has been retroactively presented as a separate component of Stockholders' equity.

(2) Property and equipment, net, as of December 31, 2008, increased by $3.3 million due to the retroactive capitalization of interest costs using the Company's non-convertible debt borrowing rate of 8.39% as of the date of issuance. Prior to the adoption of FSP APB 14-1, the Company was capitalizing its interest costs at the stated interest rate on the Convertible Debentures of 3.25%.

(3) Other assets as of December 31, 2008, decreased by $209.6 million due to a decrease to long-term deferred tax assets and a retroactive adjustment of debt issuance costs upon the adoption of FSP APB 14-1. Long-term deferred tax assets as of December 31, 2008, decreased by $195.7 million, and the Company reclassified $14.5 million of debt issuance costs from Other assets to Additional paid-in capital. The reclassification resulted in a cumulative decrease in amortization of debt issuance costs of $0.6 million as of December 31, 2008.

(4) Convertible debentures, including contingent interest derivative, as of December 31, 2008, decreased by $692.9 million due to the reclassification of the $700.7 million equity component of the convertible debt to Stockholders' equity offset by $7.8 million accretion of interest.

(5) Long-term deferred tax liabilities as of December 31, 2008, increased by $68.2 million upon adoption of FSP APB 14-1.

(6) Additional paid-in capital as of December 31, 2008 increased $419.0 million. The Company determined that the equity component of the Convertible Debentures was $700.7 million. This amount was reclassified from Convertible debentures, including contingent interest derivative, to Additional paid-in capital. The Company reclassified the equity component related debt issuance costs of $14.5 million from Other assets to Additional paid-in capital. The Company recorded long-term deferred tax liabilities of $267.2 million with a corresponding impact to Additional paid-in capital.

The following table presents the effects of the adjustments to the Company's Condensed Consolidated Statement of Operations for the three months ended March 31, 2008:

	Three Months Ended March 31, 2008			
	As Reported (1)	Adjustment upon adoption of FSP APB 14-1	Reclassification to Continuing Operations (2)	As Adjusted
	(In thousands, except per share data)			
Revenues	$ 232,533	$ —	$ 2,732	$235,265
Cost of revenues	58,063	—	1,422	59,485
Other costs and expenses	145,414	10(3)	1,773	147,197
Operating income	29,056	(10)	(463)	28,583
Other loss, net	(2,553)	(1,086)(4)	—	(3,639)
Income from continuing operations before income taxes and loss from unconsolidated entities	26,503	(1,096)	(463)	24,944
Income tax expense	(7,011)	362(5)	—	(6,649)
Loss from unconsolidated entities, net of tax	(1,761)	—	—	(1,761)
Income from continuing operations, net of tax	17,731	(734)	(463)	16,534
Loss from discontinued operations, net of tax	(24,130)	(22)(3)	463	(23,689)
Net loss	(6,399)	(756)	—	(7,155)
Less: Net income attributable to noncontrolling interest in subsidiary	(906)	—	—	(906)
Net loss attributable to VeriSign	$ (7,305)	$ (756)	$ —	$ (8,061)
Basic loss per share attributable to VeriSign:				
Continuing operations	$ 0.08	$ —	$ —	$ 0.08
Discontinued operations	(0.12)	—	—	(0.12)
Net loss	$ (0.04)	$ —	$ —	$ (0.04)
Diluted loss per share attributable to VeriSign:				
Continuing operations	$ 0.08	$ (0.01)	$ —	$ 0.07
Discontinued operations	(0.11)	—	—	(0.11)
Net loss	$ (0.03)	$ (0.01)	$ —	$ (0.04)
Shares used to compute net loss per share attributable to VeriSign:				
Basic	206,550			206,550
Diluted	210,471			210,471

(1) As reported in the Company's 2008 Form 10-K, except per share amounts and Net income attributable to noncontrolling interest in subsidiary. Per share amounts have been adjusted to present the net loss per share attributable to VeriSign, Inc. and subsidiaries. Net income attributable to noncontrolling interest in subsidiary has been presented after consolidated net loss to derive the net loss attributable to VeriSign, Inc. and subsidiaries.

(2) Reclassification of the results of operations of the Company's iDefense business from discontinued operations to continuing operations.

(3) Other costs and expenses and Loss from discontinued operations, net of tax, increased during the three months ended March 31, 2008, due to additional depreciation expense recorded retroactively as result of an increase in capitalized interest costs.

(4) Other loss, net, increased during the three months ended March 31, 2008, primarily due to additional interest expense recorded retroactively.

(5) Income tax expense decreased during the three months ended March 31, 2008, primarily due to a decrease in income from continuing operations before taxes.

Note 2. Stock-Based Compensation

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

	Three Months Ended March 31,	
	2009	2008
	(In thousands)	
Stock-based compensation:		
Cost of revenues	$ 1,664	$ 2,409
Sales and marketing	2,405	3,451
Research and development	1,523	2,471
General and administrative	5,277	6,473
Restructuring charges	731	3,424
Stock-based compensation for continuing operations	11,600	18,228
Discontinued operations	2,328	8,567
Total stock-based compensation	$ 13,928	$ 26,795

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

	Three Months Ended March 31,	
	2009	2008
Stock options:		
Volatility	47%	37%
Risk-free interest rate	1.52%	2.46%
Expected term	3.70	3.12
Dividend yield	Zero	Zero
Employee stock purchase plan awards:		
Volatility	54%	31%
Risk-free interest rate	0.47%	2.69%
Expected term	1.25 years	1.25 years
Dividend yield	Zero	Zero

VeriSign's expected volatility is based on the average of the historical volatility over the period commensurate with the expected term of the options and the mean historical implied volatility of traded options. The risk-free interest rates are derived from the average U.S. Treasury constant maturity rates during the respective periods commensurate with the expected term. The expected terms are based on an analysis of the observed and expected time to post-vesting exercise and/or cancellation of options. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yield of zero. The Company estimates forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option and award forfeitures and records stock-based compensation only for those options and awards that are expected to vest.

The following table presents the nature of the Company's total stock-based compensation, inclusive of amounts for discontinued operations:

	Three Months Ended March 31,	
	2009	2008
	(In thousands)	
Stock-based compensation:		
Stock options	$ 3,511	$ 6,623
Employee stock purchase plans	2,721	8,527
Restricted stock units	7,481	7,968
Stock options/awards acceleration	932	4,245
Capitalization (1)	(717)	(568)
Total stock-based compensation	$13,928	$26,795

(1) The capitalized amount is included in Property and equipment, net.

During the three months ended March 31, 2009, the Company modified certain stock-based awards to accelerate the vesting of twenty-five percent (25%) of unvested "in-the-money" stock options outstanding and 25% of unvested restricted stock units outstanding on the termination dates of employees affected by divestitures and workforce reductions. The Company remeasured the fair value of these modified awards and recorded the charges over the future service periods, if any. The modification charges are included in restructuring for continuing operations as well as for discontinued operations.

Note 3. Assets Held for Sale and Discontinued Operations

In 2007, VeriSign announced a change to its business strategy to allow management to focus its attention on its core competencies and to make additional resources available to invest in its core businesses. The strategy calls for the divesture or winding down of the following remaining non-core businesses in the Company's portfolio: Communications Services, Content Portal Services ("CPS"), International Clearing, GSC, Messaging and Mobile Media Services, MSS, Pre-pay billing and payment services ("Pre-Pay"), and Real-Time Publisher ("RTP") Services. These businesses, except for the Pre-pay business, which the Company is currently in the process of winding down, are classified as disposal groups held for sale as of March 31, 2009, and their results of operations have been classified as discontinued operations for all periods presented.

During the three months ended March 31, 2009, the Company disaggregated its ESS disposal group held for sale as of December 31, 2008, into the following three businesses: (i) GSC, (ii) iDefense and (iii) MSS. The Company decided to retain its iDefense business and, accordingly, reclassified the assets and liabilities related to iDefense as held and used as of March 31, 2009. The Company also reclassified the historical results of operations of iDefense from discontinued operations to continuing operations as part of Naming Services for all periods presented.

Assets Held for Sale

The following table presents the carrying amounts of major classes of assets and liabilities related to assets held for sale as of March 31, 2009 and December 31, 2008:

	March 31, 2009	December 31, 2008
	(In thousands)	
Assets:		
Accounts receivable	$ 51,556	$ 58,588
Other current assets	87,053	63,516
Goodwill	234,677	237,177
Other long-lived assets	132,574	124,559
Total assets held for sale	$505,860	$ 483,840
Liabilities:		
Accounts payable and accrued liabilities	$ 51,115	$ 35,853
Deferred revenues	9,426	13,307
Total liabilities related to assets held for sale	$ 60,541	$ 49,160

As of March 31, 2009, businesses classified as held for sale and presented as discontinued operations are the following:

Communications Services

The Company's Communications Services business provides communications services, such as Billing and Commerce Services, Connectivity and Interoperability Services and Intelligent Database Services. The Company's Billing and Commerce Services primarily include its Billing Services, Global Consulting Services for Billing, Real-Time Rating and Payment Services, Real-Time Roaming Services, and Settlement and Exchange Services. The Company's Connectivity and Interoperability Services primarily include its Signaling System 7 ("SS7") Connectivity, Voice and Data Roaming services, and Voice Over Internet Protocol Services. The Company's intelligent database services primarily include its Number Portability Services, Calling Name Database Services, Line Information Database Services and Toll-free Database Services.

On March 2, 2009, the Company entered into a binding agreement to sell its Communications Services business to Transaction Network Services, Inc. for $230.0 million subject to certain adjustments to reflect normal fluctuations in working capital. On May 1, 2009, the divestiture transaction was completed for cash proceeds of $226.2 million, after certain initial adjustments to reflect the parties' current estimate of working capital associated with the Communications Services business as of the closing date. The divestiture transaction will be subject to a final adjustment to reflect the actual working capital balances as of the closing date.

Content Portal Services

The Company's CPS business enables a seamless end-to-end solutions business focused on providing best-in-class digital content storefront services. CPS can be used as a content delivery platform for games, ringtones, and other content services. CPS provides its services to mobile carriers and media companies primarily located in Canada.

International Clearing

The Company's International Clearing business enables financial settlement and call data settlement for wireless and wireline carriers. On April 10, 2009, the Company sold its International Clearing business.

Global Security Consulting

The Company's GSC business helps companies understand corporate security requirements, comply with all applicable regulations, identify security vulnerabilities, reduce risk, and meet the security compliance requirements applicable to the particular business and industry.

Managed Security Services

The Company's MSS business enables enterprises to effectively monitor and manage their network security infrastructure 24 hours per day, every day of the year while reducing the associated time, expense, and personnel commitments by relying on VeriSign's security platform and experienced security staff.

Messaging and Mobile Media Services

The Company's Messaging and Mobile Media ("MMM") Services business is an industry-leading global provider of short-messaging, multimedia messaging, and mobile content application services. MMM Services enables messages and multimedia content to be sent globally across any wireless operator and mobile device. MMM Services offers the global connectivity, network reliability, and scalability necessary to capitalize on the fast growing global messaging and media content markets.

Real-Time Publisher Services

The Company's RTP Services allow organizations to obtain access to and organize large amounts of constantly updated content, and distribute it, in real time, to enterprises, Web-portal developers, application developers and consumers. RTP Services also make it easier for publishers of all sizes to distribute and track their content feeds, which may improve the reliability and quality of their real-time content. On May 5, 2009, the Company sold its RTP Services business.

The current and historical operations, gains and losses upon disposition, including estimated losses upon disposition, of these disposal groups are presented as discontinued operations for all periods presented in the Company's Condensed Consolidated Statements of Operations. The amounts presented represent direct operating costs of the disposal groups. The Company has determined direct costs consistent with the manner in which the disposal groups were structured and managed during the respective periods. Allocations of indirect costs such as corporate overhead and goodwill impairments that are not directly attributable to a disposal group have not been made.

For a period of time, the Company will continue to generate cash flows and will report income statement activity in continuing operations that are associated with these disposal groups and certain of the completed divestitures. The activities that will give rise to these impacts are transitional in nature and generally result from agreements that ensure and facilitate the orderly transfer of business operations. The nature, magnitude and duration of the agreements will vary depending on the specific circumstances of the service, location and/or business need. The agreements can include the following: logistics, customer service, support of financial processes, procurement, human resources, facilities management, data collection and information services. Existing agreements generally extend for periods less than 12 months.

During the three months ended March 31, 2009, the Company recorded gains on disposals including net reversals of estimated losses on disposal, of $4.0 million which is included in discontinued operations. During the three months ended March 31, 2008, the Company recorded losses on disposals, including estimated losses on disposal, of $26.0 million which is included in discontinued operations. Gains on disposal are recorded on the date the sale of the disposal group is consummated. Full or partial reversals of previously reported estimated losses on disposals are recorded upon changes in the fair values and/or carrying values of the disposal groups.

The following table presents the revenues and the components of Income (loss) from discontinued operations, net of tax:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(In thousands)	
Revenues	$102,654	$158,211
Income (loss) before income taxes	$ 22,892	$ (5,421)
Income tax (expense) benefit	(7,976)	5,301
Income (loss) from discontinued operations	14,916	(120)
Gain (loss) on sale of discontinued operations and estimated (losses) reversals on assets held for sale, before income taxes	3,984	(25,981)
Income tax (expense) benefit	(274)	2,412
Gain (loss) on sale of discontinued operations	3,710	(23,569)
Total income (loss) from discontinued operations, net of tax	$ 18,626	$(23,689)

Note 4. Restructuring Charges

A comparison of restructuring charges is presented below:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(In thousands)	
Restructuring charges for continuing operations	$4,775	$ 16,261
Restructuring (reversals) charges for discontinued operations	(404)	10,204
Total restructuring charges	$4,371	$ 26,465

As part of its divestiture strategy, VeriSign initiated a restructuring plan in the first quarter of 2008 (the "2008 Restructuring Plan") which includes workforce reductions, abandonment of excess facilities and other exit costs. The restructuring charges in the table above are substantially related to the 2008 Restructuring Plan. Through March 31, 2009, VeriSign recorded a total of $74.0 million in restructuring charges, inclusive of amounts for discontinued operations, under its 2008 Restructuring Plan.

The following table presents the consolidated restructuring charges, inclusive of amounts for discontinued operations:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(In thousands)	
Workforce reduction	$ 3,209	$ 25,637
Excess facilities	1,162	13
Other exit costs	—	815
Total restructuring charges	$ 4,371	$ 26,465

Under the 2008 Restructuring Plan, the Company notified certain employees of their termination and recognized total consolidated expense relating to severance and benefits costs of $3.2 million and $25.6 million during the three months ended March 31, 2009 and 2008, respectively, inclusive of amounts for discontinued operations.

Of the consolidated restructuring charges, a reversal of $0.3 million and a charge of $10.2 million relate to workforce reduction for discontinued operations during the three months ended March 31, 2009 and 2008, respectively.

Of the consolidated workforce reduction charges, $0.9 million and $3.8 million relate to stock-based compensation for certain terminated employees during the three months ended March 31, 2009 and 2008, respectively, of which $0.2 million and $0.4 million, respectively, are recorded in discontinued operations.

As of March 31, 2009, the consolidated accrued restructuring costs are $15.0 million and consist of the following:

	Accrued Restructuring Costs at December 31, 2008	Restructuring Charges	Cash Payments	Non-cash	Accrued Restructuring Costs at March 31, 2009
			(In thousands)		
Workforce reduction	$ 25,374	$ 3,209	$(19,573)	$(932)	$ 8,078
Excess facilities	6,583	1,162	(867)	—	6,878
Total accrued restructuring costs	$ 31,957	$ 4,371	$(20,440)	$(932)	$ 14,956
Included in current portion of accrued restructuring costs					$ 11,190
Included in long-term portion of accrued restructuring costs					$ 3,766

Cash payments totaling $10.9 million related to the abandonment of excess facilities will be paid over the respective lease terms, the longest of which extends through 2016. The present value of future cash payments related to lease terminations due to the abandonment of excess facilities is expected to be as follows:

	Contractual Lease Payments	Anticipated Sublease Income	Net
		(In thousands)	
2009 (remaining 9 months)	$ 3,132	$ (782)	$2,350
2010	2,917	(651)	2,266
2011	2,311	(859)	1,452
2012	589	(223)	366
2013	421	(279)	142
Thereafter	942	(640)	302
	$ 10,312	$ (3,434)	$6,878

As part of the 2008 Restructuring Plan, the Company anticipates recording additional charges related to its workforce reduction, excess facilities and other exit costs through 2009. The estimate of these charges is not yet finalized and the total amount and timing of these charges will depend upon the nature, timing, and extent of these future actions.

Note 5. Goodwill

The following table summarizes the changes in the carrying amount of goodwill allocated to the Company's 3IS segment during the three months ended March 31, 2009. There is no goodwill allocated to the Company's Other Services segment as of March 31, 2009.

	3IS (In thousands)
Balance at December 31, 2008	$ 283,109
Reclassification from assets held for sale	7,000
Other adjustments (1)	(661)
Balance at March 31, 2009	$ 289,448

(1) Other adjustments consist of foreign exchange fluctuations.

During the three months ended March 31, 2009, the Company disaggregated its ESS disposal group held for sale as of December 31, 2008, into the following three businesses: (i) GSC, (ii) iDefense, and (iii) MSS. The Company decided to retain its iDefense business and, accordingly, reclassified goodwill of $7.0 million allocated to iDefense as held and used as of March 31, 2009.

Note 6. Other Balance Sheet Items

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	March 31, 2009	December 31, 2008
	(In thousands)	
Prepaid expenses	$ 23,419	$ 22,775
Deferred tax assets	66,065	64,482
Non-trade receivables	11,600	13,054
Receivables from buyers	12,822	14,899
Funds held by the Reserve	56,330	150,346
Other	2,571	2,622
Total prepaid expenses and other current assets	$172,807	$ 268,178

As of March 31, 2009, the Company had an aggregate of $56.3 million held by The Reserve's Primary Fund (the "Primary Fund") and The Reserve International Liquidity Fund, Ltd. (the "International Fund"), classified as Prepaid expenses and other current assets due to the lack of an active market. During the three months ended March 31, 2009, the Company received distributions of $8.3 million and $85.8 million from the Primary Fund and the International Fund, respectively.

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Property and Equipment, Net

The following table presents the detail of Property and equipment, net:

	March 31, 2009	December 31, 2008
	(In thousands)	
Land	$ 133,746	$ 133,746
Buildings	129,199	135,242
Computer equipment and software	307,936	342,470
Capital work in progress	16,564	16,595
Office equipment, furniture and fixtures	14,765	15,491
Leasehold improvements	52,382	52,690
Total cost	654,592	696,234
Less: accumulated depreciation	(281,869)	(310,736)
Total property and equipment, net	$ 372,723	$ 385,498

Other Assets

Other assets consist of the following:

	March 31, 2009	December 31, 2008
	(In thousands)	
Long-term deferred tax assets	$ 2,284	$ 2,562
Long-term investments	6,745	5,996
Debt issuance costs	13,004	13,233
Long-term restricted cash	1,859	1,858
Security deposits and other	10,442	14,469
Total other assets	$ 34,334	$ 38,118

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	March 31, 2009	December 31, 2008
	(In thousands)	
Accounts payable	$ 11,252	$ 30,690
Accrued employee compensation	63,279	109,958
Customer deposits, net	25,605	30,432
Taxes payable and other tax liabilities	25,402	18,173
Other accrued liabilities	69,820	74,282
Total accounts payable and accrued liabilities	$ 195,358	$ 263,535

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Note 7. Comprehensive Income (Loss)

Comprehensive income (loss) consists of Net income (loss) adjusted for unrealized gains and losses on marketable securities classified as available-for-sale and foreign currency translation adjustments. The following table presents the components of comprehensive income (loss):

	Three Months Ended March 31,	
	2009	2008
	(In thousands)	
Net income (loss)	$65,515	$ (7,155)
Change in unrealized gain on investments, net of tax	158	197
Foreign currency translation adjustments	(9,954)	16,482
Comprehensive income	55,719	9,524
Less: Comprehensive (loss) income attributable to noncontrolling interest in subsidiary	(4,114)	8,527
Comprehensive income attributable to VeriSign	$59,833	$ 997

Note 8. Calculation of Net Income (Loss) Per Share Attributable to VeriSign

The Company computes basic net income (loss) per share attributable to VeriSign by dividing net income (loss) attributable to VeriSign by the weighted-average number of common shares outstanding during the period. Diluted net income per share attributable to VeriSign gives effect to dilutive potential common equivalent shares, including unvested stock options, unvested restricted stock units, employee stock purchases, warrants and the conversion spread relating to the Convertible Debentures using the treasury stock method. The following table presents the computation of basic and diluted net income (loss) per share attributable to VeriSign:

	Three Months Ended March 31,	
	2009	2008
	(In thousands, except per share data)	
Income (loss) attributable to VeriSign:		
Income from continuing operations, net of tax	$ 46,394	$ 15,628
Income (loss) from discontinued operations, net of tax	18,626	(23,689)
Net income (loss) attributable to VeriSign	$ 65,020	$ (8,061)
Weighted-average shares:		
Weighted-average shares of common stock outstanding	192,311	206,550
Weighted-average potential shares of common stock outstanding:		
Stock options	236	2,191
Unvested restricted stock awards	257	1,133
Conversion spread related to Convertible Debentures	—	256
Employee stock purchase plans	—	341
Shares used to compute diluted net income (loss) per share attributable to VeriSign	192,804	210,471
Income (loss) per share attributable to VeriSign:		
Basic:		
Continuing operations	$ 0.24	$ 0.08
Discontinued operations	0.10	(0.12)
Net income (loss)	$ 0.34	$ (0.04)
Diluted:		
Continuing operations	$ 0.24	$ 0.07
Discontinued operations	0.10	(0.11)
Net income (loss)	$ 0.34	$ (0.04)

Weighted-average potential shares of common stock do not include stock options with an exercise price that exceeded the average fair market value of VeriSign's common stock for the periods presented. The following table sets forth 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 such weighted-average stock options outstanding:

	Three Months Ended March 31, 2009	2008
	(In thousands, except per share data)	
Weighted-average stock options outstanding	8,289	4,141
Weighted-average exercise price	$ 28.13	$ 32.43
Weighted-average restricted stock awards outstanding	2,355	68
Employee stock purchase plans	569	—

Note 9. Junior Subordinated Convertible Debentures

In 2007, the Company issued $1.25 billion principal amount of 3.25% convertible debentures due August 15, 2037, to an initial purchaser in a private offering. The Convertible Debentures are subordinated in right of payment to the Company's existing and future senior debt and to the other liabilities of the Company's subsidiaries. The Convertible Debentures are initially convertible, subject to certain conditions, into shares of the Company common stock at a conversion rate of 29.0968 shares of common stock per $1,000 principal amount of Convertible Debentures, representing an initial effective conversion price of approximately $34.37 per share of common stock. The conversion rate will be subject to adjustment for certain events as outlined in the Indenture governing the Convertible Debentures but will not be adjusted for accrued interest. As of March 31, 2009, the if-converted value of the Convertible Debentures does not exceed its principal amount.

Effective January 1, 2009, the Company retroactively adopted FSP APB 14-1, "*Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement).*" FSP APB 14-1 specifies that issuers of convertible debt instruments should separately account for the liability (debt) and equity (conversion option) components of such instruments in a manner that reflects the borrowing rate for a similar non-convertible debt.

The Company calculated the carrying value of the liability component at issuance as the present value of its cash flows using a discount rate of 8.5% (borrowing rate for similar non-convertible debt with no contingent payment options) adjusted for the fair value of the contingent interest feature. The carrying value of the liability component was determined to be $550.5 million. The excess of the principal amount of the debt over the carrying value of the liability component is also called "debt discount" or "equity component" of the Convertible Debentures. The equity component of the Convertible Debentures on the date of issuance was $700.7 million. The debt discount will be amortized using the Company's effective interest rate of 8.39% over the term of the Convertible Debentures as a non-cash charge to interest expense included in Other loss, net. As of March 31, 2009, the remaining term of the Convertible Debentures is 28.4 years.

The table below presents the carrying amounts of the liability and equity components:

	March 31, 2009	December 31, 2008
	(In thousands)	
Carrying amount of equity component (net of issuance costs of $14,449)	$ 686,221	$ 686,221
Principal amount of Convertible Debentures	$ 1,250,000	$ 1,250,000
Unamortized discount of liability component	(690,331)	(691,837)
Carrying amount of liability component	559,669	558,163
Contingent interest derivative	9,375	10,549
Convertible debentures, including contingent interest derivative	$ 569,044	$ 568,712

The table below presents the interest expense for the contractual interest and the amortization of debt discount:

	Three Months Ended March 31,	
	2009	2008
	(Dollars in thousands)	
Effective interest rate	8.39%	8.39%
Interest expense—contractual interest	$10,156	$10,156
Interest expense—amortization of discount on the liability component	$ 1,513	$ 1,376

The embedded features related to the contingent interest payments, over-allotment option, and the Company making specific types of distributions (e.g., extraordinary dividends) qualify as derivatives to be accounted for separately. The fair value of the derivatives at the date of issuance of the Convertible Debentures was $11.4 million including $7.8 million for the contingent interest payment features and $3.6 million for the over-allotment option feature, which is accounted for as a discount on the Convertible Debentures. The over-allotment feature was revalued at $12.6 million on the date of exercise at August 28, 2007, which is currently accounted for as a premium on the Convertible Debentures. The debt discount and the debt premium are being accreted to the face value of the Convertible Debentures as net interest expense over 30 years. The balances of the debt discount and debt premium are included in the carrying amount of the liability component.

Note 10. Segment Information

Description of segments

The Company has the following two reportable segments: (1) 3IS, which consists of Naming Services, and Authentication Services comprising of SSL Certificate Services and IAS; and (2) Other Services which consists of the continuing operations of non-core businesses and legacy products and services from divested businesses.

Naming Services are the authoritative directory provider of all *.com*, *.net*, *.cc*, *.tv*, *.name* and *.jobs* domain names. SSL Certificate Services enable enterprises and Internet merchants to implement and operate secure networks and websites that utilize SSL protocol, and are often referred to as “business authentication.” These services provide customers the means to authenticate themselves to their end users and website visitors and to encrypt communications between client browsers and Web servers. IAS includes identity protection services, fraud detection services, managed public key infrastructure (“PKI”) services, and unified authentication services, and is often referred to as “user authentication.” These services are intended to help enterprises secure intranets, extranets and other applications and devices, and provide authentication credentials.

The Other Services segment consists of the continuing operations of the Company’s non-core Pre-pay billing and payment services (“Pre-pay”) business, as well as legacy products and services from the divested Content Delivery Network business. The Company is in the process of winding down the operations of the Pre-pay business.

The segments were determined based on how the chief operating decision maker (“CODM”) views and evaluates VeriSign’s operations. VeriSign’s Chief Executive Officer on an interim basis has been identified as the CODM. Other factors, including customer base, homogeneity of products, technology and delivery channels, were also considered in determining the reportable segments.

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

	3IS	Other Services	Total Segments
		(In thousands)	
Three months ended March 31, 2009:			
Revenues	$ 252,212	$ 2,783	$ 254,995
Cost of revenues	47,186	1,292	48,478
	$ 205,026	$ 1,491	$ 206,517

	3IS	Other Services	Total Segments
		(In thousands)	
Three months ended March 31, 2008:			
Revenues	$ 223,846	$ 11,419	$ 235,265
Cost of revenues	39,225	4,176	43,401
	$ 184,621	$ 7,243	$ 191,864

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

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(In thousands)	
Total revenues from reportable segments	$254,995	$235,265
Total cost of revenues from reportable segments	48,478	43,401
Unallocated operating expenses (1)	131,803	163,281
Operating income	74,714	28,583
Other loss, net	(4,293)	(3,639)
Income from continuing operations before income taxes and loss from unconsolidated entities	$ 70,421	$ 24,944

(1) Unallocated operating expenses include unallocated cost of revenues, sales and marketing, research and development, general and administrative, restructuring charges, and amortization of other intangible assets.

Geographic Information

The Company operates in the United States; Australia, Japan and Asia Pacific ("APAC"); Europe, the Middle East and Africa ("EMEA"); and certain other countries.

The following table presents a comparison of the Company's geographic revenues:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(In thousands)	
United States	$ 149,365	$ 138,278
EMEA	53,006	49,024
APAC	35,685	31,838
Other	16,939	16,125
Total revenues	$ 254,995	$ 235,265

Revenues are generally attributed to the country of domicile and the respective regions in which the Company's customers are located.

The following table presents a comparison of property and equipment, net, by geographic region:

	March 31, 2009	December 31, 2008
	(In thousands)	
United States	$347,528	$ 357,607
APAC	16,211	19,176
EMEA	8,920	8,686
Other	64	29
Total property and equipment, net	$372,723	$ 385,498

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

Major Customers

One customer accounted for approximately 14% and 12% of the Company's revenues from continuing operations during the three months ended March 31, 2009 and 2008 respectively. No customer accounted for 10% or more of accounts receivable at March 31, 2009, and December 31, 2008.

Note 11. Other Loss, Net

The following table presents the components of Other loss, net:

	Three Months Ended March 31,	
	2009	2008
	(In thousands)	
Interest income	$ 1,443	$ 8,295
Interest expense	(11,805)	(10,921)
Net (loss) gain on sale and impairment of investments	(45)	55
Net gain (loss) on divestiture of businesses	909	(1,173)
Unrealized gain on contingent interest derivative on convertible debentures	1,174	1,838
Income from transition services agreements	782	—
Other, net	3,249	(1,733)
Total other loss, net	$ (4,293)	$ (3,639)

Interest income is earned principally from the investment of VeriSign's surplus cash balances. Interest expense is derived principally from interest on VeriSign's Convertible Debentures. During the three months ended March 31, 2009, Other, net, primarily consists of $3.3 million received from Certicom Corporation due to the termination of the acquisition agreement entered into with Certicom during the three months ended March 31, 2009 and foreign exchange rate gains and losses. During the three months ended March 31, 2008, Other, net, primarily consists of net foreign exchange rate losses.

Note 12. Income Taxes

During the three months ended March 31, 2009, and March 31, 2008, the Company recorded income tax expense for continuing operations of $23.5 million and $6.6 million, respectively. On February 20, 2009, the State of California enacted changes in tax laws that are expected to have a beneficial impact on the Company's effective tax rate beginning in 2011. As a result, the Company revalued certain state deferred tax assets and liabilities that are expected to reverse after the effective date of the change, and recognized a discrete income tax benefit adjustment of $4.1 million during the three months ended March 31, 2009.

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

As of March 31, 2009, and December 31, 2008, the Company had gross unrecognized tax benefits for income taxes associated with uncertain tax positions of $32.9 million and $31.9 million, respectively. As of March 31, 2009, and December 31, 2008, $32.8 million and $31.7 million, respectively, of unrecognized tax benefit, including penalties and interest, could affect the Company's tax provision and effective tax rate. During the three months ended March 31, 2009, the Company recorded a net increase in unrecognized tax benefits associated with uncertain tax positions of $0.2 million.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of Income tax expense. During the three months ended March 31, 2009, and March 31, 2008, the Company expensed $0.3 million and $0.4 million, respectively, for interest and penalties related to income tax liabilities through Income tax expense.

The Company is currently under examination by the California Franchise Tax Board for the years ended December 31, 2004 and December 31, 2005. Because the Company uses historic net operating loss carryforwards and other tax attributes to offset its taxable income in current and future years, such attributes can be adjusted by the IRS and other taxing authorities until the statute closes on the year in which such attribute was utilized. The Company is not currently under examination by significant international taxing jurisdictions. The balance of the gross unrecognized tax benefits is not expected to materially change in the next 12 months.

Note 13. 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 March 31, 2009:

		Fair Value Measurement Using		
	Total Fair Value as of March 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
Assets:				
Investments in money market funds	$ 661,562	$ 661,562	$ —	$ —
Equity investments	230	230	—	—
Total	$ 661,792	$ 661,792	$ —	$ —
Liabilities:				
Foreign currency forward contracts	$ 2,028	$ —	$ 2,028	$ —
Contingent interest derivative on Convertible Debentures	9,375	—	—	9,375
Total	$ 11,403	$ —	$ 2,028	$ 9,375

The fair value of the Company's investments in certain 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 foreign currency forward contracts is based on foreign currency rates quoted by banks or foreign currency dealers and other public data sources. The Company recorded unrealized gains and losses related to changes in the fair value of its foreign currency forward contracts in Other loss, net. The Company recorded an unrealized loss of $0.9 million and an unrealized gain of $0.1 million during the three months ended March 31, 2009 and March 31, 2008, respectively, related to changes in the fair value of its foreign currency forward contracts.

Equity investments relate to the Company's investments in the securities of other public companies. The fair value of these investments is based on the quoted market prices of the underlying shares. Such investments are included in Prepaid expenses and other current assets.

The Company's Convertible Debentures have contingent interest payments that are considered to be an embedded derivative. The Company accounts for the embedded derivative separately from the Convertible Debentures at fair value, with gains and losses reported in Other loss, net. The Company has utilized a valuation model based on simulations of stock prices, interest rates, credit ratings and bond prices to estimate the value of the embedded derivative. The inputs to the model include risk adjusted interest rates, volatility and average yield curve observations and stock price. As several significant inputs are not observable, the overall fair value measurement of the embedded derivative is classified as Level 3.

The following table summarizes the change in the fair value of the Company's Level 3 contingent interest derivative on Convertible Debentures during the three months ended March 31, 2009 (in thousands):

Fair value at December 31, 2008	$10,549
Unrealized gain on contingent interest derivative on Convertible Debentures (1)	(1,174)
Fair value at March 31, 2009	$ 9,375

(1) Included in Other loss, net.

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

The Company measures its disposal groups held for sale at the lower of their carrying amount or fair value less cost to sell. The following table summarizes the Company's net assets of those disposal groups held for sale which are measured at fair value as of March 31, 2009:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)	Total loss for the three months ended March 31, 2009
	(In thousands)	
Net assets of disposal groups held for sale	$ 378,606	$ 6,550

The Company has classified the net assets of its disposal groups held for sale as Level 3 due to the lack of observable inputs to determine the fair values of such net assets. The fair value of net assets of disposal groups held for sale is determined considering active bids from potential buyers and also using the income or the market valuation approaches or a combination thereof. Significant unobservable inputs used in the income or market valuation approaches primarily include internal cash flow projections, discount rates and control premium. Discount rates are calculated using mathematical models that utilize observable inputs such as risk-free interest rates and beta, adjusted for company specific characteristics. Control premium is determined based on industry studies.

During the three months ended March 31, 2009, net assets of those disposal groups held for sale which are measured at fair value, with a carrying amount of $379.1 million, were written down to their fair value of $378.6

million less costs to sell of $6.1 million (or $372.5 million), resulting in a loss of $6.6 million which is included in Income (loss) from discontinued operations, net of tax.

Note 14. Contingencies

Legal Proceedings

On September 7, 2001, NetMoneyIN, an Arizona corporation, filed a complaint alleging patent infringement against VeriSign and several other previously-named defendants in the U.S. District Court for the District of Arizona asserting infringement of certain patents. The complaint alleged that VeriSign's Payflow payment products and services directly infringe certain claims of NetMoneyIN's three patents and requested the Court to enter judgment in favor of NetMoneyIN, a permanent injunction against the defendants' alleged infringing activities, an order requiring defendants to provide an accounting for NetMoneyIN's damages, to pay NetMoneyIN such damages and three times that amount for any willful infringers, and an order awarding NetMoneyIN attorney fees and costs. NetMoneyIN has withdrawn its allegations of infringement of one of the patents and the Court has dismissed with prejudice all claims of infringement of such patent. In its ruling on the claim construction issues, the Court found some of the claims asserted against VeriSign to be valid. NetMoneyIN may file an appeal after a final judgment seeking to overturn this ruling. Only one claim remains in the case. On July 13, 2007, the Court issued an order granting summary judgment in favor of VeriSign based on the Court's finding that such claim is invalid, and denying all other pending dispositive motions. On August 29, 2007, plaintiff filed a Notice of Appeal. On September 19, 2007, the U.S. Court of Appeals for the Federal Circuit docketed the appeal. On October 20, 2008, the appellate court issued a decision that affirmed in part and reversed in part the summary judgment order and remanded the case for further proceedings in the trial court. While the Company cannot predict the outcome of this lawsuit, it believes that the allegations are without merit.

On July 6, 2006, a stockholder derivative complaint (Parnes v. Bidzos, et al., and VeriSign) was filed against VeriSign in the U.S. District Court for the Northern District of California, as a nominal defendant, and certain of its current and former directors and executive officers related to certain historical stock option grants. The complaint seeks unspecified damages on behalf of VeriSign, constructive trust and other equitable relief. Two other derivative actions were filed, one in the U.S. District Court for the Northern District of California (Port Authority v. Bidzos, et al., and VeriSign), and one in the Superior Court of the State of California, Santa Clara County (Port Authority v. Bidzos, et al., and VeriSign) on August 14, 2006. The state court derivative action is stayed pending resolution of the federal actions. The current directors and officers named in this state action are D. James Bidzos, William L. Chenevich, Roger H. Moore and Louis A. Simpson. The Company is named as a nominal defendant in these actions. The federal actions have been consolidated and plaintiffs filed a consolidated complaint on November 20, 2006. The current directors and officers named in this consolidated federal action are D. James Bidzos, William L. Chenevich, Roger H. Moore, Louis A. Simpson and Timothy Tomlinson. Motions to dismiss the consolidated federal court complaint were heard on May 23, 2007. Those motions were granted on September 14, 2007. On November 16, 2007, a second amended shareholder derivative complaint was filed in the federal action wherein the Company was again named as a nominal defendant. By stipulation and Court order, defendants' obligation to respond to the second amended shareholder derivative complaint has been continued pending informal efforts by the parties to resolve the action.

On May 15, 2007, a putative class action (Mykityshyn v. Bidzos, et al., and VeriSign) was filed in Superior Court for the State of California, Santa Clara County, naming the Company and certain current and former officers and directors, alleging false representations and disclosure failures regarding certain historical stock option grants. The plaintiff purports to represent all individuals who owned the Company's common stock between April 3, 2002, and August 9, 2006. The complaint seeks rescission of amendments to the 1998 and 2006 Option Plans and the cancellation of shares added to the 1998 Option Plan. The complaint also seeks to enjoin the Company from granting any stock options and from allowing the exercise of any currently outstanding options granted under the 1998 and 2006 Option Plans. The complaint seeks an unspecified amount of compensatory damages, costs and attorneys fees. The identical case was filed in the Superior Court for the State of California, Santa Clara County under a separate name (Pace. v. Bidzos, et al., and VeriSign) on June 19, 2007, and on October 3, 2007 (Mehdian v. Bidzos, et al.). On December 3, 2007, a consolidated complaint was filed in Superior Court for the State of California, Santa Clara County. The current directors and officers named in this consolidated class action are D. James Bidzos, William L. Chenevich, Roger H. Moore, Louis A. Simpson and Timothy Tomlinson. VeriSign and the individual defendants dispute all of these claims. Defendants' collective pleading challenges to the putative consolidated class action complaint were granted with leave to amend in August 2008. By stipulation and Court order, plaintiff's obligation to file an amended consolidated class action complaint has been continued pending informal efforts by the parties to resolve the action.

On November 7, 2006, a judgment was entered against us by a trial court in Terni, Italy, in the matter of Penco v. VeriSign, Inc. in the amount of Euro 5.8 million plus fees arising from a lawsuit brought by a former consultant who claimed to be owed commissions. The Company was granted a stay on execution of the judgment and the Company filed an appeal. On July 9, 2008, the appellate court rejected all of plaintiff's claims. On or about April 2, 2009, plaintiff filed an appeal in the Supreme Court of Cassation, Rome, Italy.

On May 31, 2007, plaintiffs Karen Herbert, et al., on behalf of themselves and a nationwide class of consumers ("*Herbert*"), filed a complaint against VeriSign, m-Qube, Inc., and other defendants alleging that defendants collectively operate an illegal lottery under the laws of multiple states by allowing viewers of the NBC television show "Deal or No Deal" to incur premium text message charges in order to participate in an interactive television promotion called "Lucky Case Game." The lawsuit is pending in the U.S. District Court for the Central District of California, Western Division. On June 5, 2007, plaintiffs Cheryl Bentley, et al., on behalf of themselves and a nationwide class of consumers ("*Bentley*"), filed a complaint against VeriSign, m-Qube, Inc., and other defendants alleging that defendants collectively operate an illegal lottery under the laws of multiple states by allowing viewers of the NBC television show "The Apprentice" to incur premium text message charges in order to participate in an interactive television promotion called "Get Rich With Trump." The Bentley matter is currently stayed. A motion to dismiss ruling in Herbert is on appeal in the U.S. Court of Appeals for the Ninth Circuit. While the Company cannot predict the outcome of any of these matters, it believes that the allegations in each of them are without merit and intends to vigorously defend against them.

On September 12, 2008, Leon Stambler filed a declaratory judgment complaint against VeriSign in the U.S. District Court for the Eastern District of Texas. The complaint seeks an order permitting Stambler to proceed with patent infringement actions against VeriSign SSL certificate customers in actions in which VeriSign is not a party in view of Stambler's prior unsuccessful action in 2003 against VeriSign on the same patents in which a verdict was returned against Stambler and a judgment was entered thereon. VeriSign has received requests to indemnify certain SSL certificate customers in the patent infringement actions brought by Stambler. While the Company cannot predict the outcome of these proceedings, it believes the allegations against it are without merit and intends to vigorously defend against them.

VeriSign is involved in various other investigations, claims and lawsuits arising in the normal conduct of its business, none of which, in its opinion will have a material effect on its business. 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.

Note 15. Subsequent Events

On April 10, 2009, the Company sold its International Clearing business.

On May 1, 2009, the Company completed the divestiture transaction of its Communications Services business for cash proceeds of $226.2 million, after certain initial adjustments to reflect the parties' current estimate of working capital associated with the Communications Services business as of the closing date. The divestiture transaction will be subject to a final adjustment to reflect the actual working capital balances as of the closing date.

On May 5, 2009, the Company sold its RTP Services business.

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

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

Except for historical information, this 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 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 2009 and our 2008 Form 10-K, which was filed on March 3, 2009, 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 the trusted provider of Internet infrastructure services for the networked world. We offer a comprehensive spectrum of products and services that help a growing number of organizations and individuals to communicate and conduct commerce with confidence.

We have the following two reportable segments: Internet Infrastructure and Identity Services ("3IS") which consists of Naming Services, and Authentication Services comprising of Secure Socket Layer ("SSL") Certificate Services and Identity and Authentication Services ("IAS"); and (2) Other Services which consists of the continuing operations of non-core businesses and legacy products and services from divested businesses. See Note 10, "Segment Information," of our Notes to Condensed Consolidated Financial Statements for further information regarding our reportable segments. In our 2008 Form 10-K, we presented VeriSign Japan as a separate component of our 3IS segment. Beginning in fiscal 2009, we have reclassified the results of operations of VeriSign Japan into the results of operations of our Authentication Services which is also a component of our 3IS segment, as VeriSign Japan is a majority-owned subsidiary whose operations primarily consist of SSL Certificate Services and IAS.

Naming Services are the authoritative directory provider of all *.com*, *.net*, *.cc*, *.tv*, *.name* and *.jobs* domain names. SSL Certificate Services enable enterprises and Internet merchants to implement and operate secure networks and websites that utilize SSL protocol, and are often referred to as "business authentication." These services provide customers the means to authenticate themselves to their end users and website visitors and to encrypt communications between client browsers and Web servers. IAS includes identity protection services, fraud detection services, managed public key infrastructure ("PKI") services, and unified authentication services, and is often referred to as "user authentication." These services are intended to help enterprises secure intranets, extranets and other applications and devices, and provide authentication credentials. The Other Services segment consists of the continuing operations of our non-core Pre-pay billing and payment services ("Pre-pay") business, as well as legacy products and services from the divested Content Delivery Network ("CDN") business. We are in the process of winding down the operations of the Pre-pay business.

During the fourth quarter of 2007, we announced a change to our business strategy to allow management to focus its attention on our core competencies and to make additional resources available to invest in our core businesses. The strategy calls for a divestiture or winding down of all the non-core businesses. These businesses are classified as disposal groups held for sale as of March 31, 2009, and their results of operations have been classified as discontinued operations for all periods presented. The continued execution of our divestiture plan is subject to the availability of financing, identification of buyers, and general market conditions, including further developments in the current global economic environment and potential continued deterioration of the credit markets. While we are executing our divestiture plan, we will experience additional risks, including, but not limited to the disruption of our business and the potential loss of key employees; difficulties separating operations, services, products and personnel; the potential damage to relationships with our existing customers; and the delay in completion of transition services. For example, our divestiture plan requires a substantial amount of management, administrative and operational resources. Once our divestiture plan is completed, the scale and scope of our operations will decrease in absolute terms, which we expect will allow our remaining core services to benefit from a more efficient and streamlined operational structure. However, we cannot assure you that we will be able to achieve the full strategic and financial benefits we expect from the divestiture of our non-core businesses and there is no guarantee that the planned divestitures will occur or will not be significantly delayed, all of which may result in future variability in our results of operations. By divesting our non-core businesses, additional resources should be available to invest in our core services that will remain: Naming Services and Authentication Services.

Our Core Services

Our core services consist of our Naming Services and Authentication Services.

Naming Services

As of March 31, 2009, we had approximately 92.4 million domain names registered under the *.com* and *.net* registries, which are our principal registries. The number of domain names registered is largely driven by Internet usage and broadband penetration rates. Although growth in absolute number of registrations remains greatest in mature markets such as the U.S. and Western Europe, growth on an annual percentage basis is expected to be greatest in markets outside of the U.S. and Europe where Internet penetration has demonstrated the greatest potential for growth. 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.

Authentication Services

As of March 31, 2009, we had an installed base of SSL certificates of approximately 1.2 million. We currently offer the following SSL Certificate Services: VeriSign®, GeoTrust®, and thawte® branded certificates. The major factors impacting the growth and performance of our SSL Certificate Services are the penetration and adoption of the Internet, especially through broadband services, the spread of e-commerce, the utilization of electronic means for executing financial transactions (such as credit card payments), and the extent to which advertising through search engines encourages consumers to engage in e-commerce. As a result of the growing impact of the Internet on global commercial transactions, we expect continued revenue growth in our business, primarily in markets outside of the U.S. where e-commerce has the largest growth potential.

As with our SSL Certificate Services, the major factors impacting the growth and performance of our IAS are the penetration and adoption of the Internet, especially through broadband services, the spread of e-commerce, the utilization of electronic means for executing financial transactions (such as credit card payments), and the extent to which advertising through search engines encourages consumers to engage in e-commerce.

From time to time we engage in promotional activities in both our Naming Services and Authentication Services.

Business Highlights and Trends—Three months ended March 31, 2009

- We recorded revenues of $255.0 million in the three months ended March 31, 2009, an increase of 8% compared to the same period last year, resulting from an increase in revenues from both our Naming Services as well as Authentication Services.
- We recorded income from continuing operations of $46.4 million in the three months ended March 31, 2009, compared to income from continuing operations of $15.6 million in the three months ended March 31, 2008. The increase is primarily due to an increase in revenues, a decrease in operating costs and expenses due to the implementation of strategic cost-saving initiatives and a decrease in restructuring charges.
- On January 30, 2009, we received $85.8 million from The Reserve International Liquidity Fund, Ltd. (the “International Fund”) and on February 20, 2009, we received $8.3 million from The Reserve’s Primary Fund. (the “Primary Fund”). As of March 31, 2009, we have an aggregate of $56.3 million outstanding in the Primary Fund and the International Fund.
- On March 2, 2009, we entered into a binding agreement to sell our Communications Services business to Transaction Network Services, Inc. (“TNS”) for $230.0 million. On May 1, 2009, the divestiture transaction was completed for cash proceeds of $226.2 million, after certain initial adjustments to reflect the parties’ current estimate of working capital associated with the Communications Services business as of the closing date. The divestiture transaction will be subject to a final adjustment to reflect the actual working capital balances as of the closing date.

Assets Held for Sale and Discontinued Operations

During the three months ended March 31, 2009, we disaggregated our Enterprise and Security Services (“ESS”) disposal group held for sale as of December 31, 2008, into the following three businesses: (i) Global Security Consulting (“GSC”), (ii) iDefense Security Intelligence Services (“iDefense”) and (iii) Managed Security Services (“MSS”). We decided to retain our iDefense business and, accordingly, reclassified the assets and liabilities related to iDefense as held and used as of March 31, 2009. We also reclassified the historical results of operations of iDefense from discontinued operations to continuing operations as part of Naming Services for all periods presented. See Note 3, “Assets Held for Sale and Discontinued Operations,” of our Notes to Condensed Consolidated Financial Statements for further information.

As of March 31, 2009, businesses classified as held for sale and presented as discontinued operations are the following:

Communications Services

Our Communications Services business provides communications services, such as Billing and Commerce Services, Connectivity and Interoperability Services and Intelligent Database Services. Our Billing and Commerce Services primarily include our Billing Services, Global Consulting Services for Billing, Real-Time Rating and Payment Services, Real-Time Roaming Services, and Settlement and Exchange Services. Our Connectivity and Interoperability Services primarily include our Signaling System 7 (“SS7”) Connectivity, Voice and Data Roaming services, and Voice Over Internet Protocol Services. Our Intelligent Database Services primarily include our Number Portability Services, Calling Name Database Services, Line Information Database Services and Toll-free Database Services.

On March 2, 2009, we entered into a binding agreement to sell our Communications Services business to TNS for $230.0 million. On May 1, 2009, the divestiture transaction was completed for cash proceeds of $226.2 million, after certain initial adjustments to reflect the parties’ current estimate of working capital associated with the Communications Services business as of the closing date. The divestiture transaction will be subject to a final adjustment to reflect the actual working capital balances as of the closing date.

Content Portal Services

Our CPS business enables a seamless end-to-end solutions business focused on providing best-in-class digital content storefront services. CPS can be used as a content delivery platform for games, ringtones, and other content services. Our CPS business provides services to mobile carriers and media companies primarily located in Canada.

International Clearing

Our International Clearing business enables financial settlement and call data settlement for wireless and wireline carriers. On April 10, 2009, we sold our International Clearing business.

Global Security Consulting

Our GSC business, part of our former ESS disposal group, helps companies understand corporate security requirements, comply with all applicable regulations, identify security vulnerabilities, reduce risk, and meet the security compliance requirements applicable to the particular business and industry.

Managed Security Services

Our MSS business, part of our former ESS disposal group, enables enterprises to effectively monitor and manage their network security infrastructure 24 hours per day, every day of the year while reducing the associated time, expense, and personnel commitments by relying on VeriSign's security platform and experienced security staff.

Messaging and Mobile Media Services

Our Messaging and Mobile Media ("MMM") Services business is an industry-leading global provider of short-messaging, multimedia messaging, and mobile content application services. MMM Services enable messages and multimedia content to be sent globally across any wireless operator and mobile device. MMM Services offer the global connectivity, network reliability, and scalability necessary to capitalize on the fast growing global messaging and media content markets.

Real-Time Publisher Services

Our Real-Time Publisher ("RTP") Services allows organizations to obtain access to and organize large amounts of constantly updated content, and distribute it, in real time, to enterprises, Web-portal developers, application developers and consumers. RTP Services also make it easier for publishers of all sizes to distribute and track their content feeds, which may improve the reliability and quality of their real-time content. On May 5, 2009, we sold our RTP Services business.

Subsequent Events

On April 10, 2009, we sold our International Clearing business.

On May 1, 2009, we completed the divestiture transaction of our Communications Services business for cash proceeds of $226.2 million, after certain initial adjustments to reflect the parties' current estimate of working capital associated with the Communications Services business as of the closing date. The divestiture transaction will be subject to a final adjustment to reflect the actual working capital balances as of the closing date.

On May 5, 2009, we sold our RTP Services business.

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Results of Operations

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

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Revenues	100%	100%
Costs and expenses		
Cost of revenues	24	25
Sales and marketing	15	21
Research and development	10	11
General and administrative	19	23
Restructuring, impairments and other charges, net	2	7
Amortization of other intangible assets	1	1
Total costs and expenses	71	88
Operating income	29	12
Other loss, net	(1)	(1)
Income from continuing operations before income taxes and loss from unconsolidated entities	28	11
Income tax expense	(9)	(3)
Loss from unconsolidated entities, net of tax	—	(1)
Income from continuing operations, net of tax	19	7
Income (loss) from discontinued operations, net of tax	7	(10)
Net income (loss)	26	(3)
Less: Net income attributable to noncontrolling interests in subsidiary	—	—
Net income (loss) attributable to VeriSign	26%	(3)%

Revenues

We have two reportable segments: 3IS and Other Services. A comparison of revenues is presented below:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	% Change
	(Dollars in thousands)		
3IS:			
Naming Services	$148,308	$127,217	17%
Authentication Services	103,904	96,629	8%
Total 3IS	252,212	223,846	13%
Other Services	2,783	11,419	(76)%
Total revenues	$254,995	$235,265	8%

The changes in revenues during the three months ended March 31, 2009, are described in the segment discussions that follow.

3IS:

Naming Services

Revenues related to our Naming Services are derived from registrations for domain names in the *.com*, *.net*, *.cc*, *.tv*, *.name* and *.jobs* domain name registries. Revenues from *.cc*, *.tv*, *.name and .jobs* are not significant. For domain names registered with the *.com* and *.net* registries, we receive a fee per annual registration that is fixed pursuant to our agreements with the Internet Corporation for Assigned Names and Numbers ("ICANN"). Individual customers 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, as well as fee increases as permitted under our agreements with ICANN. As of March 31, 2009, we have the contractual right to increase the fees for *.com* domain name registrations up to 7% each year during any two years over the remaining four years of our agreement with ICANN through November 30, 2012. As of March 31, 2009, we have the contractual right to increase the fees for *.net* domain name registrations up to 10% each year during the remaining three years of our agreement with ICANN through September 30, 2011. From time to time, we offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate.

The following table compares active domain names ending in *.com* and *.net* managed as part of our Naming Services as of March 31, 2009 and 2008:

	March 31,		%
	2009	**2008**	**Change**
Active domain names ending in *.com* and *.net*	92.4 million	84.4 million	9%

During the three months ended March 31, 2009, the growth in the number of domain names registered was primarily driven by continued Internet growth and adoption primarily within international markets, new domain name promotion programs, and some domain names being registered for the purpose of on-line advertising in advance of the final implementation of the ICANN consensus policy on use of the Add Grace Period ("AGP") for registration deletions. A grace period is a specified number of calendar days following a generic top-level domain registry operation in which the operation may be reversed and a credit may be issued to a Registrar. AGP is typically the five-day period following the initial registration of a domain name. We expect that new name registrations and renewals from customers engaged in the business of registering domain names for the purpose of on-line advertising networks will continue to have a diminishing impact on our domain name base through 2009. During 2008, we started seeing signs of the slowing of growth in some areas of new traditional name registrations due to the current macro-economic environment. We expect that the weakening economic environment may contribute to a continued slowing of growth rates in 2009 for the total worldwide domain name zone as well as for the *.com* and *.net* domain name zones under our management, even as we continue to add to the net names in our domain name zones in absolute terms. We continue to experience growth in targeted international markets where we have focused efforts to develop regions of growth with potential in both our *.com* and *.net* domain name zones over time.

Our Naming Services revenues increased $21.1 million during the three months ended March 31, 2009, as compared to the same period last year, primarily due to a 9% year-over-year increase in the number of active domain names ending in *.com* and *.net* and increases in our *.com* and *.net* registry fees in October 2008 of 7% and 10%, respectively, to $6.86 and $4.23, respectively as per our agreements with ICANN.

Authentication Services

Revenues related to our SSL Certificate Services are derived from licensing and service fees charged to our customers for the issuance of SSL certificates that authenticate their identity to the third parties with whom they carry out secured transactions. Revenues in the SSL Certificate Services are related to fees charged per certificate, which are based upon a number of factors, including: (i) the brand name under which the certificate is issued, which determines the level of encryption and rigor of authentication; (ii) the number of servers authenticated, and (iii) the duration of the certification. We generally issue SSL certificates for one, two and three years; however, the majority of our customers tend to commit to shorter certifications. We have historically experienced healthy renewal rates, and have not increased prices for our SSL certificates either during the three months ended March 31, 2009, or during fiscal 2008.

The following table compares the approximate installed base of SSL certificates in our SSL Certificate Services as of March 31, 2009 and 2008:

	March 31,		%
	2009	2008	Change
Installed base of SSL certificates	1,153,000	1,024,000	13%

During the three months ended March 31, 2009, our installed base of SSL certificates from our GeoTrust® and thawte® brands increased at a higher rate than our higher-priced VeriSign® brand and as a result of this shift to lower-priced brands, our average-unit-revenue decreased compared to prior periods. We expect that the number of our SSL certificates issued will continue to increase at a higher rate than the revenues recognized from our SSL Certificate Services due to the continued shift to lower-priced brands. As we have a market share leadership at the high end of the SSL certificates market, our unit growth rate for the high end is limited by the overall segment growth. In the mid and low segments, where our market share is not as strong, we expect to see good growth opportunities for market share gains as these markets are growing faster than the high end market. Our Extended Validation ("EV") SSL certificate sales, while still a small portion of our SSL Certificate Services, continue to increase year-over-year. Due to the effect of the economic slowdown, however, EV SSL certificates adoption has slowed as large-scale customers delay their orders. We expect the mainstream adoption of EV SSL certificates will be deferred until we see improvements in the macro-economic environment. The weakening economy is affecting our SSL Certificate Services and, while we expect to experience growth, we expect those growth rates to decline in 2009 compared to 2008.

Revenues related to our IAS are derived from one-time credential sales to customers seeking network services and one-time set-up fees. We also charge an annual service fee based upon the number of individual users authorized by the customer to access its network and a customer support fee. Our managed PKI services are characterized by lower growth rates than other product lines within IAS, reflecting the greater maturity of our managed PKI services. We expect IAS revenues to continue to grow in 2009 primarily from growth in our VeriSign Identity Protection ("VIP") services and fraud detection services, but at a lower growth rate than in 2008.

Our Authentication Services revenues increased $7.3 million in revenues during the three months ended March 31, 2009, as compared to the same period last year, primarily due to a 13% year-over-year increase in the installed base of SSL certificates and increased demand for our unified authentication and identity protection services.

Other Services

Other services revenues are derived from our non-core Pre-pay billing and payment services ("Pre-pay") business as well as legacy products and services from divested businesses. We are in the process of winding down the operations of our Pre-pay business.

Other services revenues decreased $8.6 million during the three months ended March 31, 2009, as compared to the same period last year, primarily due to a decrease in revenues from our Pre-pay business resulting from management's decision to wind down the business, the divestiture of our CDN business in 2008 and termination of revenues from a service agreement with our former Jamba joint ventures.

Our expectations and trends for our segments are based on what we are observing and can project about the current macro-economic environment. Our outlook is subject to broader changes in the market and could alter significantly over time.

Geographic Revenues

We operate in the United States; Australia, Japan and Asia Pacific ("APAC"); Europe, the Middle East and Africa ("EMEA"); and certain other countries.

A comparison of our geographic revenues is presented below:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	% Change
	(Dollars in thousands)		
United States	$149,365	$138,278	8%
EMEA	53,006	49,024	8%
APAC	35,685	31,838	12%
Other	16,939	16,125	5%
Total revenues	$254,995	$235,265	8%

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

Revenues from the United States increased $11.1 million primarily due to increase in revenues from our Naming Services and Authentication Services. Revenues from the EMEA region increased $4.0 million primarily due to increase in revenues from our Naming Services. Revenues from the APAC region increased $3.8 million primarily due to increase in revenues from our Authentication Services. Revenues from Other regions increased $0.8 million primarily due to increase in revenues from our Naming Services and Authentication Services.

Mature markets, such as the U.S. and Western Europe, where broadband and e-commerce have seen strong market penetration, may be expected to see consistent incremental growth reflecting the maturity of these markets. We expect to see larger increases in revenues from other EMEA and APAC countries driven by greater growth in international regions, resulting from greater broadband and Internet penetration and expanding e-commerce as electronic means of payment are increasingly adopted.

Cost of revenues

Cost of revenues consist primarily of costs related to providing digital certificate enrollment and issuance services, billing services, operational costs associated with the delivery of our services, customer support and training, consulting and development services, labor costs to provide security, costs of facilities and computer equipment used in these activities and allocations of indirect costs such as corporate overhead. All allocations of indirect costs are included in continuing operations.

A comparison of cost of revenues is presented below:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	% Change
	(Dollars in thousands)		
Cost of revenues	$60,308	$ 59,485	1%

Cost of revenues increased $0.8 million primarily due to increases in registry fees paid to ICANN to maintain domain name registrations and outside consulting costs associated with our Naming Services and telecommunication expenses, partially offset by a decrease in salary and employee benefits expenses. Registry fees paid to ICANN increased $1.4 million due to an increase in the number of *.com* and *.net* domain names registered coupled with an increase in the cost of registry fees effected in the latter half of fiscal 2008 per the ICANN agreement. Outside consulting costs associated with our Naming Services increased $1.4 million primarily resulting from an increase in revenues from our Naming Services. Telecommunication expenses increased $1.7 million primarily due to increased spending on capacity for global constellation sites that support our *.com* and *.net* registries and an increase in expenses to support our new data centers that became operational in the second half of 2008. Salary and employee benefits expenses, which include stock-based compensation expenses, decreased $3.4 million primarily due to a reduction in average headcount resulting from the 2008 restructuring plan.

Sales and marketing

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

A comparison of sales and marketing expenses is presented below:

	Three Months Ended March 31,		%
	2009	**2008**	**Change**
	(Dollars in thousands)		
Sales and marketing	$38,027	$ 48,583	(22)%

Sales and marketing expenses decreased $10.6 million primarily due to decreases in salary and employee benefits expenses, contract and professional services expenses, travel expenses and advertising and marketing expenses. Salary and employee benefits expenses, which include stock-based compensation expenses, decreased $7.5 million primarily due to lower average headcount resulting from the 2008 restructuring plan and the divestiture of our CDN business in April 2008. Advertising and marketing expenses decreased $1.7 million primarily due to a reduction in corporate sponsored marketing events and trade shows. Travel expenses decreased $1.6 million primarily due to lower headcount and management's cost-saving initiatives.

Research and development

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

A comparison of research and development expenses is presented below:

	Three Months Ended March 31,		%
	2009	**2008**	**Change**
	(Dollars in thousands)		
Research and development	$24,802	$ 25,224	(2)%

Research and development expenses decreased $0.4 million primarily due to a decrease in salary and employee benefits expenses partially offset by an increase in depreciation expenses. Salary and employee benefits expenses, which include stock-based compensation expenses, decreased $3.3 million primarily due to a reduction in average headcount resulting from the 2008 restructuring plan, the divestiture of our CDN business and the ongoing wind down of our Pre-pay business. Depreciation expenses increased $1.6 million primarily due to an increase in capitalized projects placed into service during the latter half of 2008.

General and administrative

General and administrative expenses consist primarily of salaries and other personnel-related expenses for our executive, administrative, legal, finance, information technology and human resources personnel, facilities, computer and communications equipment, management information systems, support services, professional services fees, certain tax and license fees, bad debt expense and allocations of indirect costs such as corporate overhead. All allocations of indirect costs are included in continuing operations.

A comparison of general and administrative expenses is presented below:

	Three Months Ended March 31,		%
	2009	2008	Change
	(Dollars in thousands)		
General and administrative	$ 49,148	$ 54,491	(10)%

General and administrative expenses decreased $5.3 million primarily due to decreases in salary and employee benefits expenses, and legal expenses, partially offset by an increase in contractual professional services. Salary and employee benefits expenses, which include stock-based compensation expenses, decreased $5.8 million primarily due to a reduction in average headcount resulting from the 2008 restructuring plan. Legal expenses decreased $2.0 million primarily due to a reduction in litigation expenses. Contract and professional services expenses increased $3.2 million primarily due to an increase in external consulting services related to accounting, income taxes and internal audit.

Restructuring charges

A comparison of restructuring charges is presented below:

	Three Months Ended March 31,	
	2009	2008
	(In thousands)	
Restructuring charges for continuing operations	$ 4,775	$ 16,261
Restructuring (reversals) charges for discontinued operations	(404)	10,204
Total restructuring charges	$ 4,371	$ 26,465

As part of our divestiture strategy, we initiated a restructuring plan in the first quarter of 2008 ("2008 Restructuring Plan") which includes workforce reductions, abandonment of excess facilities and other exit costs. The restructuring charges in the table above are substantially related to the 2008 Restructuring Plan. Through March 31, 2009, we recorded $74.0 million in restructuring charges, inclusive of amounts for discontinued operations, under our 2008 Restructuring Plan.

Under our 2008 Restructuring Plan, we notified certain employees of their termination and recognized total consolidated expense relating to severance and benefits costs of $3.2 million and $25.6 million during the three months ended March 31, 2009 and 2008, respectively, inclusive of amounts for discontinued operations.

As part of the 2008 Restructuring Plan, we anticipate recording additional charges related to our workforce reduction, excess facilities and other exit costs through 2009. While the estimate of these charges is not yet finalized, the total amount and timing of these charges will depend upon the nature, timing, and extent of these future actions.

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Amortization of other intangible assets

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

	Three Months Ended March 31,	
	2009	2008
	(In thousands)	
Amortization of other intangible assets	$ 3,221	$ 2,638

Amortization of other intangible assets for continuing operations increased $0.6 million primarily due to additional amortization as a result of the reclassification of other intangible assets related to iDefense as held and used during the three months ended March 31, 2009.

Other loss, net

Other loss, net, consists primarily of interest earned on our cash, cash equivalents, and investments, interest expense related to our borrowings, net gains or losses on the sale and impairment of investments, net gains or losses on the divestiture of businesses, realized and unrealized gains and losses on the contingent interest derivative on the Convertible Debentures, income from transition services agreements, and the net effect of foreign currency gains and losses. The net effect of foreign currency gains and losses is included in Other, net, in the table below.

A comparison of other loss, net, is presented below:

	Three Months Ended March 31,	
	2009	2008
	(In thousands)	
Interest income	$ 1,443	$ 8,295
Interest expense	(11,805)	(10,921)
Net loss (gain) on sale and impairment of investments	(45)	55
Net gain (loss) on divestiture of businesses	909	(1,173)
Unrealized gain on contingent interest derivative on convertible debentures	1,174	1,838
Income from transition services agreements	782	—
Other, net	3,249	(1,733)
Total other loss, net	$ (4,293)	$ (3,639)

Other loss, net, increased $0.7 million primarily due to a decrease in interest income that resulted from lower average invested balances during the three months ended March 31, 2009, partially offset by $3.3 million received from Certicom Corporation ("Certicom") due to the termination of the acquisition agreement entered into with Certicom during the three months ended March 31, 2009.

Income taxes

During the three months ended March 31, 2009, and March 31, 2008, we recorded income tax expense for continuing operations of $23.5 million and $6.6 million, respectively. The primary increase in income tax expense for continuing operations during the three months ended March 31, 2009, compared to the three months ended March 31, 2008, was related to the geographic mix of income offset by a discrete tax benefit related to a change in California law. On February 20, 2009, the State of California enacted changes in tax laws that are expected to have a beneficial impact on our effective tax rate beginning in 2011. As a result, we revalued certain state deferred tax assets and liabilities that are expected to reverse after the effective date of the change, and recognized a discrete income tax benefit adjustment of $4.1 million during the three months ended March 31, 2009.

Loss from unconsolidated entities, net of tax

Loss from unconsolidated entities, net of tax, represents the net loss recognized from the Jamba joint ventures entered into with Fox Entertainment ("Fox"), a subsidiary of News Corporation. On October 6, 2008, we sold our remaining 49% ownership interest in the Jamba joint ventures to Fox.

	Three Months Ended March 31,	
	2009	2008
	(In thousands)	
Loss from unconsolidated entities, net of tax	$ —	$ (1,761)

Income (loss) from discontinued operations, net of tax

As of March 31, 2009, businesses classified as held for sale and presented as discontinued operations included the following: Communications Services, CPS, GSC, International Clearing, Messaging and Mobile Media Services, MSS and RTP Services. Businesses that have been divested in 2008, and whose results of operations are reflected as discontinued operations, include the following: Digital Brand Management Services, Post-pay, Communications Consulting, EMEA Mobile Media, and Self-Care and Analytics.

The following table presents the revenues and the components of Income (loss) from discontinued operations, net of tax:

	Three Months Ended March 31,	
	2009	2008
	(In thousands)	
Revenues	$102,654	$158,211
Income (loss) before income taxes	$ 22,892	$ (5,421)
Income tax (expense) benefit	(7,976)	5,301
Income (loss) from discontinued operations	14,916	(120)
Gain (loss) on sale of discontinued operations and estimated (losses) reversals on assets held for sale, before income taxes	3,984	(25,981)
Income tax (expense) benefit	(274)	2,412
Gain (loss) on sale of discontinued operations	3,710	(23,569)
Total income (loss) from discontinued operations, net of tax	$ 18,626	$ (23,689)

We recorded income from discontinued operations, net of tax, during the three months ended March 31, 2009, primarily due to a decrease in operating costs and expenses related to the disposal groups held for sale. We recorded gains on disposal including net reversals of estimated losses on disposal, of $4.0 million during the three months ended March 31, 2009, upon changes in the carrying values of certain disposal groups. We incurred losses from discontinued operations, net of tax, during the three months ended March 31, 2008, primarily due to $26.0 million in estimated losses on assets held for sale recorded during that period. See Note 3, "Assets Held for Sale and Discontinued Operations," of our Notes to Condensed Consolidated Financial Statements for further information on our discontinued operations.

The continued execution of our divestiture plan is subject to the availability of financing, identification of buyers, and general market conditions, including further developments in the current economic environment and potential continued deterioration of the credit markets.

Noncontrolling interest in subsidiary

Noncontrolling interest in subsidiary represents the portion of net income belonging to minority shareholders of our consolidated subsidiary, VeriSign Japan.

A comparison of Noncontrolling interest in subsidiary is presented below:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(In thousands)	
Noncontrolling interest in subsidiary	$ (495)	$ (906)

Liquidity and Capital Resources

	March 31, 2009	December 31, 2008
	(In thousands)	
Cash and cash equivalents	$942,386	$ 789,068
Restricted cash	1,859	1,858
Total	$944,245	$ 790,926

As of March 31, 2009, our principal source of liquidity was $944.2 million of cash and cash equivalents and restricted cash.

In summary, our cash flows were as follows:

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	(In thousands)	
Net cash provided by operating activities	$ 38,438	$ 69,510
Net cash provided by (used in) investing activities	78,129	(10,889)
Net cash provided by (used in) financing activities	43,065	(960,594)
Effect of exchange rate changes on cash and cash equivalents	(6,314)	8,276
Net increase (decrease) in cash and cash equivalents	$ 153,318	$ (893,697)

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 operations decreased during the three months ended March 31, 2009, compared to the same period last year, primarily due to a decrease in cash received from customers resulting from a decrease in consolidated revenues, inclusive of revenues from discontinued operations, coupled with the timing of receipts from customers. The decrease in cash receipts was partially offset by a decrease in cash payments to suppliers and employees primarily resulting from lower headcount during the three months ended March 31, 2009.

Cash flows from investing activities

The changes in cash flows from investing activities primarily relate to the divestiture of businesses, timing of purchases, maturities and sales of investments, and purchases of property and equipment.

Net cash provided by investing activities increased during the three months ended March 31, 2009, compared to the same period last year, primarily due to distributions from the Primary Fund and the International Fund, proceeds received from acquisition termination fees, and a decrease in purchases of property and equipment. The increase in cash receipts was partially offset by a decrease in proceeds received from divestiture of businesses.

Cash flows from financing activities

The changes in cash flows from financing activities primarily relate to borrowings and payments under debt obligations as well as stock repurchase and stock option exercise activities.

Net cash provided by financing activities increased during the three months ended March 31, 2009, compared to the same period last year. The increase is primarily due to decreased stock repurchases, partially offset by a decrease in proceeds received from issuance of common stock from stock option exercises and employee stock purchase plans.

Other Liquidity and Capital Resources Information

Our credit facility is available for cash borrowings up to a maximum of $500.0 million and for the issuance of letters of credit up to a maximum limit of $50.0 million. As of March 31, 2009, we had no outstanding borrowings under our credit facility and we had utilized $1.4 million for outstanding letters of credit.

Future operating lease payments include payments related to leases on excess facilities included in restructuring. If sublease rates decrease in these markets, or if it takes longer than expected to sublease these facilities, the actual lease expense relating to our excess facilities under our restructuring plans could exceed this estimate by an additional $3.7 million over the next eight years. Cash payments totaling $10.9 million related to the abandonment of excess facilities under our restructuring plans will be paid over the next eight years. See Note 4, "Restructuring Charges," of our Notes to Condensed Consolidated Financial Statements.

We believe existing cash and cash equivalents, 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

There have been no significant changes in our market risk exposures during the three months ended March 31, 2009.

ITEM 4. CONTROLS AND PROCEDURES

Based on our management's evaluation, with the participation of our Chief Executive Officer, on an interim basis (our principal executive officer) and our acting Chief Financial Officer (our principal financial officer), as of the end of the period covered by this Quarterly Report on Form 10-Q, 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 March 31, 2009, 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 its inherent limitations, our internal control over financial reporting may not prevent material errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The continued effectiveness of our internal control over financial reporting is subject to risks, including that the 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 14, “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 Quarterly Report on 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 Quarterly Report on Form 10-Q as a result of the risk factors discussed below and elsewhere in this Quarterly Report on 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:

- the uncertainties, costs and risks related to our proposed divestiture plan, including any income statement charges we incur in connection therewith and any further delays we may encounter;
- the current global economic environment as well as its impact on e-commerce, financial services, and the telecommunications and Internet industries;
- the long sales and implementation cycles for, and potentially large order sizes of, some of our security services and the timing and execution of individual customer contracts;
- volume of new domain name registrations and customer renewals in our Naming Services business;
- changes in the payment structures of on-line advertising network providers and compensation levels, as well as policies proposed and implemented by ICANN, which could impact the number of domain name registrations;
- the mix of all our services sold during a period;
- our success in marketing and market acceptance of our services by our existing customers and by new customers;
- changes in marketing expenses related to promoting and distributing our services;
- customer renewal rates and turnover of customers of our services;
- potential attacks by hackers, which could threaten the perceived reliability of our products and services;
- continued development of our direct and indirect distribution channels for our products and services, both in the U.S. and abroad;
- changes in the level of spending for information technology-related products and services by enterprise customers;
- the impact of price changes in our products and services or our competitors’ products and services; and
- the impact of decisions by channel partners and resellers to offer competing products or modify their marketing practices.

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 have been adversely affected by the current economic downturn, unfavorable market and economic conditions.

The current global economic downturn may have a significant negative impact on demand for our services and our ability to conduct our business. As the economic downturn continues to deepen and spread overseas, these conditions have also negatively impacted our foreign operations. The economic downturn has or may negatively impact, among other things:

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

In addition, to the extent that the economic downturn impacts specific industry sectors in which many of our customers are concentrated, that may further negatively impact our business. If the economic and market 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.

Our diversified business structure may result in significant fluctuations of our financial results.

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 for e-commerce and communications;
- the extent to which digital certificates and domain names are used for e-commerce or telecommunications;
- growth in demand for our services;
- the competition for any of our services;
- the perceived security of e-commerce and telecommunications over the Internet and other IP networks;

- 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 customers;
- our success in attracting, integrating, training, retaining and motivating qualified personnel;
- our response to competitive developments;
- the successful introduction of new products and services;
- seasonal fluctuations in business activity; and
- the successful introduction of enhancements to our services to address new technologies and standards and changing market conditions.

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

As of March 31, 2009, we had 942 or 29% 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 international 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. regulations applicable to us. There can be no assurance that all of our employees, contractors and agents will not take actions in violation of them. Violations of laws or key control policies by our employees, contractors or agents could result in financial reporting problems, fines, penalties, or prohibition on the importation or exportation of our products and could have a material adverse effect on our business. In addition, 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;
- export and import restrictions on cryptographic technology and products incorporating that technology;
- tariffs and other trade barriers and restrictions;
- difficulties in staffing and managing foreign operations;
- longer sales and payment cycles;
- problems in collecting accounts receivable;
- currency fluctuations, as our international revenues are not always denominated in U.S. dollars;
- difficulty in repatriating profits to the U.S.;
- potential problems associated with adapting our services to technical conditions existing in different countries;
- the necessity of developing foreign language portals and products for our services;

- difficulty of authenticating customer information for digital certificates and other purposes;
- political instability;
- failure of foreign laws to protect our U.S. proprietary rights adequately;
- more stringent privacy policies in some foreign countries;
- additional vulnerability from terrorist groups targeting U.S. interests abroad;
- seasonal reductions in business activity; and
- potentially adverse tax consequences.

We are exposed to risks faced by financial institutions.

We have entered into hedging transactions with counterparties in the financial services industry which have been adversely impacted by the current economic environment. Defaults by, and even rumors or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other 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.

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

Application of new and existing laws and regulations to the Internet and wireless 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. For example, laws designed to restrict the on-line distribution of certain materials deemed harmful to children, on-line gambling, cybersecurity and cyber squatting may impose significant additional costs on our business or subject us to additional liabilities.

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

While we believe we currently have effective internal control over financial reporting, we may identify a material weakness in our internal controls over financial reporting that could cause investors to lose confidence in the reliability of our financial statements and result in a decrease in the value of our securities.

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

We have expended significant resources in connection with our efforts to comply with the requirements of the Sarbanes-Oxley Act. In future periods, we will likely continue to expend substantial amounts in connection with these compliance efforts and with ongoing evaluation of, and improvements and enhancements to, our internal control over financial reporting. These expenditures may make it difficult for us to control or reduce the growth of our general and administrative and other expenses, which could adversely affect our results of operations.

Issues arising from our agreements with ICANN and the DOC could harm our registry business.

The U.S. Department of Commerce (“DOC”) has adopted a plan for the phased transition of its responsibilities for the domain name system (“DNS”) to ICANN. As part of this transition, we have entered into agreements with ICANN and the DOC as the exclusive registry of domain names within the *.com* and *.net* generic top-level domains (“gTLDs”) and with ICANN with respect to being the exclusive registry for the *.name* gTLD.

We face risks arising from our agreements with ICANN and the DOC and from the planned transition of the DOC’s responsibilities for the DNS to ICANN, including the following:

- ICANN could adopt or promote policies, procedures or programs that are unfavorable to us as the registry operator of the *.com*, *.net* and *.name* gTLDs, that are inconsistent with our current or future plans, or that affect our competitive position;
- the DOC could not renew its agreement with ICANN, in which case there would no longer be DOC oversight;
- ICANN’s relationship with the DOC could terminate and another entity could exercise oversight of ICANN;
- the U.S. Government could refuse to transfer certain responsibilities for DNS administration to ICANN due to security, stability or other reasons, resulting in fragmentation or other instability in DNS administration;
- 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 terminate the *.com* Registry Agreement, in which case terminations of the *.com* or *.net* Registry Agreements could have a material adverse impact on our business;
- one or more of the Registry Agreements may not renew when they expire in 2011 (*.net*) and 2012 (*.com* and *.name*), in which case it could have a material adverse effect on our business;
- the DOC’s or ICANN’s interpretation of provisions of our agreements with either of them could differ from ours;
- the DOC could revoke its recognition of ICANN, as a result of which the DOC could take the place of ICANN for purposes of our agreements with ICANN, and could take actions that are harmful to us and could disrupt current or future business plans; and
- our registry business could face legal or other challenges resulting from our activities or the activities of registrars and registrants.

Challenges to ongoing privatization of Internet administration could harm our Naming 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 privatization of the Internet include:

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

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

We may encounter difficulties renewing irrevocable letters of credit provided by customers of our Naming Services business as security for payment of registration fees if we are forced to draw down on such letters of credit to collect payment.

With respect to our Naming Services business, some registrars who register domain names on behalf of their customers utilize irrevocable letters of credit to secure payment for the registration of domain names. In the event that we are unable to obtain payment for the registration of these domain names, we may draw down on the letter of credit. In some cases, withdrawals may be made until we utilize the full amount of the letter of credit, at which point the registrar's ability to process new billable transactions and their agreement may be terminated. If registrars are unwilling or unable to provide new letters of credit once we have drawn down the full amount, we may need to reevaluate our approach for security for payment of registration fees.

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

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 in its domain name or through the use of a search engine. If browser or search technologies were to change significantly or if user behavior were to shift away from direct navigation, the demand for domain names could decrease.

Changes in the level of spending on on-line advertising and/or the way that on-line and pay-per-click advertisers 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. As a result of the general economic downturn, spending on on-line advertising and marketing may not increase or may be reduced, which in turn may result in a further decline in the demand for those domain names.

Services offered by our 3IS segment rely on the continued integrity of public key cryptography technology that may be compromised or proven obsolete over time.

Services offered by our 3IS segment depend on public key cryptography technology. With public key cryptography technology, a user is given a public key and a private key, both of which are required to perform encryption and decryption operations. The security afforded by this technology depends on the integrity of a user’s private key and ensuring that it is not lost, stolen or otherwise compromised. The integrity of private keys also depends in part on the application of specific mathematical principles known as “factoring.” This integrity is predicated on the assumption that the factoring of large numbers into their prime number components is difficult. Should an easy factoring method or other method be developed, the security of encryption products utilizing public key cryptography technology may require significant modifications or would be reduced or eliminated. Furthermore, any significant advance in techniques for attacking cryptographic systems could also render some or all of our existing PKI services obsolete or unmarketable. If improved techniques for attacking cryptographic systems were ever developed, we would likely have to reissue digital certificates to some or all of our customers, which could damage our reputation and brand or otherwise harm our business. In the past there have been public announcements of the successful attack upon cryptographic keys of certain kinds and lengths and of the potential misappropriation of private keys and other activation data. This type of publicity could also hurt the public perception as to the safety of the public key cryptography technology included in our digital certificates. This negative public perception could harm our business.

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

Services as complex as those we offer or develop frequently contain undetected defects or errors. Despite testing, defects or errors may occur in our existing or new services, which could result in loss of or delay in revenues, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to our reputation, tort or warranty claims, increased insurance costs or increased service and warranty costs, any of which could harm our business. The performance of our services could have unforeseen or unknown adverse effects on the networks over which they are delivered as well as on third-party applications and services that utilize our services, which could result in legal claims against us, harming our business. Furthermore, we often provide implementation, customization, consulting and other technical services in connection with the implementation and ongoing maintenance of our services, which typically involves working with sophisticated software, computing and communications systems. Our failure or inability to meet customer expectations in a timely manner could also result in loss of or delay in revenues, loss of market share, failure to achieve market acceptance, injury to our reputation and increased costs.

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

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

- power loss, transmission cable cuts and other telecommunications failures;

- damage or interruption caused by fire, earthquake, and other natural disasters;
- attack by hackers;
- computer viruses or software defects; and
- physical or electronic break-ins, sabotage, intentional acts of vandalism, terrorist attacks and other events beyond our control.

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

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

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

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

We retain certain confidential customer information in our secure data centers and various registration systems. It is critical to our business strategy that our facilities and infrastructure remain secure and are perceived by the marketplace to be secure. Our domain name registry operations also depend on our ability to maintain our computer and telecommunications equipment in effective working order and to reasonably protect our systems against interruption, and potentially depend on protection by other registrars in the shared registration system. The root zone servers and top-level domain name zone servers that we operate are critical hardware to our registry services operations. Therefore, we may have to expend significant time and money to maintain or increase the security of our facilities and infrastructure. Despite our security measures, our infrastructure may be vulnerable to physical break-ins, computer viruses, attacks by hackers or similar disruptive problems. It is possible that we may have to expend additional financial and other resources to address such problems. Any physical or electronic break-in or other security breach or compromise of the information stored at our secure data centers and domain name registration systems may jeopardize the security of information stored on our premises or in the computer systems and networks of our customers. In such an event, we could face significant liability, 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. 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 IP networks as well as of the security or reliability of our services.

The reliance of our Messaging and Mobile Media Services on third-party communications infrastructure, hardware and software exposes us to a variety of risks we cannot control.

The success of our Messaging and Mobile Media Services depends on our network infrastructure, including the capacity leased from telecommunications suppliers. In particular, we rely on AT&T, Sprint Nextel Corporation and other telecommunications providers for leased long-haul and local loop transmission capacity. These companies provide the dedicated links that connect our network components to each other and to our customers.

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

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 differentiate ourselves in the marketing of our products, particularly with respect to our SSL certificates. Dilution of our brand could harm our business.

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. Any claims, with or without merit, could be time consuming, result in costly litigation and diversion of technical and management personnel attention, cause delays or require us to develop non-infringing technology or enter into royalty or licensing agreements. Royalty or licensing agreements, if required, may not be available on acceptable terms or at all. If a successful claim of infringement were made against us, we could be required to pay damages or have portions of our business enjoined. If we could not develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, our business could be harmed.

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

We must establish and maintain strategic, 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. 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, and, in addition, our ability to enter into or maintain strategic relationships may be impacted by our divestiture plan. If we fail to enter into additional relationships, we would have to devote substantially more resources to the distribution, sale and marketing of our information and security services than we would otherwise.

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

Furthermore, our ability to achieve future growth also depends on our ability to continue to establish direct seller channels and to develop multiple distribution channels. In addition, any changes by our channel partners to their existing marketing strategies could have a material adverse effect on our business. Failure of one or more of our strategic or channel relationships to result in the development and maintenance of a market for our services could harm our business. If we are unable to maintain our relationships or to enter into additional relationships, this could harm our business.

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

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

Our VeriSign Identity Protection services depend in part on the acceptance of our services.

The future growth of our VeriSign Identity Protection ("VIP") services, which form a part of IAS, depends in part on the commercial success and acceptance, and reliability of our VIP services. Our VIP services will suffer if our target customers do not use our VIP services. Our future financial performance will also depend on the successful development, introduction and customer acceptance of new and enhanced VIP services. We are not certain that our target customers will choose our VIP services or continue to use our VIP services once adopted.

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

We target our 3IS segment at the market for trusted and secure e-commerce and communications over IP and other networks. Our Naming Services business is developing managed services in emerging markets 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 handsets;
- demand for supply chain information services, including acceptance of the EPCglobal Network;
- the ability of the Internet infrastructure to accommodate increased levels of usage; and
- government regulations affecting e-commerce and telecommunications over IP networks.

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

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

We depend on the performance of our senior management team and other key employees, including key employees in the businesses we intend to divest. Our success also depends on our ability to attract, integrate, train, retain (particularly with respect to key employees in the businesses we intend to divest) and motivate these individuals and additional highly skilled technical and sales and marketing personnel, both in the U.S. and abroad.

All of the members of our senior management team and other key employees are at-will employees and we do not maintain key person life insurance for any of our senior management team members or key employees. The loss of the services of any of our senior management team or other key employees, including key employees in the businesses we intend to divest, or failure to attract, integrate, train, retain and motivate additional key employees could harm our business.

We have experienced changes in our senior management team, and we may face difficulty in attracting and retaining permanent, qualified leadership personnel.

During the second quarter of 2008, we appointed D. James Bidzos, our Chairman of the Board, as President, Chief Executive Officer and Executive Chairman, on an interim basis, and Brian G. Robins, our Senior Vice President, Finance, to acting Chief Financial Officer. In the first quarter of 2009, we appointed Mark D. McLaughlin as our President and Chief Operating Officer. The search for permanent replacements to fill remaining positions may be a distraction to our interim executives, senior management, business partners, and customers, and, although we believe we have taken appropriate measures to address the impact of these changes, there is a risk that such changes may impair our ability to meet our business objectives. During the period of transition following the appointment of an executive, there may be operational inefficiencies as our new management team becomes familiar with our business and operations. We cannot provide you with any assurance that the search for any permanent replacements will be successful, and if we cannot recruit (or experience delays in recruiting) qualified permanent replacements for any such positions, our business may suffer.

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

Ongoing compliance with the corporate governance requirements of the Sarbanes-Oxley Act and the NASDAQ Stock Market has increased the scope, complexity and cost of our corporate governance, reporting and disclosure practices, and our compliance efforts have required significant management attention. It is more difficult and more expensive for us to obtain director and officer liability insurance, and we have been required to accept reduced coverage and incur substantially higher costs to obtain the reduced level of coverage. Further, our board members, chief executive officer and chief financial officer face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified board members and executive officers, which could harm our business.

We have anti-takeover protections that may 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. 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 of Directors, 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 of Directors 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 of Directors has the ability to designate the terms of and issue new series of preferred stock without stockholder approval.

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

- The rights will generally become exercisable if a person or group acquires 20% or more of VeriSign’s outstanding common stock (unless such transaction is approved by our Board of Directors) and thus becomes an “acquiring person.”
- Each right, when exercisable, will entitle the holder, other than the “acquiring person,” to acquire shares of VeriSign’s 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 of Directors 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 of Directors.

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.

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: Several of our current and potential competitors have longer operating histories and significantly greater financial, technical, marketing and other resources than we do and therefore may be able to respond more quickly than we can to new or changing opportunities, technologies, standards and customer requirements. Many of these competitors also have broader and more established distribution channels that may be used to deliver competing products or services directly to customers through bundling or other means. If such competitors were to bundle competing products or services for their customers, the demand for our products and services might be substantially reduced and the ability to distribute our products successfully and the utilization of our services would be substantially diminished.

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

Competition in Naming Services: We face competition in the domain name registry space from other gTLD and ccTLD registries that are competing for the business of entities and individuals that are seeking to establish a Web presence, including registries offering services related to the *.info*, *.org*, *.mobi*, *.biz*, *.pro*, *.aero*, *.museum* and *.coop* gTLDs and registries offering services related to ccTLDs. ICANN currently has registry agreements with 14 registries for the operation of 16 gTLDs. In addition, there are over 240 ccTLD registries.

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

In addition, to the extent end-users navigate using search engines as opposed to direct navigation, we may face competition from search engine operators such as Google and Yahoo!.

Additional competition to our business may arise from the upcoming introduction of new Internationalized Domain Name TLDs (“IDN TLDs”) and new gTLDs by ICANN. These new domain extensions could become available by the fourth quarter of 2009 in the form of translations or transliterated versions of the .com and .net TLD and by the first half of 2010 in the form of new gTLDs. We do not yet know the impact, if any, these new domain extensions may have on our business, but the increase of name availability in the marketplace could introduce new choices for end-users as well as create end-user confusion around brand preference, which could have a material adverse effect on our business. While we may apply for one or more of these new domain extensions, 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.

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

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

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

Competition in Managed Security Services: Security services and product firms, telecommunications companies, and consulting companies or professional services groups of other companies with Internet expertise are current or potential competitors to our managed security services. These companies include large systems integrators and consulting firms, such as Accenture and IBM Global Services, security product companies, such as Symantec, and telecommunications providers, such as Verizon Business and BT Counterpane.

Competition in Messaging and Mobile Media Services: The market for messaging and mobile media services is extremely competitive. Competitors include developers of content and entertainment products and services in a variety of domestic and international markets, such as Infospace, Itouch, Arvato mobile, Monstermob, and Motricity. This business also faces competition from mobile network operators such as Cingular, Verizon Wireless, Sprint Nextel Corporation, T-Mobile, Vodafone, O2, Orange, E-Plus and Telefónica, as well as Internet portal operators such as Yahoo!, AOL, T-Online and Google. Additional competitors are handset manufacturers such as Nokia and software providers such as Microsoft and Apple. As the market for wireless data, including information and entertainment data, matures, new categories of competitors, such as mobile phone companies, broadcasters, music publishers, other content providers or others have begun to develop competing products or services.

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. 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. We cannot assure you that we will be able to adapt to these challenges or respond successfully or in a cost effective way to adequately meet them. Our failure to do so would adversely affect our ability to compete and retain customers or market share.

Risks related to our divestiture plan

We may face difficulties and incur costs associated with our divestiture plan and our financial condition, results of operations or cash flows could be adversely affected.

Until the divestitures are complete, we will experience additional risks, including, but not limited to the disruption of our business and the potential loss of key employees; difficulties separating operations, services, products and personnel; and the potential damage to relationships with our existing customers.

For example, our divestiture plan requires a substantial amount of management, administrative and operational resources. These demands may distract our employees from the day-to-day operation of VeriSign's core businesses.

There is also risk that we may incur additional charges associated with an impairment of a portion of goodwill and other intangible assets due to changes in market conditions for acquisitions and dispositions. Under generally accepted accounting principles, we are required to evaluate goodwill for impairment on an annual basis, and to re-evaluate goodwill and to evaluate other intangible assets as events or circumstances indicate that such assets may be impaired. Further, we are likely to incur income statement charges to complete the divestiture plan, which could be material.

If we are unable to successfully address any of these risks for future dispositions, our financial condition, results of operations or cash flows could be adversely affected.

We may be unable to achieve some or all of the benefits we expect from the divestiture plan and such benefits may be delayed or not occur at all.

We may not be able to achieve the full strategic and financial benefits we expect from the divestiture of VeriSign's non-core businesses. For example, we have encountered and may continue to encounter difficulties identifying buyers for certain businesses or be unable to sell businesses identified for divestiture, and there can be no assurance that analysts and investors will place greater value on VeriSign following the divestiture plan than the value placed on us pre-divestiture.

In addition, there is no guarantee that the planned divestitures will occur or will not be further delayed. Completion of the divestiture plan is subject to a number of factors, including:

- business, political and economic environment in the U.S. and in other countries in which the Company currently operates;
- governmental regulations and policies, actions and approvals of regulatory bodies;
- the operating performance of the Company or the businesses or assets offered for sale;
- identification of buyers and negotiation of sale agreements;

- the willingness of buyers to assume certain liabilities associated with the businesses or assets offered for sale;
- our ability to identify and separate the assets associated with the businesses offered for sale from the core businesses we choose to retain; and
- the availability of financing or other sources of funding to buyers under reasonable terms and conditions.

In the third quarter of 2008, management determined that due in large part to the downturn in the economy and the condition of the credit markets, the divestiture plan would take longer than originally expected. Buyers continue to be more conservative, which makes it more difficult to consummate dispositions and has required some modifications to our original approach to individual dispositions. For example, some potential buyers have asked for more detailed financial information than we originally anticipated, which has increased the time and expense required to conduct the sale process. In addition, the condition in the credit markets has limited sources of financing for potential purchasers, which has affected the number of proposals we have received and prospective buyers' ability to borrow the funds necessary to complete the purchase of our businesses being divested which has impacted the number of divestitures we have been successful in completing. These developments are having an adverse effect on the timing and our chances of completing the divesture plan.

We may be adversely affected under certain covenants in our credit facility.

The Credit Agreement governing our $500.0 million credit facility (the "Facility") contains a negative covenant that limits our ability to sell assets and freely deploy the proceeds we receive from such sales, subject to exceptions based on the size and timing of the sales. Therefore, depending on the size and timing of any dispositions that we decide to pursue as part of our divestiture plan, we may find it necessary to seek an amendment to our Credit Agreement or to structure the sales in a manner that complies with the covenant but that is potentially less favorable to the Company than would otherwise be the case. There can be no guarantee that we will be successful in obtaining any such amendment on acceptable terms or at all or be able to structure potential dispositions accordingly.

We continue to be responsible for a portion of our contingent and other corporate liabilities following the divestiture of certain businesses.

Under the agreements reached with buyers for certain businesses divested under the divestiture plan, we remain liable for certain contingent and corporate liabilities. In addition, it is possible that we may enter into agreements with similar contingent and corporate liabilities in connection with future businesses we may divest.

There is a possibility that we will incur costs and expenses associated with the management of these contingent and other corporate liabilities. These contingent and other corporate liabilities could potentially relate to consolidated securities litigation, as well as actions brought by third parties as a result of the divestiture plan. Where responsibility for such liabilities is to be shared with the buyer, it is possible that the buyer or another 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 the assumed 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 divested under the divestiture plan, 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. We expect that the Company will be subject to similar restrictions with respect to other businesses as they are divested.

Risks related to our securities

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

As of March 31, 2009, we had one billion authorized common shares, of which 192.8 million shares were outstanding. In addition, of our authorized common shares, 37.1 million common shares were reserved for issuance pursuant to outstanding employee stock option and employee stock purchase plans ("Equity Plans"), and 36.4 million shares were reserved for issuance upon conversion of 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 $500.0 million. As of March 31, 2009, we had no outstanding borrowings under the Facility and we had utilized $1.4 million of the $50.0 million limit for outstanding letters of credit. 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 and could adversely affect our financial condition and results of operations.

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 required by the indenture governing the Convertible Debentures.

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 we currently intend to settle the principal amount of the Convertible Debentures in cash as required under the Indenture, 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 required to make cash payments to the holders of the Convertible Debentures equal to the lesser of the principal amount of the Convertible Debentures being converted and the conversion value (as defined in the Indenture) of those debentures. Such payments could be significant, and we may not have sufficient funds to make them at such time.

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 or pay cash in respect of conversions 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.

There may be potential new accounting pronouncements or regulatory rulings which may have an impact on our future financial position and results of operations.

For example, in May 2008, the FASB issued FSP APB 14-1, "*Accounting for Convertible Debt Instruments that May be Settled in Cash upon Conversion (Including Partial Cash Settlement)*," which has significantly affected the accounting for convertible debt, including our Convertible Debentures. The FSP specifies that issuers of convertible debt instruments should separately account for the liability (debt) and equity (conversion option) components of such instruments in a manner that reflects the issuer's non-convertible debt borrowing rate. In applying this FSP, the FASB emphasized that the FSP will be applied to the terms of the instruments as they existed for the time periods they existed, therefore, the application of the FSP will be applied retroactively to all periods presented. The FSP is effective for fiscal years beginning after December 15, 2008, and has been adopted by us in the first quarter of fiscal 2009. Although FSP APB 14-1 had, and will have, no impact on our actual past or future cash flows, it requires us to record a significant amount of non-cash interest expense for fiscal years 2007 through 2037 as the debt discount is amortized, assuming the Convertible Debentures will be settled upon maturity in 2037, associated with a significant reduction in our Convertible Debentures balance along with a corresponding increase in our stockholders' equity. In addition, if our Convertible Debentures are redeemed or converted prior to maturity, any unamortized debt discount will result in a loss on extinguishment. As a result of adoption, there has been a significant effect to our historical and current net income and earnings per share. Additional new accounting pronouncements could also, when adopted, have a material adverse impact on future or past results of operations, which could in turn materially adversely affect the trading price of our common stock.

Certain other risks

The following risks are primarily related to businesses we expect to divest as part of our divestiture plan. Until our divestiture plan is complete, any one or more of these risks could have a significant impact on our financial condition, results of operations or cash flows. In addition, the materialization of any one or more of these risks could affect the timing of future dispositions, the price at which we dispose our businesses or whether we are able to dispose our businesses at all.

Our Messaging and Mobile Media Services business depends on agreements with many different third parties, including wireless carriers. If these agreements are terminated or not renewed, or are amended to require us to change the way our Messaging and Mobile Media Services are offered to customers, our business could be harmed.

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

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

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ITEM 6. EXHIBITS

(a) Index to Exhibits

Exhibit Number	Exhibit Description
10.01	Offer Letter from VeriSign, Inc. to Mark D. McLaughlin dated January 9, 2009. (Incorporated by reference to VeriSign, Inc.'s Current Report on Form 8-K filed on January 14, 2009.)
10.02	Arrangement Agreement between VeriSign, Inc. and Certicom Corp. dated as of January 23, 2009. (Incorporated by reference to VeriSign, Inc.'s Annual Report on Form 10-K filed on March 3, 2009.)
10.03	Asset Purchase Agreement between VeriSign, Inc. and Transaction Network Services, Inc. dated March 2, 2009.
10.04	Amended and Restated Consulting Agreement between VeriSign, Inc. and Roger Moore dated March 26, 2009. †
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). *

† Certain portions of this exhibit have been omitted and have been filed separately with the SEC pursuant to a request for confidential treatment under Rule 24b-2 as promulgated under the Securities Exchange Act of 1934.

* 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 Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in such filings.

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SIGNATURES

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

VERISIGN, INC.

Date: May 8, 2009	By:	/s/ D. JAMES BIDZOS **D. James Bidzos** **Interim Chief Executive Officer** **(Principal Executive Officer)**
Date: May 8, 2009	By:	/s/ BRIAN G. ROBINS **Brian G. Robins** **Acting Chief Financial Officer** **(Principal Accounting Officer)**

EXHIBITS

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

Exhibit Number	Exhibit Description
10.01	Offer Letter from VeriSign, Inc. to Mark D. McLaughlin dated January 9, 2009. (Incorporated by reference to VeriSign, Inc.’s Current Report on Form 8-K filed on January 14, 2009.)
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Exhibit 10.03

EXECUTION VERSION

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

VERISIGN, INC.,
a Delaware corporation,

AND

TRANSACTION NETWORK SERVICES, INC.,
a Delaware corporation

DATED AS OF MARCH 2, 2009

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is dated as of March 2, 2009, between VERISIGN, INC., a Delaware corporation ("**VeriSign**" or "**Seller**"), and TRANSACTION NETWORK SERVICES, INC., a Delaware corporation ("**Purchaser**").

W I T N E S S E T H:

WHEREAS, Seller beneficially owns and operates (directly and through its Subsidiaries (as defined below)) the Business (as defined below); and

WHEREAS, Seller wishes to transfer (and cause its Subsidiaries to transfer) to Purchaser or its designated wholly owned Subsidiaries, and Purchaser wishes to purchase and assume (or cause its designated wholly owned Subsidiaries to purchase and assume), the Assets and the Assumed Liabilities (each as defined below) from Seller and its Subsidiaries, all upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms have the following meanings:

"**Acceptable Confidentiality Agreement**" means a confidentiality agreement that contains confidentiality provisions that are no less favorable in the aggregate to Seller than those contained in the Confidentiality Agreement.

"**Action**" means any litigation, action, claim, subpoena, suit, investigation, complaint, originating application to an employment tribunal, binding arbitration or proceeding.

"**Affiliate**" means, with respect to any specified Person, any other Person who or that, directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with such specified Person.

"**Agreement**" means this Agreement, including the Seller Disclosure Schedule and all Exhibits and Schedules hereto and thereto, and all amendments hereto and thereto made in accordance with Section 11.09.

"**Ancillary Agreements**" means the Assignment and Assumption Agreement, the Bill of Sale, the Foreign Acquisition Agreements, the Intellectual Property License Agreement, the ATLAS License Agreement, the Intellectual Property Assignment Agreement, the Transition Services Agreement, the Messaging Agreement and the real estate transfer documents relating to the transfer of the Owned Real Property pursuant to this Agreement.

"**Assignment and Assumption Agreement**" means the Assignment and Assumption Agreement to be executed by the parties thereto on the Closing Date, in the form of Exhibit A.

"**Assumed Contracts**" means all Material Contracts and all other Contracts relating exclusively to the Business (including those Contracts entered into after the date hereof in accordance with Section 5.01 of this Agreement).

"**ATLAS Licensing Agreement**" means the license agreement to be executed by the parties thereto on the Closing Date, with terms and conditions consistent in all material respects with those set forth on the term sheet attached as Exhibit B.

"**Base Working Capital**" means $25,000,000.

"**Benefit Plan**" means (i) each "employee benefit plan," within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), whether or not subject to ERISA, and (ii) each material employment, consulting, severance, termination, retirement, change in control, retention, incentive or deferred compensation, bonus, stock option or other equity based, vacation or holiday pay, dependent care assistance, excess benefit, salary continuation, medical, life or other insurance, pension, supplemental retirement, supplemental unemployment or other fringe benefit plan, policy, program, agreement, arrangement or commitment.

"**Bill of Sale**" means the bill of sale and conveyance to be executed by the parties thereto on the Closing Date, in the form of Exhibit C.

"**Business**" means the following services provided by Seller's Communications Services Group (a) the provision of products and services based on the operation and delivery of Signaling System 7 signaling services, (b) the hosting of telecommunication databases, consisting of a calling name database, a line-information database, a toll-free database and local number portability products, (c) the delivery of services that address the roaming needs of wireless carriers, consisting of network signaling, protocol normalization, real-time message visibility services, data roaming exchange and clearinghouse services for financial settlement (but specifically excluding all roaming and clearing services provided by Seller's Brazil Subsidiary, Seller's Messaging Group or Seller's Billing and Commerce Group, such as Outcollect Billing and Exchange, and prepaid Real-Time Roaming), (d) the delivery of services necessary to establish and operate a centralized registry of subscription-related information for telephone-mapping between telephone numbers and IP addresses, consisting of Seller's ENUM-based number identity registry and (e) the delivery of services that interconnect or are used in conjunction with Voice Over Internet Protocol networks, consisting of Seller's "network routing directory services," "IP connect" services and "PBX IP connect" services; but excluding in all instances Excluded Assets and Overhead and Shared Services.

"**Business Day**" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in New York, New York, USA.

"**Change of Control Agreement**" means each Change of Control Agreement to be executed by Seller and a Change of Control Employee on or prior to the Closing Date, in the form of Exhibit D.

"**Change of Control Employee**" means any current employee of Seller or any of its Subsidiaries who is listed in Section 1.01(a)(i) of the Seller Disclosure Schedule.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Consent**" means any approval, authorization, consent, order, license, declaration, permission, permit, qualification, exemption or waiver by any third party or Governmental Authority.

"**Contract**" means any contract, agreement, lease, ground lease, or commitment, license, sublicense, permit, mortgage, purchase order, indenture, loan agreement, note, lease, sublease, agreement, obligation, commitment, understanding, instrument or other arrangement or any commitment to enter into any of the foregoing to which Seller or any of its Subsidiaries is a party or by which any property of Seller or any Subsidiary of Seller is bound.

"**Control**" means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The term "**Controlled**" shall have a correlative meaning.

"**Employee**" means any current employee of Seller or any of its Subsidiaries employed in connection with the operation of the Business who is listed in Section 1.01(a)(ii) of the Seller Disclosure Schedule.

"**Environmental Law**" means any applicable Law relating to pollution or protection of the environment, natural resources, worker health and safety or human health and safety.

"**Environmental Permit**" means any permit, approval, license or other authorization required under any Environmental Law to conduct the Business as currently conducted, own the Assets and occupy the Owned Real Property.

"**Equipment**" means furniture and office equipment, goods, furnishings, fixtures, machinery, telecommunications, manufacturing and other equipment and other interests in tangible personal property listed in Section 1.01(a)(iii) of the Seller Disclosure Schedule, excluding in all cases any Intellectual Property Rights covering, embodied in or connected to any of the foregoing (other than where such Intellectual Property Rights are included in the Assets or, in the case of computer programs or databases, where Purchaser has provided evidence reasonably satisfactory to Seller that Purchaser holds a license to (or otherwise has the right to use) such computer programs or databases).

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) which is or ever has been under common control, or which is or ever has been treated as a single employer, with Seller or its respective Affiliates under Section 414(b), (c), (m) or (n) of the Code or Section 4001(a)(14) or (b) of the Employee Retirement Income Security Act of 1974, as amended.

"**Estimated Working Capital Adjustment**" means an amount (which may be positive or negative) equal to:

(i) if the Estimated Working Capital is greater than or equal to the Working Capital Floor but less than or equal to the Working Capital Ceiling, zero;

(ii) if the Estimated Working Capital is greater than the Working Capital Ceiling, an amount equal to the Estimated Working Capital minus the Working Capital Ceiling; and

(iii) if the Estimated Working Capital is less than the Working Capital Floor, an amount equal to the Estimated Working Capital minus the Working Capital Floor.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, together with the rules, regulations, schedules and forms thereunder.

"**Final Working Capital Adjustment**" means an amount (which may be positive or negative) equal to:

(i) if the Final Working Capital is greater than or equal to the Working Capital Floor but less than or equal to the Working Capital Ceiling, zero;

(ii) if the Final Working Capital is greater than the Working Capital Ceiling, an amount equal to the Final Working Capital minus the Working Capital Ceiling; and

(iii) if the Final Working Capital is less than the Working Capital Floor, an amount equal to the Final Working Capital minus the Working Capital Floor.

"**Governmental Authority**" means any U.S. or foreign, multinational, federal, state, provincial or local authority, legislative body, court, government or self-regulatory organization (including any stock exchange), commission, tribunal or organization, or any regulatory agency, or any political or other subdivision, department or branch of any of the foregoing.

"**Governmental Order**" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"**Hazardous Materials**" means (a) petroleum, petroleum products, asbestos in any form that is friable or polychlorinated biphenyls and (b) any chemical, material or other substance regulated as hazardous or as a pollutant, contaminant or waste under any Environmental Law or that may otherwise serve as the basis for liability under Environmental Law.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the rules and regulations thereunder, each as amended from time to time.

"**Intellectual Property Assignment Agreements**" means the Intellectual Property Assignment Agreements to be executed by the parties thereto on the Closing Date, in the forms of Exhibit E-1 and Exhibit E-2.

"**Intellectual Property License Agreement**" means the Intellectual Property License Agreement to be executed by the parties thereto on the Closing Date, in the form of Exhibit F.

"**Intellectual Property Rights**" means all intellectual property rights throughout the world, including all (a) patents (including all reissues, divisions, continuations, continuations in part, re-examinations and extensions thereof) and patent applications, (b) Trademarks (including registrations, applications and renewals therefor), including any goodwill associated therewith, (c) copyrights and other works of authorship and moral rights (including registrations, applications and renewals therefor), (d) trade secrets, know-how (including processes, methods, improvements, inventions, specifications, plans and protocols), rights to proprietary information, databases and data (including technical data, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals) and (e) computer software (including source code and object code) and databases and related documentation.

"**Inventory**" means inventories held for use exclusively in the operation and conduct of the Business, including raw materials, goods in process, finished goods and specific packaging and labels used in connection with the Business.

"**Knowledge of Seller**" or "**Seller's Knowledge**" means the actual knowledge, without further inquiry, of (i) any of the individuals listed in Part I of Section 1.01(a)(iv) of the Seller Disclosure Schedule and (ii) any of the individuals listed in Part II of Section 1.01(a)(iv) of the Seller Disclosure Schedule, solely with respect to matters falling within the responsibilities of their respective positions.

"**Law**" means any law (including common law), statute, ordinance, regulation, rule, code or other requirement or rule enacted or promulgated by any Governmental Authority, including any Governmental Order.

"**Leased Real Property**" means all leasehold or subleasehold estates and other rights to use or occupy any land, building, structures, improvements, or other interests in real property held by the Seller or any Subsidiary and relating exclusively to the Business.

"**Liabilities**" means debts, liabilities, commitments and obligations (including guarantees and other forms of credit support), whether accrued or fixed, absolute or contingent, matured or unmatured, on- or off-balance sheet, including those arising under any Law or Action and those arising under any Contract or otherwise.

"**Lien**" means any mortgage, deed of trust, pledge, hypothecation, security interest, deed of trust, encumbrance, claim, lien, license, lease or charge of any kind.

"**Losses**" means any and all realized losses, liabilities, damages, judgments, settlements and expenses (including interest and penalties recovered by a third party with respect thereto and reasonable attorneys' fees and expenses).

“**Material Adverse Effect**” means a material adverse effect on the operations, results of operations or financial condition of the Business, taken as a whole, but in each case shall not include the effect of events, changes and circumstances relating to (a) the industries and markets in which the Business operates, to the extent they do not have a disproportionately adverse affect on the Assets or the Business, (b) macroeconomic factors, interest rates, general financial market conditions, acts of God, war, terrorism or hostilities, to the extent they do not have a disproportionately adverse affect on the Assets or the Business, (c) changes in Law, US GAAP or official interpretations of the foregoing, (d) compliance with this Agreement, or (e) the transactions contemplated hereby or any announcement hereof or the identity of Purchaser; it being understood that the failure of the Business to achieve internal or external financial forecasts or projections, by itself, will not constitute a Material Adverse Effect.

“**Material Customer”** means (i) with respect to database services customers, each such customer from which the Business received database services revenues exceeding $500,000 in the aggregate in the 2008 fiscal year of Seller, (ii) with respect to network services customers, each such customer from which the Business received network services revenues exceeding $375,000 in the aggregate in the 2008 fiscal year of Seller and (iii) with respect to other customers, each such customer from which the Business received revenues exceeding $100,000 in the aggregate in the 2008 fiscal year of Seller.

“**Material Real Property Lease**” means any Real Property Leases for which the annual rental exceeds $400,000.

“**Material Vendor”** means each vendor to which the Business paid more than $250,000 in the aggregate in the most recent fiscal year of Seller.

“**Messaging Agreement**” means the agreement between Purchaser and Seller (or any Affiliate or assignee of Seller) to be effective as of the Closing Date pursuant to which Purchaser will provide certain services to Seller’s messaging business, in the form of Exhibit G.

“**Nasdaq**” means The Nasdaq Stock Market’s National Market.

“**Overhead and Shared Services**” means ancillary corporate or shared services provided to or in support of the Business that are general corporate or other overhead services or provided to both the Business and other businesses of Seller and its Subsidiaries, including access to hardware and software related to research and development services, use of Intellectual Property Rights, travel and entertainment services, temporary labor services, office supplies services (including copiers and faxes), personal telecommunications services, computer hardware and software services, fleet services, energy/utilities services, procurement and supply arrangements, treasury services, public relations, legal and risk management services (including workers’ compensation), payroll services, sales and marketing support services, information technology and telecommunications services, accounting services, tax services, internal audit services, human resources and employee relations management services, employee benefits services, credit, collections and accounts payable services, logistics services, property management services, environmental support services and customs and excise services, in each case including services relating to the provision of access to information, operating and reporting systems and databases and all hardware and software or other intellectual property used in connection therewith. Overhead and Shared Services shall not include any item in the previous sentence that is (a) exclusive to the Business, rather than shared with any other line of business or the general corporate operations of Seller, and (b) provided solely by or using Transferred Employees and Assets.

"**Owned Real Property**" means the owned real property listed in Section 1.01(a)(vi) of the Seller Disclosure Schedule, together with Seller's right, title and interest in all buildings, improvements and fixtures thereon and all appurtenances thereto.

"**Permits**" means all licenses, franchises, permits, approvals, authorizations, exemptions, certificates, registrations and similar documents or instruments issued by any Governmental Authority, excluding in all cases registrations or applications for Intellectual Property Rights.

"**Permitted Liens**" means (a) statutory Liens for Taxes that are not yet due or are being contested in good faith and for which appropriate accruals have been established, (b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by Law, in each case, for amounts not yet due or that are being contested in good faith, (c) zoning, entitlement, building and land use regulations, customary covenants, defects of title, easements, rights-of-way, restrictions and other similar charges or encumbrances not, individually or in the aggregate, materially interfering with the use or occupancy of the affected property or the ordinary conduct of the Business thereon, (d) Liens that will be released prior to or as of the Closing, and (e) Liens listed in Section 1.01(a)(vii) of the Seller Disclosure Schedule, but in all cases excluding any such Liens that (1) materially interfere with the Purchaser's use, or materially detract from the value of, or marketability of, the affected property or (2) secure the payment of money.

"**Person**" means any natural person, general or limited partnership, corporation, limited liability company, firm, association or other legal entity.

"**Purchase Price Adjustment**" means an amount (which may be positive or negative) equal to the Final Working Capital Adjustment minus the Estimated Working Capital Adjustment.

"**Purchaser Benefit Plan**" means each Benefit Plan sponsored, maintained or contributed to by Purchaser or any of its Subsidiaries or with respect to which Purchaser or any of its Subsidiaries is a party and in which any Employee is or becomes eligible to participate or derive a benefit.

"**Real Property Leases**" means all leases, subleases, licenses, concessions and other agreements relating exclusively to the Business, pursuant to which Seller holds a leasehold or subleasehold estate in, or is granted the right to use or occupy, any Leased Real Property, including the right to all security deposits and other amounts and instruments deposited by or on behalf of Seller or its Subsidiary thereunder.

"**Registered Intellectual Property**" means any Transferred Intellectual Property that is the subject of a patent, patent application, registration or application for registration.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Seller Benefit Plan**” means each Benefit Plan sponsored, maintained or contributed to by Seller or any of its Subsidiaries or with respect to which Seller or any of its Subsidiaries is a party and in which any Employee is or becomes eligible to participate or derive a benefit.

“**Seller Disclosure Schedule**” means the disclosure schedule delivered by Seller to Purchaser on the date hereof.

“**Straddle Period**” means any Taxable period that includes, but does not end on, the day immediately prior to the Closing Date.

“**Subsidiary**” of any Person means any corporation, partnership, limited liability company, joint venture or other legal entity of which such Person owns, directly or indirectly, a majority of the stock or other equity interests the holders of which are generally entitled to vote for the election of or act as the board of directors or other governing body of such corporation or other legal entity, or of which such Person is a general partner or managing member.

“**Superior Alternative Transaction**” means an Alternative Transaction that the board of directors of Seller determines in good faith (after consultation with a financial advisor of nationally recognized reputation) to be for a higher aggregate purchase price (inclusive of assumed liabilities and reflecting terms of payment and the fair market value, as determined in good faith by Seller’s board of directors, of any non-cash consideration included in the purchase price), after taking into account any proposal by Purchaser to amend or modify the terms of the transactions contemplated by this Agreement, and that is reasonably likely to be consummated.

“**Supplier Warranty Agreements**” means any express or implied warranty, guarantee of performance or similar agreement or obligation made by the manufacturer, supplier or seller of an Asset that by its terms or under applicable Law cannot be transferred in connection with the transfer of the relevant Asset.

“**Tax**” **or** “**Taxes**” means any and all taxes, charges, fees, levies, imposts, duties or other assessments of any kind whatsoever, imposed by or payable to any federal, state, provincial, local, or foreign tax authority, including any gross income, net income, alternative or add-on minimum, franchise, profits or excess profits, gross receipts, estimated, capital, goods, services, documentary, use, transfer, ad valorem, business rates, value added, sales, customs, real or personal property, capital stock, license, payroll, withholding or back-up withholding, employment, social security, workers’ compensation, unemployment compensation, utility, severance, production, excise, stamp, occupation, premium, windfall profits, occupancy, transfer or gains taxes, together with any interest, penalties, additions to tax or additional amounts imposed with respect thereto. The term “**Taxable**” shall have a correlative meaning.

“**Tax Returns**” means all returns, reports (including declarations, disclosures, schedules, estimates and information returns) and other information required to be supplied to a Tax authority relating to Taxes.

“**Trademarks**” means rights to trademarks, service marks, brand names, distinguishing guises, trade dress, logos, designs, trade names, words, symbols, color schemes, business names, internet domain names and other indications of origin.

“**Transaction Documents**” means this Agreement, the Ancillary Agreements and any certificate or other document delivered by any party hereto or thereto in connection herewith or therewith.

“**Transfer Taxes**” means all goods, services, excise, sales, use, real or personal property, gross receipt, withholding, documentary, value added, stamp, registration, filing, recordation and all other similar Taxes or other like charges, together with interest, penalties or additional amounts imposed with respect thereto.

“**Transferred Intellectual Property**” means (a) those patents and patent applications listed in Section 1.01(a)(viii) of the Seller Disclosure Schedule; (b) those Trademarks (including any registrations and applications therefor) listed in Section 1.01(a)(ix) of the Seller Disclosure Schedule and any goodwill associated therewith; (c) those copyright registrations and applications listed in Section 1.01(a)(x) of the Seller Disclosure Schedule together with any other copyrights owned by Seller or any of its Subsidiaries as of the Closing Date and used exclusively in connection with the Business; (d) all Transferred Software; and (e) all trade secrets, know-how and rights to other proprietary data and information owned by Seller or any of its Subsidiaries as of the Closing Date and used exclusively in connection with the Business, together (in each case) with all rights to collect royalties, products and proceeds in connection therewith, all rights to sue for past, present and future infringement, misappropriation or other violation thereof, and all rights to recover damages or lost profits in connection therewith.

“**Transferred Software**” means the computer programs and databases listed in Section 1.01(a)(xi) of the Seller Disclosure Schedule, in all cases excluding any components of the Atlas system.

“**Transition Services Agreement**” means the Transition Services Agreement to be executed by the parties thereto on the Closing Date, in the form of Exhibit H.

“**US GAAP**” means, at any time, generally accepted accounting principles in the United States in effect as of such time.

“**VeriSign Performance Plan**” means the 2009 VeriSign Performance Plan.

“**Working Capital**” means, with respect to any date, the net balance of amounts of the accounts shown on Exhibit I, as calculated in accordance with US GAAP, as adjusted in accordance with the accounting principles, methodologies and policies set forth on Exhibit I.

“**Working Capital Ceiling**” means an amount equal to the Base Working Capital plus $500,000.

“**Working Capital Floor**” means an amount equal to the Base Working Capital minus $500,000.

SECTION 1.02. Other Defined Terms. The following terms have the meanings defined for such terms in the Sections set forth below:

Term	Section
2009 Unaudited Financial Statements	5.15(b)
Absent Employee	6.02(f)
Accounting Arbitrator	2.04(d)
Allocation Schedule	2.03(d)
Alternative Financing	5.14(a)
Alternative Transaction	5.16(a)
Assets	2.01(a)
Assumed Liabilities	2.02(a)
Audited Financial Information	3.04(a)
Base Purchase Price	2.03(a)
Claim Notice	10.02(a)
Closing	2.05
Closing Date	2.05
Closing Statement	2.04(a)
Communications Regulatory Authorities	3.07(b)
Competitive Business	5.18(a)
Confidentiality Agreement	5.03(a)
Coverage Period	6.01(c)
Debt Commitment Letter	4.06(a)
Debt Financing	4.06(a), 5.14(a)
Deductible	10.01(c)(ii)
Disagreement Notice	2.04(c)
Employment Terms	6.01(b)
Estimated Purchase Price	2.03(c)
Estimated Working Capital	2.03(b)
Excluded Assets	2.01(b)
Existing Businesses	5.18(b)(i)
Final Working Capital	2.04(a)
Financial Information	3.04(b)
Foreign Acquisition Agreements	2.01(c)
Fundamental Representations	10.01(c)(i)
Indemnified Party	10.02(a)(ii)
Indemnifying Party	10.02(a)(i)
Interim Financial Statements	5.15(a)
Material Contracts	3.12(a)
Network Failure	3.12(d)
New Debt Financing Commitments	5.14(a)
Nonassignable Asset	2.09(a)
Noncompetition Period	5.18(a)
Offeree	6.01(a)
Purchase Price	2.03(a)
Purchaser	Preamble
Purchaser Damages Election	9.03(a)
Purchaser Fee Election	9.03(a)
Purchaser Indemnified Persons	10.01(a)
Purchaser Termination Fee	9.03(a)
Retained Liabilities	2.02(b)

Term	Section
SEC Financial Statements	5.15(a)
Seller	Preamble
Seller Indemnified Persons	10.01(b)
Seller Termination Fee	9.03(b)
Seller’s Trademarks and Logos	5.12
Shared Contracts	2.01(a)(xi)
Termination Date	9.01(b)
Third-Party Claim	10.02(a)(i)
Transferred Employee	6.01(a)
Unaudited Financial Information	3.04(b)
WARN Act	6.05

SECTION 1.03. Interpretation.

(a) Words in the singular shall include the plural and vice versa, and words of one gender shall include the other genders, in each case, as the context requires.

(b) The terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement and not to any particular provision of this Agreement, and Article, Section, paragraph, Exhibit and Schedule references are to the Articles, Sections, paragraphs, Exhibits and Schedules to this Agreement unless otherwise specified.

(c) The word “including” and words of similar import shall mean “including, without limitation,” unless otherwise specified.

(d) The phrases “made available to Purchaser” or “furnished to Purchaser” shall include documents that were posted to the “Project Communications Services Group” data rooms at https://bdr124907.bmcgroup.com and https://bdr126108.bmcgroup.com/, prior to, and that remain accessible to Purchaser on, the date that is one Business Day prior to the date of this Agreement.

ARTICLE II

PURCHASE AND SALE OF ASSETS

SECTION 2.01. Purchase and Sale of Assets; Exclusion of Excluded Assets.

(a) On the terms and subject to the conditions set forth in this Agreement, as of 12:01 a.m. on the Closing Date, Seller shall (or, as applicable, shall cause a Subsidiary of Seller to) sell, transfer, convey, assign and deliver to Purchaser (or, as applicable, one or more wholly owned Subsidiaries of Purchaser designated by Purchaser not less than 5 Business Days prior to the Closing Date), and Purchaser shall (or, as applicable, shall cause such wholly owned Subsidiary or Subsidiaries of Purchaser to) purchase and accept from Seller (or, as applicable, such Subsidiary of Seller) all of Seller’s and its Subsidiaries’ right, title and interest in and to each of the following assets, properties and rights, but in each case excluding the Excluded Assets (such assets, properties and rights, the “**Assets**”), free and clear of all Liens other than Permitted Liens or Liens created by or through Purchaser or any of its Affiliates:

(i) the Owned Real Property and Real Property Leases;

(ii) the Assumed Contracts;

(iii) all current assets included on the Closing Statement;

(iv) any other prepaid expenses and cash lease deposits relating exclusively to the Business or the Assets, to the extent not reflected on the Closing Statement;

(v) the Equipment;

(vi) the Inventory;

(vii) originals or copies of books of account, supplier and customer lists, correspondence, marketing and promotional materials (including website content), records and files in any form or media (including computerized, online or electronic) and any other information reduced to writing or other physical or tangible media relating to the Business, in each case exclusively used or held for use in the conduct of the Business;

(viii) the Transferred Intellectual Property;

(ix) all past, present and future claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind, to the extent (A) relating to the Assets and accruing on or after the Closing Date or (B) relating to the Assumed Liabilities;

(x) subject to Section 2.01(b)(iii), all rights under or pursuant to all warranties, representations and guaranties made by suppliers in connection with the Assets or relating exclusively to the operation of the Business, in each case, to the extent such warranties, representations and guaranties are assignable to Purchaser, and if such warranties, representations and guaranties are not assignable to Purchaser, then any proceeds actually recovered by Seller or any Subsidiary to the extent allocable to the Assets;

(xi) with respect to Contracts pursuant to which Seller (or one or more of its Subsidiaries) provides to the counterparty both the services provided by the Business and other services, the rights thereunder (including in respect of any service order or work order) relating to the Business (such rights relating to the Business, the “**Shared Contracts**”);

(xii) all proceeds from insurance policies held by Seller or any of its Subsidiaries relating to losses of the Business arising on or after the Closing Date and attributable to the Assets;

(xiii) all other properties, assets and rights used exclusively in the Business that are not Excluded Assets; and

(xiv) all of Seller's goodwill in the Business as a going concern.

(b) Notwithstanding anything in this Agreement to the contrary, Seller and its Subsidiaries shall retain their respective right, title and interest in and to, and Purchaser shall have no rights with respect to the right, title and interest of Seller and its Subsidiaries in and to, the following assets (such assets, the "**Excluded Assets**"):

(i) all the business, properties, assets, goodwill and rights of whatever kind and nature, real or personal, tangible or intangible that are owned, leased or licensed by Seller and its Subsidiaries on the Closing Date and used, held for use or intended to be used primarily in the operation or conduct of any business of Seller and its Subsidiaries other than the Business;

(ii) the minute books, stock ledgers, Tax records and Tax-related documents of Seller and its Subsidiaries;

(iii) all past, present, and future claims, causes of action and, choses in action, rights of recovery, rights of settlement or rights of any kind of Seller and its Subsidiaries (A) relating to the Business and accruing prior to the Closing Date, other than the current assets included on the Closing Statement, and (B) against any third party relating to any Retained Liability or to any Liability for which Seller or any of its Subsidiaries is responsible under this Agreement, including under any Supplier Warranty Agreement (including rights of set-off, rights to refunds and rights of recoupment thereunder);

(iv) all rights to Tax refunds, credits or similar benefits relating to the Assets or the Business attributable to periods, or portions of periods, ending before the Closing Date (which, in the case of a Straddle Period, shall be allocated among the parties in a manner consistent with Section 7.03);

(v) all rights of Seller under this Agreement and the Ancillary Agreements;

(vi) subject to Section 2.01(a)(xii), all current and prior insurance policies and all rights of any nature with respect thereto, including all insurance recoveries thereunder and rights to assert claims with respect to any such insurance policies;

(vii) any assets used primarily for the purpose of providing Overhead and Shared Services and, other than as provided in the Transition Services Agreement, any rights of the Business to receive from Seller or any of its Affiliates any Overhead and Shared Services;

(viii) software other than (A) the Transferred Software and (B) other software and computer databases for which Purchaser has obtained a license (or other right to use) as set forth in the definition of "Equipment";

(ix) except (A) for the Transferred Intellectual Property and (B) as otherwise expressly provided in the Intellectual Property License Agreement or the Transition Services Agreement, all rights relating to any Intellectual Property Rights of Seller or any of its Subsidiaries (including Seller's name);

(x) except to the extent described in Section 2.01(a)(iii) or 2.01(a)(iv), all cash, cash equivalents and bank accounts or similar cash items, or prepaid expenses of Seller and its Subsidiaries (whether or not reflected on the books of Seller or its Subsidiaries as of the Closing Date);

(xi) all stock or other equity interests in any Person;

(xii) all records prepared in connection with the sale of the Business to Purchaser;

(xiii) except as expressly provided herein, any asset related to or set aside to fund any employee benefit plan, program, arrangement, agreement or commitment; and

(xiv) any assets set forth in Section 2.01(b)(xiv) of the Seller Disclosure Schedule.

(c) Subject to the terms and conditions hereof, Seller and Purchaser shall, or shall cause their respective Subsidiaries to, enter into such agreements or instruments (the "**Foreign Acquisition Agreements**") providing for the sale, transfer, assignment or other conveyance of any Assets located outside the United States as, pursuant to requirements of applicable local Law, would be required or advisable to be documented separately from this Agreement, which Foreign Acquisition Agreements shall be negotiated in good faith between Seller and Purchaser, but in all events shall be consistent with the terms of this Agreement.

(d) Subject to Sections 5.03 and 5.10, Seller shall have the right to retain, following the Closing Date, copies of any book, record, literature, list and any other written or recorded information constituting Assets to which Seller in good faith determines it is reasonably likely to need access for bona fide business or legal purposes relating to pre-Closing Liabilities or the operation of businesses of the Seller other than the Business.

SECTION 2.02. Assumption of Assumed Liabilities; Retention of Retained Liabilities.

(a) As of 12:01 a.m. on the Closing Date, Purchaser shall (or shall cause one or more of its wholly owned Subsidiaries designated by Purchaser not less than 5 Business Days prior to the Closing Date to) assume and become obligated to pay, perform and discharge when due, the following Liabilities, whether accrued or arising before, on or after the Closing Date (such Liabilities, the "**Assumed Liabilities**"):

(i) all Liabilities relating to the Assets or the Business to the extent arising from or relating to any event, circumstance or condition occurring on or after the Closing Date;

(ii) all Liabilities under the Assumed Contracts and the Shared Contracts, excluding any liability or obligation relating to or arising out of such Assumed Contracts or Shared Contracts, as applicable, as a result of (A) any breach of such Assumed Contracts or Shared Contracts occurring prior to the Closing Date, or (B) any violation of law, breach of warranty, tort or infringement occurring prior to the Closing Date;

(iii) all accounts payable and accrued expenses of the Business not related to an Assumed Contract or a Shared Contract, to the extent reflected on the Closing Statement;

(iv) all Liabilities relating to Transferred Employees that are to be assumed by Purchaser pursuant to Article VI;

(v) all product liability, professional liability or any other claims arising out of the sale and/or use of products or services sold following the Closing in connection with the Business (regardless of when manufactured or provided);

(vi) subject to Section 6.01(e), (x) all amounts that become payable pursuant to and in accordance with each Change of Control Agreement and (y) bonus payments to the Transferred Employees identified on Section 2.02(a)(vi) of the Seller Disclosure Schedule to the extent such bonus payments become payable to such Transferred Employees following the Closing under the terms of the VeriSign Performance Plan; and

(vii) all Liabilities identified in Section 2.02(a)(vii) of the Seller Disclosure Schedule.

(b) Seller or the relevant Subsidiary shall retain, and shall be fully responsible for paying, performing and discharging when due, and Purchaser shall not assume or have any responsibility for, any Liabilities of Seller and its Subsidiaries other than the Assumed Liabilities (the "**Retained Liabilities**"), including the following:

(i) any Liability arising out of or relating to the Excluded Assets;

(ii) any of Seller's Liabilities for expenses and fees incident to or arising out of the negotiation, preparation, approval or authorization of this Agreement or the consummation (or preparation for the consummation) of the transactions contemplated hereby (including all attorneys', accountants and brokerage fees, but not including any transfer Taxes, which shall be governed by Section 7.01);

(iii) any Liability related to any Employee (including, but not limited to, any retention, stay bonus or similar agreements entered into prior to the Closing Date in connection with or related to the transactions contemplated hereby), except to the extent such liability relates to a Transferred Employee and is expressly assumed by the Purchaser pursuant to Article VI;

(iv) any obligation or liability under any intercompany accounts payable to or intercompany obligations among the Seller and its Affiliates, including those relating to the Business, except as provided in the Ancillary Agreements;

(v) any obligation or liability for any Taxes related to the Business or the Assets for periods (or portions thereof) ending before the Closing Date (which, in the case of a Straddle Period, shall be allocated in accordance with Section 7.03);

(vi) any Liability in respect of indebtedness of the Seller, except for trade debt relating to Assumed Contracts;

(vii) Liabilities with respect to being a member or part of Seller's control group or affiliated group, or by virtue of being owned or controlled by Seller, under ERISA, or with respect to discrimination, wrongful termination or other employee claims, the underlying facts of which relate primarily to the pre-Closing period;

(viii) any of Seller's liabilities or obligations which Purchaser may become liable for as a result of or in connection with the failure by Purchaser or Seller to comply with any bulk sales or bulk transfers laws or as a result of any "de facto merger" or "successor-in-interest" theories of liability, to the extent that any such noncompliance results in Purchaser assuming any Liability not set forth in Section 2.02(a); and

(ix) any of Seller's Liabilities not otherwise referred to in this Section 2.02(b) relating to any legal action, proceeding, claim or investigation arising out of or in connection with Seller's or any of its Subsidiary's conduct of the Business prior to the Closing Date, any other conduct of Seller, Seller's officers, directors, employees, consultants, agents or advisors in each case other than Assumed Liabilities.

For purposes of this Section 2.02(b), "Seller" shall be deemed to include all Affiliates and Subsidiaries of Seller and any predecessors to Seller and any Person with respect to which Seller is a successor-in-interest (including by operation of law, merger, liquidation, consolidation, assignment, assumption or otherwise). Seller hereby acknowledges that it is retaining the Retained Liabilities.

SECTION 2.03. Purchase Price; Allocation of Purchase Price.

(a) Subject to the terms and conditions of this Agreement, in consideration of the transfer of Assets under Section 2.01, Purchaser on its own behalf and, as applicable, as agent for its designated Subsidiaries, shall (i) assume and become obligated to pay, perform and discharge the Assumed Liabilities and (ii) pay to Seller an amount of cash (the "**Purchase Price**") equal to U.S.$230,000,000 (the "**Base Purchase Price**"), as adjusted in accordance with Sections 2.03(c) and 2.04(b).

(b) For purposes of determining the amount of cash to be paid as the Estimated Purchase Price by Purchaser to Seller at the Closing pursuant to Section 2.07, Seller shall prepare and deliver, not less than five Business Days before the Closing Date, a good faith estimate of the Working Capital as of the Closing Date (such estimated amount, the "**Estimated Working Capital**"), which shall be reasonably acceptable to the Purchaser.

(c) As used in this Agreement, the "**Estimated Purchase Price**" shall mean an amount equal to the Base Purchase Price plus an amount equal to the Estimated Working Capital Adjustment (which may be positive or negative).

(d) The Purchase Price and the Assumed Liabilities shall be allocated among the Assets in accordance with their fair market values as mutually determined by Purchaser and Seller (the "**Allocation Schedule**") for all Tax purposes, including for purposes of Section 1060 of the Code and the Treasury Regulations thereunder. Seller and Purchaser will use commercially reasonable efforts to agree on a final Allocation Schedule within 30 days after the final Purchase Price and the Assumed Liabilities have been finalized pursuant to Section 2.04. The procedures set forth in Sections 2.04(c), (d) and (e), including the use of an Accounting Arbitrator, shall govern any dispute and the resolution thereof with respect to the final Allocation Schedule. Any subsequent allocation necessary as a result of an adjustment to the consideration to be paid hereunder shall be determined by Seller and Purchaser in a manner consistent with the Allocation Schedule. For all Tax purposes, Purchaser and Seller agree (i) to report, and cause their respective Subsidiaries to report, the transactions contemplated by this Agreement in a manner consistent in all respects with the final Allocation Schedule, which shall be binding upon Purchaser and Seller and their respective Subsidiaries and (ii) not to take any position inconsistent therewith in any Tax Return, Tax filing (including filings required under Section 1060 of the Code), audit, refund claim or otherwise.

SECTION 2.04. Purchase Price Adjustment.

(a) The Purchase Price shall be adjusted after the Closing in accordance with this Section 2.04 based upon the Working Capital as of the Closing Date (the "**Final Working Capital**"). For purposes hereof, the statement of the Final Working Capital, together with the calculation of the Purchase Price pursuant to this Section 2.04, shall be referred to as the "**Closing Statement**."

(b) If (i) the Purchase Price Adjustment as finally determined in accordance with this Section 2.04 is greater than zero, Purchaser shall pay to Seller the Purchase Price Adjustment or (ii) the Purchase Price Adjustment as finally determined in accordance with this Section 2.04 is less than zero, Seller shall pay to Purchaser the Purchase Price Adjustment, in either case by wire transfer, within three Business Days after the final determination of the Purchase Price, of immediately available U.S. Dollar funds to an account designated by the party receiving payment, plus interest on such amount accrued from the Closing Date to the date of such payment at the prime rate applicable from time to time as announced by Citibank, N.A.

(c) As promptly as practicable (and in any event within 75 days after the Closing), Purchaser shall prepare and deliver to Seller the Closing Statement prepared in accordance with this Section 2.04. If Seller disagrees with the determination of the Closing Statement, Seller shall notify Purchaser of such disagreement within 30 days after delivery of the Closing Statement (such notice, the "**Disagreement Notice**"). The Disagreement Notice shall set forth, in reasonable detail, any disagreement with, and any requested adjustment to, the Closing Statement. Matters as to which Seller may submit disagreements (and the Disagreement Notice) shall be limited to whether the Closing Statement delivered by Purchaser was calculated in accordance with US GAAP and prepared on the basis of, and using the same accounting principles, methodologies and policies reflected in, Exhibit I, and Seller shall not be entitled to submit disagreements on any other basis (including as to whether such principles, methodologies and policies are or were appropriate). If Seller fails to deliver the Disagreement Notice by the end of such 30-day period, Seller shall be deemed to have accepted the Closing Statement delivered by Purchaser. Matters included in the calculations in the Closing Statement to which Seller does not object in the Disagreement Notice shall be deemed accepted by Seller and shall not be subject to further dispute or review. During the period prior to Seller's delivery of any Disagreement Notice, Seller shall have reasonable access to all documents, schedules and workpapers used by Purchaser in the preparation of the Closing Statement. Purchaser and Seller shall negotiate in good faith to resolve any such disagreement with respect to the Closing Statement, and any resolution agreed to in writing by Purchaser and Seller shall be final and binding upon the parties.

(d) If Purchaser and Seller are unable to resolve any disagreement as contemplated by paragraph (c) of this Section 2.04 within 30 days after delivery of a Disagreement Notice by Seller, Purchaser and Seller shall jointly select a partner at a mutually agreeable accounting firm to resolve such disagreement. If Purchaser and Seller are unable to reach agreement on the identity of such a partner within 20 days after the expiration of such 30-day period, either party may request that a partner at a nationally recognized accounting firm be appointed by the American Arbitration Association. The individual so selected shall be referred to herein as the "**Accounting Arbitrator**." The Accounting Arbitrator shall determine, based solely on the provisions of this Agreement and the presentations by Purchaser and Seller and their respective representatives, and not by independent review, the appropriate amount, inclusion or omission of the items and amounts set forth in the Closing Statement as to which Purchaser and Seller have not resolved a disagreement identified in the Disagreement Notice (and only such matters). In resolving any such disputed item, the Accounting Arbitrator shall not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. Purchaser and Seller shall use commercially reasonable efforts to cause the Accounting Arbitrator to deliver to the parties, as promptly as practicable (and in no event later than 30 days after his or her appointment), a written report setting forth the resolution of any such disagreement determined in accordance with the terms of this Agreement. Such report shall be final and binding upon the parties. In the event the Accounting Arbitrator concludes that Seller was correct as to a majority (by dollar amount) of the disputed items, then Purchaser shall pay the Accounting Arbitrator's fees, costs and expenses. In the event the Accounting Arbitrator concludes that Purchaser was correct as to a majority (by dollar amount) of the disputed items, then Seller shall pay the Accounting Arbitrator's fees, costs and expenses.

(e) Purchaser and Seller agree that any payments made pursuant to this Section 2.04 shall be allocated in a manner consistent with the allocation referred to in Section 2.03(d).

SECTION 2.05. Closing. Subject to the terms and conditions of this Agreement, the sale and purchase of the Assets and the assumption of the Assumed Liabilities, all as contemplated hereby, shall take place at a closing (the "**Closing**") to be held at 11:00 AM, Eastern time, on the first Business Day that is (a) two Business Days following the satisfaction or waiver of all of the conditions to the obligations of the parties set forth in Article VIII (other than conditions to be satisfied at the Closing, but subject to the waiver or fulfillment of those conditions) or (b) the date that is mutually agreed upon in writing by Seller and Purchaser (the day on which the Closing takes place being the "**Closing Date**"), at such place as Seller and Purchaser may mutually agree upon in writing.

SECTION 2.06. Closing Deliveries by Seller. At the Closing, Seller shall deliver or cause to be delivered to Purchaser:

(a) a counterpart of each of the Ancillary Agreements, executed by each of Seller and its Subsidiaries that is a party thereto, to the extent not delivered prior to the Closing;

(b) a non-foreign affidavit dated as of the Closing Date and in the form and substance required under the Treasury Regulations issued pursuant to Section 1445(b) of the Code so that Purchaser is not obligated to withhold any portion of the Purchase Price thereunder; and

(c) any other documents required pursuant to this Agreement or reasonably requested by Purchaser.

SECTION 2.07. Closing Deliveries by Purchaser. At the Closing, Purchaser shall deliver or cause to be delivered to Seller:

(a) a counterpart of each of the Ancillary Agreements, executed by each of Purchaser and its Subsidiaries that is a party thereto, to the extent not delivered prior to the Closing;

(b) the Estimated Purchase Price by wire transfer in immediately available funds, to an account or accounts designated at least two Business Days prior to the Closing Date by Seller in a written notice to Purchaser; and

(c) any other documents required pursuant to this Agreement or reasonably requested by Seller.

SECTION 2.08. Accounting. To the extent that, after the Closing Date, (a) Purchaser or any of its Subsidiaries receives any payment or instrument that is for the account of Seller or any of its Subsidiaries according to the terms of this Agreement, Purchaser shall promptly deliver such amount or instrument to Seller, and (b) Seller or any of its Subsidiaries receives any payment or instrument that is for the account of Purchaser or any of its Subsidiaries according to the terms of this Agreement, Seller shall promptly deliver such amount or instrument to Purchaser.

SECTION 2.09. Nonassignable Assets.

(a) Nothing in this Agreement, nor the consummation of the transactions contemplated hereby, shall be construed as an attempt or agreement to assign or transfer any Asset (including any Assumed Contract or Shared Contract) to Purchaser which by its terms or by Law is nonassignable without a Consent (a "**Nonassignable Asset**"), unless and until such Consent shall have been obtained. Seller shall advise Purchaser in writing at least five (5) Business Days prior to the Closing (a) of any Material Contract with a Material Customer that in the most recent fiscal year of Seller resulted in, or is required by its terms in the future to result in, the payment or receipt by the Business of more than $100,000 per annum in the aggregate with respect to which a Consent of the counterparty is required for assignment and (b) if, to the Knowledge of any of the individuals listed in Part 1 of Section 1.01(a)(iv) of the Seller Disclosure Schedule, Seller has received written notice by letter, facsimile or email that such Material Customer will not agree to the assignment of any Material Contract described in clause (a) to Purchaser hereunder at the Closing. To the extent permitted by applicable Law and by the terms of the applicable Nonassignable Asset, such Nonassignable Asset shall be held, as of and from the Closing Date, by Seller (or the relevant Subsidiary of Seller) for the benefit and burden of Purchaser and the covenants and obligations thereunder shall be fully performed by Purchaser on Seller's (or such Subsidiary's) behalf and all rights and Liabilities existing thereunder shall be for Purchaser's account. For the avoidance of doubt, the designation of an Asset as a Nonassignable Asset does not render it an Excluded Asset.

(b) To the extent permitted by applicable Law and by the terms of the applicable Nonassignable Asset, Seller and Purchaser shall take, or cause to be taken, such actions as the other party may reasonably request that are required to be taken or appropriate in order to provide Purchaser with the benefits and burdens of the Nonassignable Assets. Seller shall promptly pay over to Purchaser the net amount (after de minimis reasonable administrative expenses and an adjustment for Taxes placing each party as nearly as possible in the same position as if the Nonassignable Asset had been transferred to Purchaser on the Closing Date), of all payments received by it (or such Subsidiary) in respect of all Nonassignable Assets and Purchaser shall indemnify Seller (or such Subsidiary) for all Losses attributable to Seller's (or such Subsidiary's) holding of all Nonassignable Assets.

(c) Nothing in this Section 2.09 shall require Seller or any of its Subsidiaries to renew any Nonassignable Asset that is an Assumed Contract or a Shared Contract. In addition, Seller (or the applicable Subsidiary of Seller) shall have the right, any time after the six-month anniversary of the Closing Date, upon no less than 10 Business Days' advance written notice to Purchaser, to exercise any right to terminate any Nonassignable Asset that is an Assumed Contract or a Shared Contract.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

For purposes of the representations and warranties of Seller contained herein, other than Section 3.05, disclosure in any section of the Seller Disclosure Schedule of any facts or circumstances shall be deemed to be adequate response and disclosure of such facts or circumstances with respect to all representations or warranties by Seller calling for disclosure of such information, whether or not such disclosure is specifically associated with or purports to respond to one or more of such representations or warranties, to the extent a matter is disclosed in such a way as to make its relevance to such other representation or warranty readily apparent. The inclusion of any information in any section of the Seller Disclosure Schedule or other document delivered by Seller pursuant to this Agreement shall not be deemed to be an admission or evidence of the materiality of such item, nor shall it establish a standard of materiality for any purpose whatsoever.

Except (a) as set forth in the Seller Disclosure Schedule, (b) as disclosed in, or as readily apparent from, the face of the Financial Information, or (c) to the extent relating solely to the Excluded Assets or the Retained Liabilities, Seller represents and warrants to Purchaser as follows.

SECTION 3.01. Organization and Good Standing. Seller, and each of its Subsidiaries that is or will be a party to any of the Ancillary Agreements, is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization and has all requisite power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. Seller and each such Subsidiary is duly licensed or qualified to do business in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary, except to the extent that the failure to be so licensed or qualified would not, individually or in the aggregate, have a Material Adverse Effect or a materially adverse effect upon Seller's or such Subsidiaries' ability to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements.

SECTION 3.02. Authority. Seller, and each of its Subsidiaries that is or will be a party thereto, has full power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is or will be a signatory and to perform its obligations hereunder and thereunder. The execution, delivery and performance by Seller and each such Subsidiary of this Agreement and each Ancillary Agreement to which it is or will be a signatory has been duly authorized by all requisite corporate action on the part of Seller and each such Subsidiary, and no other proceedings on the part of Seller or any of its Subsidiaries are necessary to authorize the execution, delivery or performance of this Agreement. This Agreement has been, and upon execution of each Ancillary Agreement each such Ancillary Agreement will be, duly executed and delivered by Seller and each such Subsidiary that is or will be a party thereto and (assuming due authorization, execution and delivery by Purchaser and, if applicable in the case of the Ancillary Agreements, by each Subsidiary of Purchaser that is or will be a party thereto) this Agreement constitutes, and each Ancillary Agreement to which Seller or any such Subsidiary is or will be a party constitutes or, when so executed and delivered, will constitute, a legal, valid and binding obligation of Seller and each such Subsidiary, enforceable against Seller and each such Subsidiary in accordance with its terms, subject only to the effect, if any, of (a) applicable bankruptcy and other similar Laws affecting the rights of creditors generally and (b) Laws governing specific performance, injunctive relief and other equitable remedies.

SECTION 3.03. No Conflict; Consents and Approvals. Subject to the filing by Seller of reports under the Exchange Act and as contemplated by the rules of Nasdaq and to the requirements of the HSR Act and any filings or applications required under the Laws of any non-U.S. jurisdiction, including the European Union or any nation thereof, (a) the execution and delivery by Seller or, if applicable in the case of the Ancillary Agreements, any of its Subsidiaries, of this Agreement and the Ancillary Agreements to which it is or will be a party, (b) the consummation by Seller or any such Subsidiary of the transactions contemplated hereby or thereby and (c) the compliance by Seller or any such Subsidiary with any of the provisions hereof or thereof, do not and will not:

(i) conflict with, or result in the breach of, any provision of the certificate of incorporation or by-laws or other organizational documents of Seller or any such Subsidiary;

(ii) require Seller or any such Subsidiary to make any filing with, or obtain any Consent;

(iii) conflict with, violate or result in the breach by Seller or any such Subsidiary of any applicable Law;

(iv) after the giving of notice, or the lapse of time or otherwise, conflict with, violate, result in the breach or termination of or constitute a default under, or give any party the right to terminate, amend, modify, abandon, cancel or refuse to perform under, or accelerate or modify the time within which or the terms under which any duties or obligations are to be performed by the Seller or any rights or benefits are to be received by any Person under, any Assumed Contract or Shared Contract (except Nonassignable Assets); or

(v) result in the creation of any Lien (other than any Permitted Lien or any Lien created by or through Purchaser) upon any of the Assets;

except, in the case of clauses (ii), (iii) and (iv), for such matters that individually or in the aggregate, would not have a Material Adverse Effect or a material adverse effect upon Seller’s or any such Subsidiary’s ability to carry out its respective obligations under, and to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements.

SECTION 3.04. Financial Information.

(a) Seller has provided Purchaser with the audited adjusted financial information relating to the Business set forth in Part I of Section 3.04 of the Seller Disclosure Schedule (the "**Audited Financial Information**"). The Audited Financial Information is accurate and complete in all material respects and has been prepared in good faith on the bases described therein using the financial books and records maintained by Seller for the Business, in each case as of the dates and for the periods presented therein and except as otherwise described in Part II of Section 3.04 of the Seller Disclosure Schedule. The Audited Financial Information (a) has been prepared in accordance with US GAAP and (b) fairly presents, in all material respects, the financial condition of the Business as of the date thereof and the operating results of the Business for the periods covered thereby. The Audited Financial Information reflects the historical operation of the Business (including the Overhead and Shared Services and the Excluded Assets) for the periods specified therein.

(b) Seller has provided Purchaser with the unaudited adjusted financial information relating to the Business set forth in Part III of Section 3.04 of the Seller Disclosure Schedule (the "**Unaudited Financial Information**" and, together with the Audited Financial Information, the "**Financial Information**"). The Unaudited Financial Information has been prepared in good faith on the bases described therein using the financial books and records maintained by Seller for the Business and represents Seller's good faith estimate of the balance sheet accounts and results of operations data set forth therein for the Business as if the Business had been held and operated on a stand-alone basis, in each case as of the dates and for the periods presented therein and except as otherwise described in Part IV of Section 3.04 of the Seller Disclosure Schedule. The Unaudited Financial Information (a) has been prepared in accordance with US GAAP, consistently applied, and (b) fairly presents, in all material respects, the financial condition of the Business as of the date thereof and the operating results of the Business for the periods covered thereby, subject to the following qualifications: (i) the absence of footnote disclosure, (ii) the absence of changes resulting from customary year-end adjustments, (iii) the absence of adjustments to the fair value of assets and any goodwill impairment that may result from the application of Statement of Financial Accounting Standards ("SFAS") No. 157, "*Fair Value Measurements*" and SFAS No. 142, "*Goodwill and Other Intangible Assets*", (iv) the fact that allocations for costs related to the Business (including Overhead and Shared Services) are preliminary and may be subject to further adjustment, (v) the absence of provision for Taxes and (vi) the absence of remeasurement of deferred Tax assets and income Taxes payable subsequent to the last period end date included in the Audited Financial Information. The Unaudited Financial Information reflects the historical operation of the Business (including the Overhead and Shared Services and the Excluded Assets) for the periods specified therein.

(c) Except as set forth on Section 3.04 of the Seller Disclosure Schedule, the Assumed Liabilities do not include any Liability that would have been required by US GAAP to be reflected in, reserved against, or otherwise described in a balance sheet of the Business on a stand alone basis as of the Closing Date, other than Liabilities (i) that were incurred after December 31, 2007 in the ordinary course of business (excluding liability for breach of contract, infringement, or tort) and would not have a Material Adverse Effect or (ii) that were disclosed or reserved against in the Financial Information.

(d) The Assets do not include (i) any, or any agreement to acquire, equity securities or other securities of any Person or any direct or indirect equity or ownership interest in any other business, and (ii) any obligations to repurchase, redeem or otherwise acquire any capital stock or other securities of any Person.

SECTION 3.05. Absence of Certain Changes or Events. Except as contemplated by this Agreement or set forth in Section 3.05 of the Seller Disclosure Schedule, since December 31, 2007, (a) Seller has conducted the Business only in the ordinary course of business consistent with past practice, (b) the Business has not suffered any Material Adverse Effect and no event has occurred or circumstance exists that would be reasonably expected to result in a Material Adverse Effect, (c) the Business has not suffered any damage, destruction or casualty loss to any individual tangible asset (including any tangible Asset) in excess of $100,000, whether or not covered by insurance; (d) the Business has not suffered any damage, destruction or casualty loss to its tangible assets (including the tangible Assets) in excess of $1,000,000, in the aggregate, whether or not covered by insurance and (e) there has not been any action by Seller or any of its Affiliates that, if taken after the date hereof, would constitute a breach of Seller's obligations under Section 5.01.

SECTION 3.06. Absence of Litigation. Except as set forth in Section 3.06 of the Seller Disclosure Schedule, there are no material Actions pending or, to the Knowledge of Seller, threatened against Seller or any of its Subsidiaries, the Business or the Assets, or which would reasonably be expected to impede or delay in any material respect the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements in accordance with the terms hereof or thereof. The Business is not subject to any material Governmental Order.

SECTION 3.07. Compliance with Laws.

(a) The Seller and its Subsidiaries have complied in all material respects with all Laws applicable to the operation of the Business. No investigation or review by any Governmental Authority is pending, or, to the Knowledge of the Seller, has been threatened in a writing delivered to Seller or any of its Subsidiaries, that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. Seller holds all material Permits necessary to carry on the Business as it is currently conducted, all of which are in full force and effect. Seller is in compliance in all material respects with the terms and conditions of such material Permits, and has not received notice of any claimed or purported default under any Permit, except for any such default or failure to so comply that, individually or in the aggregate, would not have a Material Adverse Effect. There are no proceedings pending, or, to the Knowledge of Seller, threatened, to cancel, modify or change any such material Permit, except for normal expirations in accordance with the terms thereof or applicable Laws (and with respect to which the Seller has applied, or will timely apply, for renewals or replacements).

(b) The Business offers no product or service requiring it to obtain any material Permit from the Federal Communications Commission, any state public service or utility commission, or any foreign telecommunications regulatory authority (collectively "**Communications Regulatory Authorities**"), and no consent from any Communications Regulatory Authority is required in connection with the transactions contemplated by this Agreement.

SECTION 3.08. Ownership of the Assets.

(a) The Assets, together with the rights of Purchaser under this Agreement and the Intellectual Property License Agreement and the Transition Services Agreement, include all assets, properties and rights (other than Overhead and Shared Services) necessary and sufficient to provide the products and services offered by, and to conduct, the Business substantially in the manner and to the extent currently conducted.

(b) Seller or one of its Subsidiaries holds good and valid title to or has a valid leasehold interest or license in all of the Assets free and clear of any and all Liens, except for Permitted Liens.

(c) All material tangible Assets are in satisfactory operating condition for the uses to which they are being put, subject to ordinary wear and tear and ordinary maintenance requirements.

SECTION 3.09. Real Property.

(a) Section 3.09(a) of the Seller Disclosure Schedule sets forth the address of each Leased Real Property, and a true and complete list of all Real Property Leases for such Leased Real Property. Seller has delivered to Purchaser a true and complete copy of each Real Property Lease (including all amendments, extensions, renewals, guaranties and other agreements with respect thereto). Except as set forth on Section 3.09(a) of the Seller Disclosure Schedule, with respect to each Real Property Lease, (i) the subject Leased Real Property is leased by Seller or one or more of its Subsidiaries free and clear of all Liens on Seller's or Seller's Subsidiary's leasehold interest, as applicable, except Permitted Liens or as specified in such Real Property Lease as made available to Purchaser before the date hereof; (ii) such Real Property Lease is legal, valid, binding, enforceable and in full force and effect; (iii) neither the Seller or Subsidiary or any other party to the Real Property Lease is in material breach or default under such Real Property Lease, and, to the Knowledge of Seller, no event has occurred or circumstance exists which, with the delivery of notice, passage of time, or both, would constitute a material breach or default, or permit termination, modification, or acceleration of rent under such Real Property Lease; and (iv) neither Seller nor any of its Subsidiaries owes any brokerage commissions or finder's fees with respect to such Real Property Lease.

(b) Except for Permitted Liens,

(i) neither Seller nor any of its Subsidiaries has made any other agreement to lease, sell, mortgage or otherwise encumber the Owned Real Property (or any portion thereof) or given any Person an option to purchase or rights of first refusal over the Owned Real Property (or any portion thereof);

(ii) Seller or one of its Subsidiaries has good fee simple title to the Owned Real Property and none of the Owned Real Property is subject to any Lien; and

(iii) Neither Seller nor any of its Subsidiaries is a party to any agreement or option to purchase any Owned Real Property or Leased Real Property or interest therein.

(c) To Seller's Knowledge, all buildings, structures, improvements, fixtures, building systems and equipment, and all components thereof, included in the Owned Real Property are in satisfactory condition for the operation of the Business.

(d) This Section 3.09 and Section 3.11(c) contain the only representations in this Article III pertaining to Owned Real Property and Real Property Leases.

SECTION 3.10. Employee Matters.

(a) There is not currently existing or, to Seller's Knowledge, threatened, any labor strike, slowdown, work stoppage or lockout against or affecting the Business, nor has there been any such activity within the past 24 months, except as would not individually or in the aggregate, have a Material Adverse Effect. The Transferred Employees are not subject to any collective bargaining agreement, nor has the Seller experienced any union organizing attempt within the past 24 months by the Transferred Employees.

(b) Seller and each of its Subsidiaries have complied in all material respects with all applicable Laws in any way relating to the employment of the Employees.

(c) Section 3.10(c) of the Seller Disclosure Schedule sets forth, as of the date hereof, a complete list of all collective bargaining or other collective labor agreements which govern the terms and conditions of employment of any Employee. To Seller's Knowledge, (i) no petition has been filed or proceedings instituted by a union, collective bargaining agent, Employee or group of Employees with any Governmental Authority seeking recognition of or as a bargaining representative with respect to any Employees, and (ii) none of Seller, any Subsidiary of Seller or any labor union or other bargaining representative is seeking to establish a collective bargaining relationship with respect to Employees or is otherwise engaged in or seeking to be engaged in collective bargaining with respect to Employees.

(d) There are no Actions relating to employment or labor Laws pending or, to Seller's Knowledge, threatened in writing, against Seller or any Subsidiary of Seller and brought by or on behalf of any Employee or group of Employees that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

SECTION 3.11. Environmental Matters.

(a) Seller, with respect to the Assets and the Business, has complied and is in compliance with Environmental Laws and has obtained and has been in compliance with all Environmental Permits.

(b) There are no Actions, Governmental Orders or claims relating to the Business or the Assets pending or, to the Knowledge of Seller, threatened against Seller or any of its Subsidiaries regarding any actual or alleged violation of, or Liabilities under, any Environmental Laws relating to the Business or the Assets and, except as set forth in Section 3.11 of the Seller Disclosure Schedule, Seller has not received any notice, report or other information regarding any violation of, or any Liability (contingent or otherwise) under any Environmental Law with respect to the Business or the Assets.

(c) Neither Seller nor any of its Subsidiaries or Affiliates, with respect to the Assets and the Business, have treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, released, or exposed any Person to any substance, and no substances or Hazardous Materials are present at, on or under any real property now associated with the Business, including the Owned Real Property, that are reasonably anticipated to result in any current or future Liabilities or any current or future obligations for investigation or remediation of Purchaser or Seller or any of its Subsidiaries pursuant to Environmental Laws.

(d) Neither Seller nor any of its Subsidiaries, with respect to the Assets and the Business, has assumed, undertaken, or provided an indemnity with respect to any Liabilities of any other Person relating to any Environmental Law.

(e) Seller has provided to Purchaser copies of all material environmental reports, audits, assessments, investigations, and any other environmental documents in its possession, relating to the Assets or the Business.

(f) There are no Liabilities under Environmental Laws with respect to the Assets or the Business arising out of facts and circumstances existing before the Closing Date.

(g) Notwithstanding anything in this Article III to the contrary, none of the representations and warranties in this Article III other than this Section 3.11 shall relate to environmental matters.

SECTION 3.12. Contracts.

(a) With respect to every Contract, except purchase orders and invoices and any third-party or intercompany agreements related to Overhead and Shared Services, that (i) in the most recent fiscal year of Seller resulted in, or is required by its terms in the future to result in, the payment or receipt by the Business of more than $400,000 per annum in the aggregate, (ii) relates to a Material Customer or a Material Vendor, (iii) was entered into by Seller or a Subsidiary of Seller with an Employee and provides for (A) an annual base salary in excess of $150,000, (B) a period of notice of termination that is more than 30 days, or (C) an aggregate severance payment of more than $200,000 pursuant to the specific terms of such agreement (excluding any statutory rights of the Employee), (iv) materially restricts the Business from engaging in any business activity or in any geographic area or granting any exclusive distribution or other exclusive rights, (v) relates to settlement, conciliation and other similar agreements relating to actual or threatened Actions, the performance of which will involve payment on or after the Closing Date of consideration in excess of $200,000 or will, on or after the Closing Date impose (or continue to impose) any injunctive or similar equitable relief on the Business or the Assets, (vi) grants to or from Seller or any of its Subsidiaries any license or right to use any Transferred Intellectual Property that is material to the conduct of the Business, other than any such license entered into in the ordinary course of business, (vii) is material to the performance of the Seller's and its Subsidiaries' network operations related primarily or exclusively to the Business or (viii) requires capital expenditures in excess of $250,000 and is not fully performed as of the date of this Agreement (the Contracts described in clauses (i) through (viii) and in existence on the date hereof are collectively referred to as the "**Material Contracts**"), (x) Seller and its Subsidiaries have performed their obligations under each Material Contract in all material respects and are not in material breach or default thereunder, (y) neither Seller nor any of its Subsidiaries has waived any of its material rights under any of the Material Contracts or modified any of the material terms thereof and (z) to the Knowledge of Seller, no other party to any Material Contract is in breach or default in any material respect thereunder.

(b) Each Material Contract is legal, valid, binding, in full force and effect and enforceable, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting creditors' rights generally or by general equitable principles relating to enforceability.

(c) Section 3.12(c) of the Seller Disclosure Schedule sets forth (i) each Material Customer and (ii) each Material Vendor. To the Knowledge of the Seller, since January 1, 2008, neither Seller nor any of its Subsidiaries has received any written notice from any customer set forth on Section 3.12(c) of the Seller Disclosure Schedule to the effect that (i) there has been any material problem with the service Seller or its Subsidiaries provide to any such customer concerning the Business and (ii) any such customer will or intends to terminate or fail to renew any Material Contract (but excluding any such Material Contract that was renewed following such notice); provided, that for the purposes of clause (ii) of this Section 3.12(c), written notice must be in the form of a letter or facsimile signed by an authorized representative of such Material Customer. To the Knowledge of the Seller, since January 1, 2008, neither the Seller nor any of its Subsidiaries has received any written notice from any vendor set forth on Section 3.12(c) of the Seller Disclosure Schedule to the effect that such vendor will or intends to terminate or fail to renew any Material Contract; provided, that any such written notice must be in the form of a letter or facsimile signed by an authorized representative of such Material Customer.

(d) Except as set forth on Section 3.12(d) of the Seller Disclosure Schedule, within the past eighteen (18) months, there has not occurred with respect to the Business or Assets (i) any material disruption to network operations or any network outage, (ii) any material delay in implementing any planned network build out or scheduled upgrading or maintenance activities, (iii) any material failure to comply with any network performance standards or objectives set forth in any material customer Contract, or (iv) any failure to correct any material network deficiency or condition of which Seller has Knowledge that would cause or result in any of the foregoing (collectively, a "**Network Failure**"), which have resulted, or would reasonably be expected to result, in (1) the issuance of any credits by Seller or its subsidiaries that, in the aggregate, exceed $125,000, (2) a material breach of any material Contract with a customer or other third party or (3) the payment of any material penalties.

SECTION 3.13. Brokers. Except for fees and commissions that will be paid by Seller, no broker, finder or investment banker is entitled to any brokerage, finder's or other similar fee or commission in connection with the transactions contemplated by this Agreement and the Ancillary Agreements based upon arrangements made by or on behalf of Seller or any of its Affiliates.

SECTION 3.14. Intellectual Property.

(a) The Transferred Intellectual Property, together with the rights conferred under the Intellectual Property License Agreement, the Transition Services Agreement, the ATLAS License Agreement and the Assumed Contracts, includes, as of the date hereof, all Intellectual Property Rights that are required to conduct the Business substantially in the manner and to the extent currently conducted (other than any Intellectual Property Rights related to Overhead and Shared Services and the Intellectual Property Rights set forth in Section 5.12); provided, however, that the foregoing is not a representation of non-infringement of Intellectual Property Rights, which representation is solely set forth in Section 3.14(d).

(b) Seller or a Subsidiary of Seller exclusively owns and has good and exclusive title to each item of Registered Intellectual Property, and to the extent any Transferred Intellectual Property has been obtained pursuant to an Assumed Contract, a valid and enforceable license to use such Transferred Intellectual Property, free and clear of any Liens. Each item of Registered Intellectual Property is valid, subsisting and enforceable and in full force and effect. Seller has taken commercially reasonable actions to maintain and protect the Transferred Intellectual Property (including making filings and payments of maintenance or similar fees for Registered Intellectual Property and protecting trade secrets and other confidential information) and has obtained ownership, to the extent permitted under applicable Law, of the Intellectual Property Rights included in the Transferred Intellectual Property authored, developed or otherwise created for Seller or a Subsidiary of Seller by its employees and contractors. To the Knowledge of Seller, there are no oppositions, cancellations, invalidity proceedings, interferences or re-examination proceedings pending with respect to any Registered Intellectual Property that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(c) Section 3.14(c) of the Seller Disclosure Schedule sets forth complete and accurate lists of all Registered Intellectual Property, identifying for each item the owner, the patent, application, serial or registration numbers, as applicable, and the jurisdictions where such Registered Intellectual Property is registered or issued or where applications have been filed. Section 3.14(c) of the Seller Disclosure Schedule sets forth a complete and accurate list of all material Transferred Software, identifying for each item, the vendor or developer, as applicable, from which Seller or any Subsidiary of Seller has the right to use, such Intellectual Property.

(d) Except as would not reasonably be expected to have a Material Adverse Effect: (i) no Action is pending or, to the Knowledge of Seller, threatened, and neither Seller nor any Subsidiary of Seller has received written notice within the past six (6) years, challenging the validity, enforceability, use or ownership of the Transferred Intellectual Property or asserting that the conduct of the Business or the use of any Transferred Intellectual Property has infringed, misappropriated or otherwise conflicted with any Intellectual Property right of any person, (ii) to the Knowledge of Seller, the Business is not infringing, misappropriating or otherwise conflicting with any Intellectual Property Rights of any third party and (iii) to the Knowledge of Seller, no third party is infringing, misappropriating or otherwise conflicting with any Transferred Intellectual Property.

(e) In the past two (2) years, to the Knowledge of Seller, there have not been any incidents of data security breaches that resulted in written complaints against or notices to Seller, or audits, proceedings or investigations conducted or claims asserted by any other Person (including any Governmental Authority) regarding the collection, storage or use of personal information by any Person in connection with the Business and alleging any material violation of applicable Law or Governmental Authority's rules.

(f) Notwithstanding anything in this Article III to the contrary, no Section in this Article III shall be construed to extend or modify any representation or warranty made in this Section 3.14, or otherwise make any additional representation or warranty, in each case with respect to ownership, non-infringement, validity, or litigation of any Intellectual Property Rights.

SECTION 3.15. Taxes.

(a) There are no material Tax Liens on the Assets except for Liens for Taxes not yet due and payable.

(b) With respect to the Assets or the Business, (i) no outstanding deficiency for any material property or sales and use tax, or similar material state, local or foreign tax, has been proposed, asserted or assessed in writing by any tax authority against the Seller or its Subsidiaries; and (ii) no tax authority has asserted in writing that the Seller or its Subsidiaries has failed to file any Tax Return relating to such taxes as required under applicable law.

SECTION 3.16. Employee Benefit Matters.

(a) Each Seller Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination letter to that effect from the Internal Revenue Service, and, to the Knowledge of Seller, nothing has occurred since the date of such letter that cannot be cured within the remedial amendment period provided by Section 401(b) of the Code which would prevent any such Seller Benefit Plan from remaining so qualified.

(b) To the Knowledge of Sellers, the Seller Benefit Plans are in material compliance with their terms and with applicable Law, including ERISA and the Code and the regulations and government rulings issued thereunder.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows:

SECTION 4.01. Organization and Good Standing. Purchaser, and each of its Subsidiaries that is or will be a party to any of the Ancillary Agreements, is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization and has all requisite power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. Purchaser and each such Subsidiary is duly licensed or qualified to do business in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary, except to the extent that the failure to be so licensed or qualified would not reasonably be expected to have, individually or in the aggregate, a materially adverse effect upon Purchaser's or such Subsidiary's ability to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements.

SECTION 4.02. Authority. Purchaser, and each of its Subsidiaries that is or will be a party thereto, has full power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is or will be a signatory and to perform its obligations hereunder and thereunder. The execution, delivery and performance by Purchaser and each such Subsidiary of this Agreement and each Ancillary Agreement to which it is or will be a signatory has been duly authorized by all requisite corporate action on the part of Purchaser and each such Subsidiary. This Agreement has been, and upon execution each Ancillary Agreement will be, duly executed and delivered by Purchaser and each such Subsidiary that is or will be a party thereto and (assuming due authorization, execution and delivery by Seller and, if applicable in the case of the Ancillary Agreements, by each Subsidiary of Seller that is or will be a party thereto) this Agreement constitutes, and each Ancillary Agreement to which Purchaser or any such Subsidiary is or will be a party constitutes or, when so executed and delivered, will constitute, a legal, valid and binding obligation of Purchaser and each such Subsidiary, enforceable against Purchaser and each such Subsidiary in accordance with its terms, subject only to the effect, if any, of (a) applicable bankruptcy and other similar Laws affecting the rights of creditors generally and (b) Laws governing specific performance, injunctive relief and other equitable remedies.

SECTION 4.03. No Conflict; Consents and Approvals. Subject to the requirements of the HSR Act, none of (a) the execution and delivery by Purchaser or, if applicable in the case of the Ancillary Agreements, any of its Subsidiaries, of this Agreement and the Ancillary Agreements to which it is or will be a party, (b) the consummation by Purchaser or any such Subsidiary of the transactions contemplated hereby or thereby or (c) the compliance by Purchaser or any such Subsidiary with any of the provisions hereof or thereof, as the case may be, will:

(i) conflict with, or result in the breach of, any provision of the certificate of incorporation or by-laws or other organizational documents of Purchaser or any such Subsidiary;

(ii) require Purchaser or any such Subsidiary to make any filing with, or obtain any Consent from, any Governmental Authority;

(iii) conflict with, violate or result in the breach by Purchaser or any such Subsidiary of any applicable Law; or

(iv) conflict with, violate, result in the breach or termination of or constitute a default under, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument to which Purchaser or any such Subsidiary is a party or signatory or by which any of their respective properties is bound;

except for such matters that would not reasonably be expected to have, individually or in the aggregate, a material adverse effect upon Purchaser's and its Subsidiaries' ability to carry out their respective obligations under, and to consummate, or to impede or delay in any material respect the consummation of, the transactions contemplated by, this Agreement and the Ancillary Agreements.

SECTION 4.04. Absence of Litigation. There are no Actions pending or, to the knowledge of Purchaser, threatened to which Purchaser or any of its Affiliates or their properties or assets would be subject that, individually or in the aggregate, would reasonably be expected to have a material adverse effect upon Purchaser's or its Subsidiaries' ability to carry out their respective obligations under, and to consummate, or to impede or delay in any material respect the consummation of, the transactions contemplated by, this Agreement and the Ancillary Agreements or that relate to this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

SECTION 4.05. Exclusivity of Representations and Warranties. Purchaser acknowledges that (a) it and its representatives have been permitted full and complete access to the books and records, facilities, equipment, contracts and other properties and assets of the Business that it and its representatives have desired or requested to see or review, and that it and its representatives have had an opportunity to meet with the officers and employees of the Business to discuss the Business and (b) except for the representations and warranties expressly set forth in Article III or in any Ancillary Agreement (and, in the case of clause (iii) below, the indemnification rights of the Purchaser Indemnified Persons in Article X in respect of such representations and warranties), (i) Purchaser has not relied on any representation or warranty from Seller or any other Person in determining to enter into this Agreement, (ii) neither Seller nor any other Person has made any representation or warranty, express or implied, as to the Business (or the value or future thereof), the Assets, the Assumed Liabilities or the accuracy or completeness of any information regarding any of the foregoing that Seller or any other Person furnished or made available to Purchaser and its representatives (including any projections, estimates, budgets, offering memoranda, management presentations or due diligence materials) and (iii) except for intentional fraud, none of Seller, its Subsidiaries or any other Person shall have or be subject to any liability to Purchaser or any other Person resulting from the distribution to Purchaser, or Purchaser's use, of any such information. Without limiting the generality of the foregoing, except as expressly set forth in the representations and warranties in Article III and in the Ancillary Agreements (if any), THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

SECTION 4.06. Financing.

(a) Purchaser has delivered to Seller a true and complete copy of an executed commitment letter dated February 20, 2009 (as the same may be amended and replaced in accordance with Section 5.14, the "**Debt Commitment Letter**"), pursuant to which the lender parties thereto have committed, subject to the terms and conditions thereof, to lend the amounts set forth therein for the purpose of funding the transactions contemplated by this Agreement (the "**Debt Financing**").

(b) As of the date hereof, the Debt Commitment Letter is in full force and effect and has not been withdrawn or terminated or otherwise amended or modified in any respect. The Debt Commitment Letter, in the form so delivered, is a legal, valid and binding obligation of Purchaser and, to the knowledge of Purchaser, the other parties thereto. There are no conditions precedent or other contingencies related to the funding of the full amount of the Debt Financing, other than as set forth in or contemplated by the Debt Commitment Letter. As of the date of this Agreement, no event has occurred which, with or without notice, lapse of time or both, would constitute a default or breach on the part of Purchaser under any term or condition of the Debt Commitment Letter. As of the date of this Agreement, subject to the satisfaction of the conditions contained in Section 8.01 and Section 8.03 (other than the condition set forth in Section 8.03(d)), Purchaser has no reason to believe that it will be unable to satisfy on a timely basis any term or condition to be satisfied by it contained in the Debt Commitment Letter. Purchaser has fully paid any and all commitment fees that have been incurred and are due and payable as of the date of this Agreement in connection with the Debt Commitment Letter.

(c) As of the date hereof, Purchaser has no contracts, agreements, commitments, arrangements or understandings with any Person concerning any equity or debt contributions to be made to Purchaser to all or any part of the Purchase Price other than as set forth in the Debt Commitment Letter or those that would not materially and adversely affect Purchaser's ability to perform its obligations under this Agreement, nor any contracts, agreements, commitments, arrangements or understandings with any Person concerning the ownership and operation of Purchaser or the Business other than those that would not adversely affect Purchaser's ability to perform its obligations under this Agreement.

SECTION 4.07. Brokers. Except for fees and commissions that will be paid by Purchaser, no broker, finder or investment banker is entitled to any brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement and the Ancillary Agreements based upon arrangements made by or on behalf of Purchaser or any of its Affiliates.

ARTICLE V

COVENANTS

SECTION 5.01. Conduct of Business Prior to the Closing. Unless Purchaser otherwise agrees in writing as set forth below (which agreement shall not be unreasonably withheld or delayed) and except (a) as expressly contemplated by this Agreement, (b) as relates to Excluded Assets or Retained Liabilities, (c) as set forth in Section 5.01 of the Seller Disclosure Schedule or (d) as required by applicable Law, between the date hereof and the Closing Date, Seller shall (and shall cause its Subsidiaries to) (i) conduct the Business only in the ordinary course, consistent with past practice in all material respects, and (ii) use its commercially reasonable efforts to keep available the services of the current officers, key employees and consultants of the Business and to preserve the current relationships of the Seller and each Subsidiary with each of the customers, suppliers and other Persons with whom the Business has business relations as is reasonably necessary to preserve substantially intact the Business. Without limiting the foregoing, and as an extension thereof, except as set forth in the Seller Disclosure Schedule, as otherwise contemplated by this Agreement, as required by applicable Law or as otherwise agreed in writing by Purchaser (which agreement shall not be unreasonably withheld), Seller shall not, and shall not permit any Subsidiary to, between the date hereof and the Closing Date, directly or indirectly, do, or agree to do, any of the following:

(i) distribute, sell, assign, transfer, lease, abandon or otherwise dispose of any interest in, any of the Assets which distribution, sale, assignment, transfer, lease, abandonment or disposition is material, individually or in the aggregate, to the Business taken as a whole, other than sales or licenses of goods or services in the ordinary course of business;

(ii) grant any Lien, or permit or suffer to exist any Lien other than a Permitted Lien, on any of the Assets or cancel any material debts or settle, discharge or waive any material claims or rights pertaining to the Business or the Assets;

(iii) materially change, amend or otherwise modify or terminate any Material Contract, Material Real Property Lease or any Contract with a Material Customer or Material Vendor, other than in the ordinary course of business;

(iv) enter into, or become obligated under any Material Contract, Material Real Property Lease or any Contract with a Material Customer or Material Vendor, other than in the ordinary course of business;

(v) materially delay or materially postpone the payment of accounts payable or other liabilities or accrue any expenses outside the ordinary course of business, or accelerate the prepayment of any accounts receivable or accelerate billings or recognize revenue outside the ordinary course of business;

(vi) make or change any material Tax election, change an annual accounting period, adopt or change any accounting method with respect to the Assets or the Business that would adversely affect the tax treatment of the Assets for the Purchaser;

(vii) fail to maintain in effect insurance of such types, covering such risks and with amounts and deductibles as are in place on the date of this Agreement solely with respect to the Business and the Assets;

(viii) change, amend or otherwise modify any accounting practice or policy with respect to the Business, except as required by US GAAP or Law; or

(ix) authorize, or commit or agree to take, any of the foregoing actions.

If Seller desires to take any action described in this Section 5.01, Seller may, prior to taking any such action, request Purchaser's consent via an electronic mail and facsimile (with transmission confirmed) to the individuals listed on Exhibit J. Purchaser shall be deemed to have consented to such action unless Purchaser notifies the Seller in writing by 11:59 p.m. (Pacific time) on the fifth Business Day following delivery of all notices required in the preceding sentence that Purchaser does not consent to such action.

SECTION 5.02. Access to Information; Advice of Changes.

(a) Prior to the Closing, Seller shall, and shall cause its Subsidiaries to, (i) give Purchaser, its authorized representatives, and its lenders, upon reasonable advance notice and during regular business hours, reasonable access to all books, records, personnel, officers and other facilities and properties of the Business, (ii) permit Purchaser to make such copies and inspections thereof, upon reasonable advance notice and during regular business hours, as Purchaser may reasonably request and (iii) provide Purchaser with access to information regarding any discussions with customers of the Business regarding the transactions contemplated by this Agreement and any customer Consents as Purchaser may reasonably request, (iv) cause the officers of Seller and its Subsidiaries to furnish Purchaser with such unaudited financial and operating data and other information with respect to the Business as is regularly prepared in the ordinary course that Purchaser may from time to time reasonably request; provided, however, that any such access shall be conducted in accordance with Law (including any applicable antitrust or competition law), at a reasonable time, under the supervision of Seller's personnel and in such a manner as to maintain confidentiality and not to interfere with the normal operations of the businesses of Seller and its Subsidiaries.

(b) Notwithstanding anything contained in this or any other agreement between Purchaser and Seller executed on or prior to the date hereof, Seller shall not have any obligation to make available to Purchaser or its representatives, or provide Purchaser or its representatives with, (i) any Tax Return filed by Seller or any of its Affiliates or predecessors, or any related material, except to the extent relating solely to the Assets, or (ii) any information if making such information available would (A) jeopardize any attorney-client or other legal privilege or (B) contravene any applicable Law or agreement (including any confidentiality agreement to which Seller or any its Affiliates is a party), so long as the Seller has taken all commercially reasonable steps (including requests for waivers) to enable otherwise required disclosure to Purchaser to occur without so jeopardizing privilege or contravening such Law, duty or agreement. If any material is withheld by such party pursuant to the preceding sentence, Seller shall inform the Purchaser as to the general nature of what is being withheld.

(c) From and after the date of this Agreement until the Closing Date, each party hereto shall promptly notify the other party of the failure of such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it pursuant to this Agreement of which it becomes aware and which would reasonably be expected to result in any condition to the obligations of the other party to effect the transactions provided for in this Agreement not to be satisfied; *provided*, *however*, that the delivery of any notice pursuant to this Section 5.02(c) (i) shall not cure any breach of any representation or warranty requiring disclosure of such matter at or prior to the execution of this Agreement or otherwise limit or affect the remedies available hereunder to the party receiving such notice and (ii) shall not be given any effect for the purpose of (x) determining the accuracy of any of the representations and warranties made by the party providing such notice or (y) determining whether any of the conditions set forth in Article VIII has been satisfied.

SECTION 5.03. Confidentiality; Publicity.

(a) The terms of the Mutual Non-Disclosure Agreement, dated as of January 18, 2008, between Seller and Purchaser (the "**Confidentiality Agreement**") are hereby incorporated herein by reference and shall continue in full force and effect and survive the Closing, except that (1) the non-disclosure and non-use obligations of Purchaser under sections 1(i) and 1(ii) of the Confidentiality Agreement in respect of information about the Business shall terminate at the Closing and (2) solely with respect to Information (as defined in the Confidentiality Agreement) that relates exclusively to the Business, Seller and its Subsidiaries shall be deemed the Receiving Party (as defined in the Confidentiality Agreement) from and after Closing. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall nonetheless continue in full force and effect in all respects and section 6 of the Confidentiality Agreement shall not apply with respect to the Employees.

(b) Neither of the parties shall issue any press release or make any public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of (i) Seller, in the event the disclosing party is Purchaser, or (ii) Purchaser, in the event the disclosing party is the Seller, such consent not to be unreasonably withheld or delayed, except each party may make such disclosure to the extent so required pursuant to an applicable requirement of Law or by obligations pursuant to any listing agreement with or rules of any securities exchange, provided that each party shall give the other a reasonable opportunity to review and comment upon such disclosure to the extent practicable.

SECTION 5.04. Efforts and Actions to Cause the Closing to Occur.

(a) Prior to the Closing, upon the terms and subject to the conditions of this Agreement, Seller shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do or cause the conditions set forth in Section 8.01 and Section 8.03 to be satisfied, and the Purchaser shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do or cause the conditions set forth in Section 8.01 and Section 8.02 to be satisfied. Without limiting the foregoing, Seller and Purchaser shall (i) prepare and file all forms, registrations and notices required to be filed to consummate the Closing and take such actions as are necessary to obtain any requisite Consent, provided that neither Purchaser nor Seller shall be obligated to make any payment or deliver anything of value to any third party (other than filing and application fees to Governmental Authorities, all of which shall be paid or reimbursed by Purchaser) in order to obtain any Consent, (ii) defend all lawsuits and other proceedings by or before any Governmental Authority challenging this Agreement or the consummation of the Closing and (iii) cause to be lifted or rescinded any injunction, decree, ruling, order or other action of any Governmental Authority adversely affecting the ability of the parties to consummate the Closing. In furtherance of and not in limitation of the foregoing, each of Purchaser and Seller agrees to make or cause to be made an appropriate filing of any Notification and Report Form required pursuant to the HSR Act and any filings or applications required under the Laws of any non-U.S. jurisdiction, including the European Union or any nation thereof, as soon as practicable after the date hereof. In addition, no party hereto shall take any action after the date hereof that could reasonably be expected to delay the obtaining of, or result in not obtaining, any Consent from any Governmental Authority or other Person required to be obtained prior to the Closing. Notwithstanding the foregoing, Purchaser and Seller shall not be required to take any commercially unreasonable action that substantially impairs the overall benefits realized from the consummation of the transactions set forth herein, and in no event shall Purchaser be required to (i) sell, hold separate or otherwise dispose of the Assets or Purchaser's or its Affiliate's other assets or businesses now owned or hereafter acquired by Purchaser to resolve any objection or proceeding objecting to the transactions contemplated hereunder or (ii) terminate any existing relationships and contractual rights and obligations.

(b) If any party hereto or Affiliate thereof receives a request for information or documentary material from any Governmental Authority with respect to this Agreement or any of the transactions contemplated hereby, then such party shall endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request.

(c) The parties shall keep each other apprised of the status of matters relating to the completion of the transactions contemplated by this Agreement and work cooperatively in connection with obtaining the requisite Consents of each applicable Governmental Authority, including:

(i) cooperating with each other in connection with filings under the HSR Act, other antitrust or trade regulation Laws of any jurisdiction, and any Laws regulating foreign investment of any jurisdiction in connection with the transactions contemplated by this Agreement;

(ii) furnishing to the other party all information within its possession that is required for any application or other filing to be made by the other party pursuant to the HSR Act, other competition Laws of any jurisdiction, or any Laws regulating foreign investment of any jurisdiction in connection with the transactions contemplated by this Agreement;

(iii) promptly notifying each other of any communications from or with any Governmental Authority with respect to the transactions contemplated by this Agreement;

(iv) not agreeing to participate in any meeting or discussion with any Governmental Authority in connection with proceedings under or relating to the HSR Act, other competition Laws of any jurisdiction, or Laws regulating foreign investment of any jurisdiction in connection with the transactions contemplated by this Agreement, unless it consults with the other party in advance, and, to the extent permitted by such Governmental Authority, gives the other party the opportunity to attend and participate thereat; and

(v) consulting and cooperating with one another in connection with all analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto in connection with proceedings under or relating to the HSR Act, competition Laws of any jurisdiction, or Laws regulating foreign investment of any jurisdiction, in connection with the transactions contemplated by this Agreement.

(d) The Seller shall, at Purchaser's expense, use its commercially reasonable efforts to assist Purchaser in obtaining the title commitments and surveys with respect to the Owned Real Property, including, without limitation, removing from title any Liens which are not Permitted Liens. The Seller shall provide the title company with a customary owner's affidavit and gap indemnity reasonably requested by the title company in connection with issuance of the title policies with respect to the Owned Real Property.

SECTION 5.05. Bulk Sales. Without limitation of Seller's (or its relevant Subsidiary's) obligations set forth in Section 2.02(b)(viii), Purchaser hereby waives compliance by Seller and its Subsidiaries with any applicable bulk sale or bulk transfer Laws of any jurisdiction in connection with the sale of the Business and the Assets to Purchaser.

SECTION 5.06. Insurance. Effective as of the Closing Date, the Business shall cease to be insured by the insurance policies of Seller and its Subsidiaries.

SECTION 5.07. Certain Services and Benefits Provided by Affiliates. Except as otherwise expressly provided in the Transition Services Agreement, all Overhead and Shared Services provided to the Business shall cease as of the Closing Date.

SECTION 5.08. Further Action. From and after the Closing Date, each of the parties shall execute and deliver such documents and other papers and take such further actions as may reasonably be required to carry out the provisions of this Agreement and the Ancillary Agreements and give effect to the transactions contemplated hereby and thereby, including the execution and delivery of such assignments, deeds and other documents as may be necessary to transfer any Assets as provided in this Agreement. Without limiting the foregoing, from and after the Closing (a) Seller shall (and shall cause its Subsidiaries to) do all things necessary, proper or advisable as reasonably requested by Purchaser to put Purchaser in effective possession, ownership and control of the Assets, and Purchaser shall cooperate with Seller for such purpose, including obtaining consents from any third parties to the extent necessary to transfer any Assumed Contract to the Purchaser (or its designated Affiliates) and (b) Purchaser shall (and shall cause its Subsidiaries to) do all things necessary, proper or advisable as reasonably requested by Seller (i) to transfer to Seller (or such other Person as Seller shall indicate) any Excluded Assets that Purchaser may possess and (ii) to assure that Purchaser, rather than Seller or any of its Subsidiaries, is the obligor in respect of all Assumed Liabilities, including by novating any Assumed Contract that is a Nonassignable Asset to Purchaser and seeking to cause the counterparty to any Shared Contract to enter into a new agreement with Purchaser with respect to the matters addressed by such Shared Contract, and Seller shall cooperate with Purchaser for such purposes, provided that neither Purchaser nor Seller shall be obligated to make any payment or deliver anything of value to any third party (other than filing and application fees to Governmental Authorities, all of which shall be paid or reimbursed by Purchaser) in order to obtain any Consent to the transfer of Assets or the assumption of Assumed Liabilities. Purchaser shall, upon the request of Seller, and at no cost to Seller (other than reimbursement of out-of-pocket expenses), make the Transferred Employees available at reasonable times and cooperate in all reasonable respects with Seller and its Subsidiaries in the preparation for, and defense of, any lawsuit, arbitration or other Action (whether disclosed or not disclosed in the Seller Disclosure Schedule) filed or claimed against Seller or any of its Affiliates or any of the respective agents, directors, officers and employees of Seller and its Affiliates, whether currently pending or asserted in the future, concerning the operation or conduct of the Business prior to the Closing Date, except with respect to any Actions between Seller and Purchaser that may arise as a result of this Agreement and the transactions contemplated hereby.

SECTION 5.09. Ancillary Agreements. On the Closing Date, each of Purchaser and Seller shall (and, if applicable, each shall cause its Subsidiaries or, in the case of Purchaser, its wholly owned Subsidiaries to) execute and deliver each of the Ancillary Agreements to which it is a party if such Ancillary Agreement has not been executed on the date hereof.

SECTION 5.10. Maintenance of Books and Records. After the Closing Date, each of the parties hereto shall preserve, until at least the fifth anniversary of the Closing Date, all pre-Closing Date records to the extent relating to the Business possessed or to be possessed by such party. After the Closing Date and up until at least the fifth anniversary of the Closing Date, upon any reasonable request from a party hereto or its representatives, the party holding such records shall (a) provide to the requesting party or its representatives reasonable access to such records during normal business hours and (b) permit the requesting party or its representatives to make copies of such records, in each case at no cost to the requesting party or its representatives (other than for reasonable out-of-pocket expenses); provided, however, that nothing herein shall require either party to disclose any information to the other if such disclosure would jeopardize any attorney-client or other legal privilege or contravene any applicable Law, fiduciary duty or agreement (it being understood that each party shall cooperate in any reasonable efforts and requests for waivers that would enable otherwise required disclosure to the other party to occur without so jeopardizing privilege or contravening such Law, duty or agreement) or require either party to disclose its Tax records. Such records may be sought under this Section 5.10 for any reasonable purpose, including to the extent reasonably required in connection with accounting, litigation, federal securities disclosure or other similar needs of the party seeking such records (other than claims between Seller and Purchaser or any of their respective Subsidiaries under this Agreement or any Ancillary Agreement). Notwithstanding the foregoing, (i) any and all such records may be destroyed by a party if such destroying party sends to the other party hereto written notice of its intent to destroy such records, specifying in reasonable detail the contents of the records to be destroyed; such records may then be destroyed after the 60th day following such notice unless the other party hereto notifies the destroying party that such other party desires to obtain possession of such records, in which event the destroying party shall transfer the records to such requesting party and such requesting party shall pay all reasonable expenses of the destroying party in connection therewith and (ii) no party shall be required to provide the other party access to, or copies of, any Tax Returns, except to the extent relating solely to the Assets.

SECTION 5.11. Deletion of Non-Transferred Software. Purchaser agrees that, on and following the Closing Date, Purchaser shall not use and shall cause each of its Affiliates not to use any software or computer databases loaded on the Equipment included in the Assets as of the Closing Date, unless such licenses to software or computer databases are included in the Assets or Purchaser otherwise has the right to use them pursuant to the Intellectual Property License Agreement or Transition Services Agreement or otherwise. Purchaser shall, as soon as is reasonably practicable, and in any event no later than 45 days following the Closing Date, delete all such software and computer databases from any of the Equipment on which it is installed.

SECTION 5.12. Use of Seller's Trademarks and Logos. Except as expressly provided in the Intellectual Property License Agreement, Purchaser shall not have the right to use, and shall promptly cease and desist from all use of, the name "VeriSign" or any trade names, trademarks, identifying logos or service marks owned by Seller or any of its Subsidiaries (other than as part of the Transferred Intellectual Property) or employing the word "VeriSign" or any part or variation of any of the foregoing or any confusingly similar trade names, trademarks or logos to any of the foregoing (collectively, the "**Seller's Trademarks and Logos**") and will adopt new trade names, trademarks, identifying logos and service marks related thereto which are not confusingly similar to Seller's Trademarks and Logos. Without prejudice to Purchaser's obligation to cease and desist from the use of Seller's Trademarks and Logos, Purchaser shall not use Seller's Trademarks and Logos in any manner that might dilute, tarnish, disparage or reflect adversely on Seller or Seller's Trademarks and Logos or result in any Liability to Seller.

SECTION 5.13. Seller Guarantees and Other Credit Support of the Business. Following the Closing, but subject to any obligation of Seller or its relevant Subsidiary under Section 2.02(b), Purchaser will use its commercially reasonable efforts to procure the release by the applicable counterparty, as soon as reasonably practicable but in no event later than 60 days after the Closing Date, of any continuing obligation of Seller or any of its Subsidiaries with respect to any Assumed Contract or Shared Contract (including any guarantee or credit support provided by, or any letter of credit posted by, Seller or any such Subsidiary) and will indemnify and hold harmless Seller and its Subsidiaries from and against any Loss resulting from or relating to any such obligation. Without limiting the generality of the foregoing, following the Closing, Purchaser will (a) use its commercially reasonable efforts to procure the release by the applicable counterparty of any continuing obligation of Seller or any such Subsidiary with respect to the guarantees or other credit support set forth in Section 5.13 of the Seller Disclosure

Schedule and (b) indemnify and hold harmless Seller and each such Subsidiary from and against any Loss resulting from or relating to any continuing obligation of Seller or any such Subsidiary with respect to any such guarantee or other credit support.

SECTION 5.14. Consummation of Debt Financing.

(a) Purchaser shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things that in its good faith determination are necessary, proper or advisable to arrange and obtain the Debt Financing on the terms and conditions described in the Debt Commitment Letter, including using reasonable best efforts to (i) maintain in effect the Debt Commitment Letter and negotiate and enter into definitive agreements with respect to the Debt Financing on the terms and conditions reflected in the Debt Commitment Letter, (ii) satisfy on a timely basis all conditions applicable to Purchaser in such Debt Commitment Letter or definitive agreements, as applicable, that are within their control and (iii) consummate the Debt Financing at or prior to the Closing; provided that in no event shall Purchaser be required to pay any amounts not specified in the Debt Commitment Letter or commence litigation or any arbitral or other adversary proceedings against any Person obligated to arrange or provide any portion of the Debt Financing. In furtherance of the provisions of this Section 5.14, the Debt Commitment Letter may be amended or superseded to replace or add one or more lenders, lead arrangers, bookrunners, syndication agents or similar entities which had not executed the Debt Commitment Letter as of the date hereof, or otherwise in a manner not less beneficial to Purchaser (as determined in the reasonable judgment of Purchaser) (the "**New Debt Financing Commitments**"), provided that the New Debt Financing Commitments shall not (i) expand or adversely amend, in any material respect, the conditions to the Debt Financing set forth in the Debt Commitment Letter; (ii) reasonably be expected to delay or prevent the Closing; or (iii) reduce the aggregate amount of the Debt Financing (unless, in the case of this clause (iii), replaced with an equal or greater amount of new equity or other financing that satisfies the conditions set forth in clauses (i) and (ii)). Upon and from and after each such event, the term "**Debt Financing**" as used in the preceding sentence shall be deemed to mean the Debt Financing contemplated by the Debt Commitment Letter that is not so amended or superseded at the time in question and the New Debt Financing Commitments to the extent then in effect. In the event any portion of the Debt Financing becomes unavailable on the terms and conditions contemplated in the Debt Commitment Letter for any reason, Purchaser shall, subject to any limitations set forth in the existing Debt Commitment Letter, use its reasonable best efforts to obtain alternative financing from alternative sources ("**Alternative Financing**") as promptly as practicable following the occurrence of such event on terms that are not less favorable, in the aggregate, to Purchaser than as contemplated by the Debt Commitment Letter. Purchaser shall keep Seller reasonably apprised as to the status of, and any material developments relating to, the Debt Financing.

(b) Purchaser will pay when due all commitment fees arising under the Debt Commitment Letter as and when they become payable.

(c) Seller shall, and shall cause its Subsidiaries and representatives, officers, directors, employees and advisors (including legal and accounting) to, provide to Purchaser all cooperation, on a timely basis, as reasonably requested by Purchaser in connection with the Debt Financing (*provided* that such requested cooperation does not unreasonably interfere with the ongoing operations of the Seller and its Subsidiaries), including: (i) upon reasonable notice, permitting key employees of the Business to participate in meetings, drafting sessions, due diligence sessions, management presentation sessions, "road shows" and sessions with rating agencies, (ii) subject to execution by such lenders of customary confidentiality agreements, providing to the lenders specified in the Debt Commitment Letter such financial and other information in Seller's possession relating to the Business as they may reasonably request, making the key employees of the Business available to assist the lenders specified in the Debt Commitment Letter with the preparation of materials (including business projections, pro forma financial information and similar materials) for rating agency, lender and investor presentations, offering documents, private placement memoranda, bank information and syndication memoranda, prospectuses, marketing materials and similar documents in connection with the Debt Financing; (iii) assisting in obtaining auditor's reports in respect of audited financials (including consents of accountants for use of their reposts in any materials relating to the Debt Financing) as reasonably requested by Purchaser; (iv) executing or obtaining and delivering at the Closing other customary certificates, consents, opinions, survey and title insurance and other documents as may be reasonably requested by the relevant financing sources; and (v) otherwise reasonably cooperating in connection with the consummation of the Debt Financing; provided, however, that neither Seller nor any of its Subsidiaries shall be required to pay any commitment or other similar fee or incur any other cost or expense that is not simultaneously reimbursed by Purchaser in connection with the Debt Financing. Purchaser shall, promptly upon request by Seller, reimburse Seller for all reasonable and documented out-of-pocket costs incurred by Seller or any of its Subsidiaries in connection with such cooperation and shall indemnify and hold harmless Seller, its Subsidiaries and their respective representatives for and against any and all Losses suffered or incurred by them in connection with the arrangement of the Financing and any information utilized in connection therewith (including information provided by Seller or any of its Subsidiaries). Purchaser shall not be obligated to reimburse Seller for the time of Seller's employees required to comply with Seller's obligations under this Section 5.14(e).

SECTION 5.15. Financial Information.

(a)(i) Between the date hereof and the Closing Date, within sixty (60) days after the end of each of the first three calendar quarters or ninety (90) days after the end of the fourth calendar quarter, Seller shall provide Purchaser an unaudited balance sheet and related income statement for the Business as of the end of, and for the period of, such quarter (collectively, the "**Interim Financial Statements**") and (ii) as promptly as practical but in no event more than 45 days following the Closing, furnish Purchaser and its Debt Financing sources with audited adjusted financial statements relating to the Business as of and for the 12 months ended December 31, 2008 in a manner meeting the requirements of Regulation S-X under the Securities Act, together with a report thereon by KPMG LLP (the "**SEC Financial Statements**"). The Interim Financial Statements shall be prepared in a manner consistent with the Unaudited Financial Information. In connection with the foregoing, Seller shall use reasonable best efforts to execute such management and other representation letters as shall be reasonably requested by KPMG, LLP to complete the audit of the SEC Financial Statements.

(b) Promptly following the Closing Date, Seller shall (i) at its own expense, prepare balance sheets and related statements of income and cash flows of the Business, together with all footnotes and schedules required by US GAAP, for the three months ending March 31, 2009 (the "2009 Unaudited Financial Statements"), which shall be prepared (x) using substantially the same basis of presentation as the Interim Financial Statements, (y) in a manner meeting the requirements of Regulation S-X adopted under the Securities Act; and (ii) take, or cause to be taken, all reasonable actions necessary, proper or advisable to assist KPMG LLP in the completion of a review, consistent with the requirements of SAS 100, of the 2009 Unaudited Financial Statements, including executing such management and other representation letters as shall be reasonably requested by KPMG LLP. The parties shall consult with one another, and reasonably discuss and agree (in light of the actual date of the Closing and the intent of preparing financial statements meeting the requirements of Regulation S-X adopted under the Securities Act), on whether (x) any modifications to the periods covered by the 2009 Unaudited Financial Statements are necessary, desirable or appropriate (including, where possible, a change of the periods for which financial statements must be prepared by Seller), and (y) any corresponding changes to the reviews to be conducted by KPMG LLP are necessary, in each case in order for such financial statements to be in compliance with Regulation S-X adopted under the Securities Act. Seller shall use reasonable best efforts to cause the 2009 Unaudited Financial Statements to be delivered to Purchaser no more than 45 days after the Closing Date. Seller shall, and shall cause each of its officers and employees to, provide to KPMG LLP all information, documents and assistance reasonably requested by KPMG LLP in connection with the review of the 2009 Unaudited Financial Statements, and shall reasonably cooperate with Purchaser in the preparation by the Purchaser and its auditors of *pro forma* financial information that reflect the effect of the acquisition by Purchaser of the Business for such periods as would be required by Regulation S-X under the Securities Act.

SECTION 5.16. Exclusivity.

(a) Until the earlier of (i) the Closing, and (ii) the termination of this Agreement pursuant to Section 9.01, except as specifically permitted in Section 5.16(b), Seller agrees that it shall not, and shall cause its officers, directors, employees, Affiliates, attorneys, advisors, accountants, bankers, agents and representatives not to, directly or indirectly: (i) initiate or solicit any proposal or offer from any Person (other than Purchaser or one of its Affiliates) relating to any transaction or series of related transactions involving: (A) the disposition or acquisition of all or any material portion of the Assets or any asset which, if held by Seller as of the Closing Date would be an Asset (other than (x) in connection with transactions that are permitted pursuant to this Agreement or (y) in the ordinary course of business of the Seller) or (B) any other transaction or financing which if consummated would have a materially adverse effect on Seller's ability to consummate the transactions contemplated by this Agreement in accordance with the terms and on the basis and timeframe set forth herein (each of (A) and (B) above, inclusive, an "**Alternative Transaction**"); (ii) participate in any discussions or negotiations or enter into any letter of intent or agreement (other than an Acceptable Confidentiality Agreement to the extent permitted under Section 5.16(b)) with, or provide any information to, any Person or any of such Person's Affiliates, advisors or representatives (other than Purchaser or one of its Affiliates, advisors or representatives) in connection with an Alternative Transaction to be made by or on behalf of such Person; (iii) accept any proposal or offer from any Person (other than Purchaser or one of its Affiliates) relating to an Alternative Transaction; or (iv) waive, terminate, modify or fail to enforce any provision of any "standstill" or similar obligation of any Person (other than Purchaser). Seller agrees that it shall, and shall cause its and the Business' officers, directors, employees, Affiliates, attorneys, advisors, accountants, bankers, agents and representatives to, cease all negotiations with all third parties (other than Purchaser or its Affiliates) related to an Alternative Transaction and shall not recommence such negotiations unless this Agreement is terminated. Seller shall promptly notify Purchaser in writing if any Person makes any proposal, offer, inquiry or contact with respect to a possible Alternative Transaction and shall provide to Purchaser the terms of any such proposal, offer, inquiry or contact (including without limitation the name of the Person making the proposal, offer, inquiry or contact), and in the case of written materials provided to Seller or its advisors or representatives, copies of all such materials, including financing letters.

(b) Notwithstanding anything to the contrary in Section 5.16(a), at any time following the date of this Agreement and prior to the Closing, Seller shall be permitted, if it has otherwise complied with its obligations under this Section 5.16, to

(i) engage in discussions or negotiations with a Person who has made a bona fide written offer or proposal for an Alternative Transaction not solicited in violation of this Section 5.16 if, prior to taking such action, (x) Seller enters into an Acceptable Confidentiality Agreement with such Person and (y) the board of directors of Seller determines in good faith after receiving the advice of its financial advisors, that such proposal or offer constitutes, or is reasonably likely to result in, a Superior Alternative Transaction; and

(ii) furnish or disclose any non-public information relating to the Seller or the Business to a Person who has made a bona fide written offer or proposal for an Alternative Transaction not solicited in violation of this Section 5.16 if, prior to taking such action, the board of directors of Seller determines in good faith after receiving the advice of its financial advisors, that such proposal or offer constitutes, or is reasonably likely to result in, a Superior Alternative Transaction, but only so long as Seller (x) has caused such Person to enter into an Acceptable Confidentiality Agreement and (y) concurrently discloses the same non-public information to the Purchaser if such non-public information has not previously been disclosed to the Purchaser.

(iii) Seller shall keep Purchaser informed on a current basis of the status, terms and substance of any discussions or negotiations including amendments and proposed amendments of any such inquiry, proposal or offer, and shall notify Purchaser promptly if Seller's board of directors determines that an proposal or offer constitutes, or is reasonably likely to result in, a Superior Alternative Transaction. Seller agrees that none of it or its Subsidiaries shall enter into any confidentiality or other agreement with any Person after the date hereof which prohibits Seller from complying with its obligations under this Section 5.16(b)(iii).

SECTION 5.17. Non-Solicitation. Seller agrees that for a period of one (1) year from and after the Closing Date, Seller shall not, and shall cause its Subsidiaries not to, directly or indirectly, solicit to hire or hire any Transferred Employee, unless such Person ceased to be an employee of Purchaser or its Subsidiaries prior to such action by Seller or its Subsidiaries, or, in the case of such Person's voluntary termination of employment with Purchaser or its Subsidiaries, at least three months prior to such action by Seller or its Subsidiaries. Notwithstanding the foregoing, the restrictions set forth in this Section 5.17 shall not apply to bona fide general solicitations of, or advertisements for, employment placed by Seller that are not specifically targeted at such Persons. In addition, neither Seller nor any of its Affiliates shall directly, or indirectly through another Person, for so long as Seller shall have continuing obligations under Section 5.18 below, call on, solicit or service any customer, supplier, licensee, licensor or other business relation of Purchaser or any of its Affiliates in order to induce or attempt to induce such Person to cease doing business with Purchaser or any of its Affiliates with respect to the Business, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation with respect to the Business and Purchaser or any of its Affiliates (including making any negative statements or communications with respect to the Business about Purchaser or any of its Affiliates).

SECTION 5.18. Noncompetition.

(a) Subject to Section 5.18(b) below, in consideration of the Purchaser entering into this Agreement and in order that the Purchaser may enjoy the full benefit of the Assets and the Business, for a period of twenty four (24) months from and after the Closing Date (the "**Noncompetition Period**"), neither the Seller nor any of its Affiliates shall, directly or indirectly, carry on, or participate in, a business which is directly in competition with the Business (any such restricted activity, a "**Competitive Business**").

(b) Nothing in this Section 5.18 shall restrict the right of Seller and its Affiliates to, directly or indirectly:

(i) continue to operate each of the businesses of Seller other than the Business (the "**Existing Businesses**") in substantially the same manner as the Existing Businesses are currently conducted (including any business substantially similar to an Existing Business acquired by Seller or any of its Affiliates on or after the Closing Date to the extent such business is thereafter conducted in substantially the same manner as the Existing Businesses are currently conducted);

(ii) transfer any Existing Business to any third party (including any third party engaged in a Competitive Business);

(iii) provide any service or carry out any activity that Seller or its Subsidiaries will be required to provide or carry out as a result of the adoption of any consensus policy by the Internet Corporation for Assigned Names and Numbers;

(iv) acquire or hold securities of any Person that is engaged in a Competitive Business, provided that such acquisition or holding of securities represents a passive investment for Seller or any of its Affiliates and does not give Seller or any of its Affiliates the right to appoint directors or management of such Person or to otherwise exercise control over the management of such Person; or

(v) acquire the majority of the voting securities of any Person, or acquire the assets of a business, that is engaged in a Competitive Business, provided that such Competitive Business (A) is terminated or disposed of within twelve months after completion of such acquisition and (B) represents less than 10% of the revenues generated by such acquired Person or business.

(c) The Seller acknowledges and agrees that the remedy at law for any breach, or threatened breach, of any of the provisions of this Section 5.18 will be inadequate and, accordingly, the Seller covenants and agrees that the Purchaser shall, in addition to any other rights and remedies which the Purchaser may have at Law, be entitled to seek equitable relief, including injunctive relief, and to seek the remedy of specific performance with respect to any breach or threatened breach of such covenant, as may be available from any court of competent jurisdiction. In addition, the Seller and the Purchaser agree that the terms of the covenant in this Section 5.18 are fair and reasonable in light of the Purchaser's plans for the Assets and the Business and are necessary to accomplish the full transfer of the goodwill and other intangible assets contemplated hereby. In the event that any of the covenants contained in this Section 5.18 shall be determined by any court of competent jurisdiction to be unenforceable for any reason whatsoever, then any such provision or provisions shall not be deemed void, and the parties hereto agree that said limits may be modified by the court and that said covenant contained in this Section 5.18 shall be amended in accordance with said modification, it being specifically agreed by the parties that it is their continuing desire that this covenant be enforced to the full extent of its terms and conditions or if a court finds the scope of the covenant unenforceable, the court should redefine the covenant so as to comply with applicable Law.

SECTION 5.19. UCC Termination Statements. Prior to the Closing Date, Seller shall use reasonable best efforts to deliver to Purchaser UCC-3 termination statements or similar documents evidencing the termination of all Liens on the Assets, other than Permitted Liens.

SECTION 5.20. Covenant Not to Sue. For so long as Seller or one of its Subsidiaries is the counterparty to, or with respect to any services received by Seller or one of its Subsidiaries under, the Messaging Agreement, (i) Seller shall not bring a claim for indemnification pursuant to Section 6(c)(iii) of the portion of the Messaging Agreement known as the Master Services Agreement with respect to any claim alleging that one or more of the Assets infringes the intellectual property rights of any Person as described in such Section 6(c)(iii), and (ii) Seller shall not (and shall cause its Subsidiaries not to) bring a claim against Purchaser alleging that the provision of services to Seller under the Messaging Agreement violates or infringes upon any Intellectual Property Right of Seller. For the avoidance of doubt, this paragraph shall not create any obligation of or with respect to any assignee of the Messaging Agreement that is not an Affiliate of Seller.

ARTICLE VI

EMPLOYEE MATTERS

SECTION 6.01. Offers and Terms of Employment.

(a) No later than 5 days prior to Closing, Seller shall update Section 1.01(a)(ii) of the Seller Disclosure Schedule to reflect any change in the status of Employees, and Purchaser shall update Section 6.01(a) of the Seller Disclosure Schedule. Seller shall terminate, effective as of the Closing Date, the employment of all Employees listed in Section 6.01(a) of the Seller Disclosure Schedule. Effective as of the Closing Date, Purchaser shall, or shall cause one of its applicable Subsidiaries to offer employment to each Employee who is listed in Section 6.01(a) of the Seller Disclosure Schedule (each such Employee, an "**Offeree**"). Each Offeree who accepts Purchaser's or one of its Subsidiaries' offer of employment shall be referred to herein as a "**Transferred Employee**."

(b) Purchaser shall cause each offer of employment pursuant to Section 6.01(a) to provide for (i) an annual salary or hourly wage rate (as applicable), (ii) annual and long-term bonus and incentive compensation opportunities (other than incentive compensation opportunities related to the transactions contemplated by this Agreement or equity compensation) and, (iii) employee benefits (collectively, the "**Employment Terms**") that are substantially comparable, in the aggregate, to Employment Terms of, or made available to, similarly situated employees of the Purchaser and its Subsidiaries.

(c) During the one-year period immediately following the Closing Date or any longer period required by applicable Law (such period, the "**Coverage Period**"), Purchaser shall, and shall cause its Subsidiaries to, continue to provide each Transferred Employee with the Employment Terms pursuant to this Section 6.01. Nothing herein shall restrict the right of Purchaser or a Subsidiary of Purchaser to terminate the employment of any Transferred Employee, provided any such termination is effected in accordance with applicable Law and the terms of any applicable Purchaser Benefit Plan or applicable collective agreement or collective bargaining agreement.

(d) If any Transferred Employee requires a visa, work permit or employment pass or other approval for his employment to commence with, or to transfer to or continue with Purchaser or any of its Subsidiaries following the Closing Date, Purchaser shall promptly file any and all necessary applications or documents and shall take all actions needed to secure the necessary visa, permit, pass or other approval, and Seller shall provide such assistance as reasonably requested by Purchaser in connection therewith. Seller agrees that it will amend its qualified 401(k) plan to provide 100% vesting for all Transferred Employees.

(e) Not later than fifteen days after the end of each month during the Coverage Period, Purchaser shall provide Seller with the information set forth in Section 6.01(e) of the Seller Disclosure Schedule with respect to (i) each Transferred Employee who receives a payment from Purchaser pursuant to any Change of Control Agreement, together with information reasonably requested by Seller regarding the Transferred Employees in furtherance of this paragraph, and (ii) Seller shall provide Purchaser with the amounts due to any Transferred Employees under the VeriSign Performance Plan. Promptly following delivery of the foregoing information, but in no event more than ten (10) Business Days thereafter, Seller shall promptly reimburse Purchaser with respect to amounts paid or to be paid in that monthly period to any such former Transferred Employee in respect of a Liability assumed by Purchaser under Section 2.02(a)(vi), by wire transfer of immediately available U.S. Dollar funds to an account designated by Purchaser.

(f) Section 6.02(f) of the Seller Disclosure Schedule sets forth a list of Persons who, as of the date hereof, are on a leave of absence from the Business (each, an "Absent Employee"). Not less than 5 days prior to Closing, Purchaser shall indicate to Seller the Absent Employees, if any, to which Purchaser intends to offer employment. Any Absent Employee who receives such an offer shall be deemed an "Offeree" for the purposes of this Agreement. In the event that any Absent Employee returns from absence leave prior to the Closing, such Absent Employee shall automatically be deemed an "Employee" for the purposes of this Agreement, and upon accepting Purchaser's offer of employment pursuant to this paragraph an Absent Employee shall automatically be deemed a "Transferred Employee" for purposes of this Agreement.

SECTION 6.02. Assumption of Liabilities.

(a) Purchaser shall, and shall cause its Subsidiaries to, assume, honor, pay and perform any and all Liabilities of Seller, or any of its Subsidiaries, to or in respect of any Transferred Employee for accrued but unpaid vacation benefits listed in Section 6.02(a) of the Seller Disclosure Schedule (as such amounts may be adjusted as of the Closing). Effective from and after the Closing Date, Purchaser and its Subsidiaries shall assume and be solely responsible for all employment and employee benefits-related Liabilities that arise on or after the Closing Date and that relate to any Transferred Employee (or any dependent or beneficiary of such Transferred Employee) and neither Seller nor any of its Subsidiaries shall have any Liability with respect to any such Transferred Employee (or any dependent or beneficiary of such Transferred Employee) that relates to such Transferred Employee's employment with Purchaser or any of its Subsidiaries, except that Seller and its Subsidiaries shall retain any Liabilities that arise at any time under the Seller Benefit Plans.

(b) Seller agrees that it shall be solely responsible for satisfying the continuation coverage requirements of Section 4980B of the Code for all "M&A qualified beneficiaries," as such term is defined in Treasury Regulation 54.4980B-9.

(c) Except as specifically provided in this Article VI, Seller and its Subsidiaries shall retain and be solely responsible for all employment Liabilities of Seller to the extent such Liabilities were incurred or arose at any time prior to the Closing Date that relate to any Employee (including any Transferred Employee). Seller and its Subsidiaries shall retain and be solely responsible for all employee benefits related Liabilities of Sellers, any of its Subsidiaries, any Seller Benefit Plan or any Benefit Plan of an ERISA Affiliate regardless of when such Liabilities arose or were incurred.

SECTION 6.03. [Reserved.]

SECTION 6.04. Participation in Purchaser Benefit Plans.

(a) Effective as of the Closing Date, except as otherwise provided in this Article VI, each Transferred Employee shall cease to participate in any Seller Benefit Plan (other than as a former employee of Seller and its Subsidiaries to the extent, if any, permitted by the terms of such Seller Benefit Plan). Effective from and after the Closing Date, Purchaser shall, or shall cause its applicable Subsidiaries to, establish or have in effect Benefit Plans for the benefit of the Transferred Employees (and their dependents and beneficiaries) in accordance with the requirements of this Article VI and Purchaser's and its Subsidiaries' offers of employment.

(b) From and after the Closing Date, Purchaser shall, and shall cause its applicable Subsidiaries to, recognize the service of the Transferred Employees prior to the Closing Date with Seller or any of its Affiliates and any of their respective predecessors as service with Purchaser for the purposes of eligibility and vesting, and for the purposes of benefit accrual under vacation and paid time off, under the Purchaser Benefit Plans, except to the extent the recognition of such service would result in the duplication of benefits for the same period of service. With respect to any Purchaser Benefit Plan that is a medical, dental, other health, life insurance or disability plan, Purchaser shall, and shall cause its Subsidiaries to, (a) waive or cause to be waived any pre-existing condition exclusions and requirements that would result in a lack of coverage of any pre-existing condition of a Transferred Employee (or any dependent thereof) that would have been covered under the Seller Benefit Plan in which such Transferred Employee (or eligible and enrolled dependent thereof) was a participant immediately prior to the Closing Date, and credit or cause to be credited any time accrued against applicable waiting periods relating to such pre-existing condition and (b) waive any health eligibility, actively-at-work or medical examination requirements under the Purchaser Benefit Plans.

(c) Purchaser agrees to cause its tax-qualified defined contribution plan for U.S. employees to allow each Transferred Employee who has one or more account balances in Seller's tax-qualified 401(k) plan to make a "direct rollover" of such account balances (including promissory notes evidencing all outstanding loans but excluding any Seller stock) from Seller's defined contribution plan if such Transferred Employee elects to make such a rollover.

SECTION 6.05. WARN Act Compliance. Purchaser agrees to provide any required notice under the Worker Adjustment and Retraining Notification Act, as amended (the "**WARN Act**"), and any similar Law, and to otherwise comply with the WARN Act and any such other similar Law with respect to any "plant closing" or "mass layoff" (as defined in the WARN Act) or group termination or similar event affecting Transferred Employees (including as a result of the consummation of the transactions contemplated by this Agreement) and occurring from and after the Closing Date. Seller shall comply with the WARN Act or any similar Law with respect to any "plant closing" or "mass layoff" (as defined in the WARN Act) or group termination or similar event affecting Employees and occurring prior to the Closing Date. Provided that on or before the Closing Date, Seller has provided to Purchaser a list of employee layoffs, by date and location, implemented by the Seller in the 90-day period preceding the Closing Date, Purchaser agrees not to take and to cause its Subsidiaries not to take, any action that would create any Liability or penalty to Seller under the WARN Act or any similar Law.

SECTION 6.06. No Amendments or Third-Party Beneficiaries.

(a) Nothing contained in this Agreement shall (i) constitute or be deemed to be an amendment to any Purchaser Benefit Plan or Seller Benefit Plan or (ii) require Purchaser to amend, modify, affect, or terminate any Purchaser Benefit Plan (other than as may be required to reflect the obligations of the Purchaser set forth in Section 6.04 above).

(b) The provisions of this Section 6.06 are for the sole benefit of the parties to this Agreement and nothing herein, expressed or implied, is intended or shall be construed to confer upon or give to any Person (including for the avoidance of doubt any Employee), other than the parties hereto and their respective permitted successors and assigns, any legal or equitable or other rights or remedies (with respect to the matters provided for in this Section 6.06) under or by reason of any provision of this Agreement.

ARTICLE VII

TAX MATTERS

SECTION 7.01. Transfer Taxes. Purchaser shall (or shall cause its applicable Subsidiary to) be responsible for and pay and indemnify and hold Seller and its Subsidiaries harmless from, any and all Transfer Taxes imposed by any Governmental Authority in connection with this Agreement, the Ancillary Agreements and the transactions contemplated by this Agreement or the Ancillary Agreements. In the event that any such Transfer Taxes are required under applicable Law to be collected, remitted or paid by Seller or any of its Subsidiaries or any agent thereof (as requested by Seller or any of its Subsidiaries), Purchaser shall (on behalf of itself and of its applicable Subsidiaries) pay the amount of such Transfer Taxes to Seller, any of its Subsidiaries or any such agent, as applicable, at the Closing or thereafter, as applicable, as requested of or by Seller. Notwithstanding the foregoing, all payments due to Seller shall be made without any deduction or withholding on account of any Taxes, except as required by applicable Law in which case the sum payable by Purchaser in respect of which such deduction or withholding is to be made shall be increased to the extent necessary to ensure that, after making such deduction or withholding, Seller receives and retains (free from any Liability in respect thereof) a net sum equal to the sum it would have received but for such deduction or withholding being required.

SECTION 7.02. Tax Characterization of Adjustments. Seller and Purchaser agree to treat, and cause their respective Subsidiaries to treat, all payments made either to or for the benefit of the other under any indemnity provisions of this Agreement and for any misrepresentations or breach of warranty or covenants as adjustments to the Purchase Price for Tax purposes and that such treatment shall govern for purposes hereof.

SECTION 7.03. Parties' Responsibility. Subject to Section 7.01, Seller, or a relevant Subsidiary of Seller, as applicable, is and shall remain solely responsible for all Tax matters and Liabilities arising from or relating to the Business or the Assets before the Closing

Date. Purchaser, or a relevant Subsidiary of Purchaser, as applicable, shall be solely responsible for all Tax matters and Liabilities arising from or relating to the Business or the Assets on and after the Closing Date. In the case of any Straddle Period, the amount of any Taxes based on or measured by income or receipts of the Business for the portion of the Straddle Period before the Closing Date shall be determined based on an interim closing of the books as though the Taxable period of Seller, or its Subsidiary, as applicable, ended on the calendar day immediately preceding the Closing Date. The amount of other Taxes of the Business for the portion of the Straddle Period up to the Closing Date shall be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Straddle Period ending on the calendar day immediately preceding the Closing Date and the denominator of which is the number of days in such Straddle Period. The parties shall cooperate with each other concerning all Tax matters, including the filing of all material federal, state, local and foreign Tax Returns and other governmental filings associated therewith.

ARTICLE VIII

CONDITIONS TO CLOSING

SECTION 8.01. Conditions to Each Party's Obligation. The obligation of Purchaser and Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of each of the following conditions:

(a) Governmental Approvals. All applicable waiting periods under the HSR Act and any other material antitrust or trade regulation Laws of any jurisdiction, if applicable to the consummation of the transactions contemplated by this Agreement, shall have expired or been terminated, and all necessary Consents thereunder shall have been received.

(b) No Injunction or Statute. No Governmental Order enacted, entered, promulgated, enforced or issued by any Governmental Entity preventing consummation of the transactions contemplated by this Agreement shall be in effect on the Closing Date.

(c) No Proceeding. There shall not be pending (i) any proceeding by any Governmental Entity challenging or seeking to restrain or prohibit the consummation of the transactions contemplated by this Agreement or (ii) any suit or action by any third Person challenging or seeking to restrain or prohibit the consummation of the transactions contemplated by this Agreement which, if successful, would reasonably be expected to result in a Material Adverse Effect.

SECTION 8.02. Conditions to Obligations of Seller. The obligation of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of each of the following conditions:

(a) Except for any inaccuracy that has not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Purchaser to consummate the transactions contemplated by this Agreement or on Seller or any of its Affiliates, each representation and warranty contained in Article IV (disregarding all materiality and Material Adverse Effect qualifications contained therein) shall be true and correct (i) as of the date of this Agreement and as of the Closing Date as if restated at and as of the Closing Date or (ii) if made as of a date specified therein, as of such date, and Seller shall have received a certificate signed by a senior officer of Purchaser to such effect.

(b) The covenants, obligations and agreements contained in this Agreement to be complied with by Purchaser on or before the Closing shall have been complied with in all material respects, except that Purchaser shall have complied in all respects with its obligations under Article II to be complied with by Purchaser on or before the Closing, and Seller shall have received a certificate signed by a senior officer of Purchaser to such effect.

(c) Each of Purchaser and, if applicable, its wholly owned Subsidiaries shall have executed and delivered to Seller each of the Ancillary Agreements to which it is a party.

SECTION 8.03. Conditions to Obligations of Purchaser. The obligation of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties in Section 3.05(b) and Section 3.08(b) shall be true and correct as of the date of this Agreement and as of the Closing Date as if restated at and as of the Closing Date and in the case of each other representation and warranty contained in Article III, except for any failure to be true and correct that has not had and would not reasonably be expected to have a Material Adverse Effect, such representation or warranty (disregarding all materiality and Material Adverse Effect qualifications contained therein), shall be true and correct (i) as if restated on and as of the Closing Date or (ii) if made as of a date specified therein, as of such date, and Purchaser shall have received a certificate signed by a senior officer of Seller to such effect.

(b) The covenants, obligations and agreements contained in this Agreement to be complied with by Seller on or before the Closing shall have been complied with in all material respects, except that Seller shall have complied in all respects with its obligations under Article II to be complied with by Seller on or before the Closing, and Purchaser shall have received a certificate signed by a senior officer of Seller to such effect.

(c) Each of Seller and, if applicable, its Subsidiaries shall have executed and delivered to Purchaser each of the Ancillary Agreements to which it is a party.

(d) Purchaser shall have obtained debt financing in the amounts described in, and on the terms and conditions set forth in, the Debt Commitment Letter.

(e) Seller shall have received or obtained all Consents identified on Section 8.03(e) of the Seller Disclosure Schedule.

ARTICLE IX

TERMINATION, AMENDMENT AND WAIVER

SECTION 9.01. Termination. This Agreement may be terminated at any time prior to the Closing (except as limited as to time in the case of paragraph (b) below):

(a) by the mutual written consent of Seller and Purchaser;

(b) by Seller or Purchaser, upon prior written notice to the other party, if the Closing shall not have occurred prior to April 30, 2009 (the "**Termination Date**"); except that if the waiting period under the HSR Act shall not have expired or been terminated and, as of such date, all other conditions to the Closing set forth in Article VIII shall have been satisfied or, for those conditions intended to be satisfied at the Closing, shall be capable of being satisfied, the Termination Date may be extended once by either party for an additional 90 days, in which case all references to the Termination Date shall be to the Termination Date as extended;

(c) by Seller,

(i) upon prior written notice to Purchaser, in the event a condition set forth in Section 8.01 or Section 8.02 has not been satisfied, is not reasonably capable of being satisfied and has not been waived by Seller, on or prior to the Termination Date;

(ii) if the Seller (x) shall have given Purchaser written notice advising Purchaser that it intends to enter into a Superior Alternative Transaction (which shall include the material terms and conditions of such Superior Alternative Transaction, including the identity of the party making such proposal and, if available, a copy of the relevant proposed transaction agreements with such party and other material documents), (y) has complied in all material respects with Section 5.16 and so certifies to Purchaser and (z) not later than the day of such termination, Seller pays the Seller Termination Fee to Purchaser in accordance with Section 9.03(b); provided, however, that Seller shall not (and shall not have the right to) terminate this Agreement pursuant to this Section 9.01(c)(ii) unless and until Seller shall have given the Purchaser five Business Days after delivery of each such written notice to propose revisions to the terms of this Agreement (or make another proposal) and shall have negotiated in good faith with the Purchaser with respect to such proposed revisions or other proposal, if any, to cause such Alternative Transaction to cease to be a Superior Alternative Transaction; it being agreed that if Purchaser agrees to modify the terms of the transactions contemplated by this Agreement such that the Purchase Price hereunder is no lower than the aggregate purchase price, as determined by the board of directors of Seller (after consultation with a financial advisor of nationally recognized reputation), under the Superior Alternative Transaction (inclusive of assumed liabilities and reflecting terms of payment and the fair market value, as determined in good faith by Seller's board of directors, of any non-cash consideration included in the purchase price), Seller shall not have a right to terminate this Agreement pursuant to this Section 9.01(c)(ii); or

(d) by Purchaser,

(i) upon prior written notice to Seller, in the event a condition set forth in Section 8.01 or Section 8.03 has not been satisfied, is not reasonably capable of being satisfied and has not been waived by Purchaser, on or prior to the Termination Date; or

(ii) if Seller delivers to Purchaser the written notice contemplated by clause (x) of Section 9.01(c)(ii).

Notwithstanding anything in this Section 9.01 to the contrary, the right to terminate this Agreement pursuant to paragraphs (b), (c) or (d) above shall not be available to any party whose breach of any provision under this Agreement has been the cause of, or resulted in, the event or condition purportedly giving rise to a right to terminate this Agreement under such paragraph prior to the Closing.

SECTION 9.02. Effect of Termination. In the event of termination of this Agreement in accordance with this Article IX, this Agreement shall be null and void and of no further force and effect, except as set forth in this Section 9.02 and Article XI (other than Section 11.13), all of which shall survive any such termination, and there shall be no liability or obligation on the part of any party, except (a) as set forth in Section 9.03 or (b) subject to Section 9.03, with respect to any Losses incurred or suffered by a party that were the result of fraud or breach under this Agreement prior to termination.

SECTION 9.03. Termination Fee.

(a) If this Agreement is terminated by Seller or Purchaser pursuant to Section 9.01(b) and at such time all conditions set forth in Section 8.01 and Section 8.03 (other than Section 8.03(d)) shall have been satisfied or, for those conditions intended to be satisfied at the Closing, shall be capable of being satisfied, then Seller shall irrevocably elect no later than 5:00 p.m. Eastern Time on the fifth Business Day following such termination either (x) to require Purchaser to pay Seller, promptly following such election, a termination fee of $2,300,000 (the “**Purchaser Termination Fee**”), by wire transfer of immediately available funds (the “**Purchaser Fee Election**”) or (y) to irrevocably waive Seller’s right to receive the Purchaser Termination Fee and elect to pursue monetary damages available to Purchaser under the terms of this Agreement (the “**Purchaser Damages Election**”). Notwithstanding anything to the contrary in this Agreement, if Seller makes the Purchaser Fee Election, and Purchaser pays the Purchaser Termination Fee pursuant to the preceding sentence, such Purchaser Termination Fee shall be the sole and exclusive remedy, including on account of punitive damages, of the Seller and its Subsidiaries against Purchaser or any of its Subsidiaries, Affiliates, stockholders, directors, officers, employees or agents for any and all Losses suffered as a result of such termination. For the avoidance of doubt, if Seller makes the Purchaser Fee Election and Purchaser pays the Purchaser Termination Fee, Purchaser shall have no other liability for any breach of this Agreement (regardless of the time of breach). If

Seller makes the Purchaser Damages Election, then Seller shall be entitled to pursue monetary damages for only those Losses incurred or suffered by Seller that were the result of fraud or material breach by the Purchaser of its representations and warranties or covenants under this Agreement (other than Section 5.14, which shall be subject to claims for breach without regard to materiality) prior to termination. In no event shall Purchaser be required to pay the Purchaser Termination Fee if Seller has not delivered the Purchaser Fee Election in accordance with this Section 9.03(a).

(b) If this Agreement is terminated pursuant to Section 9.01(c)(ii) or Section 9.01(d)(ii), then Seller shall pay Purchaser $2,300,000 (the "**Seller Termination Fee**") not later than the day of such termination, by wire transfer of immediately available funds. Notwithstanding anything to the contrary in this Agreement, Purchaser's receipt of the Seller Termination Fee pursuant to the preceding sentence shall be the sole and exclusive remedy, including on account of punitive damages, of the Purchaser and its Subsidiaries against Seller or any of its Subsidiaries, Affiliates, stockholders, directors, officers, employees or agents for any and all Losses suffered as a result of the termination of this Agreement pursuant to Section 9.01(c)(ii) or Section 9.01(d)(ii).

(c) Each of the parties acknowledges that the agreements contained in this Section 9.03 are an integral part of the transactions contemplated by this Agreement, that the amounts (if any) payable pursuant to Section 9.03(a) or Section 9.03(b) are not a penalty but rather constitute liquidated damages in a reasonable amount that will compensate Purchaser or Seller, as applicable, in the circumstances in which such termination fee is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, and that, without these agreements, neither Purchaser nor Seller would enter into this Agreement. Accordingly, if Purchaser or Seller, as the case may be, fails to timely pay the Seller Termination Fee or Purchaser Termination Fee, as applicable, when due in accordance with this Section 9.03, and, in order to obtain such payment, Purchaser or Seller, as the case may be, commences a suit that results in a judgment against the other party for the amounts set forth in this Section 9.03, such paying party shall pay the other party its reasonable and documented costs and expenses (including reasonable and documented attorneys' fees and expenses) in connection with such suit.

ARTICLE X

INDEMNIFICATION

SECTION 10.01. Indemnification; Remedies.

(a) From and after the Closing, Seller shall indemnify, defend and hold harmless Purchaser from and against all Losses incurred by Purchaser, its Subsidiaries and their respective officers and directors (collectively the "**Purchaser Indemnified Persons**") that arise out of:

(i) any breach by Seller of any of Seller's representations and warranties contained in this Agreement (disregarding, for purposes of calculating damages but not for purposes of assessing whether a breach has occurred, any materiality or "Material Adverse Effect" qualification contained therein);

(ii) any breach by Seller of its covenants contained in this Agreement; or

(iii) any Retained Liabilities or Excluded Assets.

(b) From and after the Closing, Purchaser shall indemnify, defend and hold harmless Seller from and against all Losses incurred by Seller, its Subsidiaries and their respective officers and directors (collectively the "**Seller Indemnified Persons**") that arise out of:

(i) any breach by Purchaser of any of Purchaser's representations and warranties contained in this Agreement;

(ii) any breach by Purchaser of its covenants contained in this Agreement; or

(iii) any Assumed Liabilities.

(c) Seller's and Purchaser's indemnification obligation under Section 10.1(a) shall be subject to each of the following limitations:

(i) with respect to indemnification under Section 10.01(a)(i) or solely with respect to covenants performed prior to Closing, Section 10.01(a)(ii), for Losses arising out of or relating to any breaches of any representation or warranty by Seller in this Agreement, such obligation to indemnify shall survive the Closing and terminate on September 1, 2010, except for (i) the representations and warranties set forth in Sections 3.01 (Organization and Good Standing), 3.02 (Authority), 3.08(b) (Ownership of the Assets) and 3.13 (Brokers), which shall survive indefinitely (the "**Fundamental Representations**") and (ii) the representations and warranties in Section 3.15 (Taxes), which shall terminate 90 days following the expiration of the applicable statutes of limitation, in each such case unless before such date Purchaser has provided Seller with an applicable Claim Notice;

(ii) there shall be no obligation to indemnify under Section 10.01(a)(i) or solely with respect to covenants performed prior to Closing, Section 10.01(a)(ii) (A) unless the aggregate of all Losses for which Seller, but for this clause (A), would be liable under Section 10.01(a)(i) and solely with respect to covenants performed prior to Closing, Section 10.01(a)(ii) exceeds on a cumulative basis an amount equal to $750,000 (the "**Deductible**"), and then only to the extent of such excess; or (B) for any amount, once the aggregate indemnification paid by Seller under Section 10.01(a)(i) or solely with respect to covenants performed prior to Closing, Section 10.01(a)(ii) exceeds $23,000,000; provided that the Deductible shall not apply to a breach of any Fundamental Representation or Section 3.11 (Environmental Matters);

(iii) there shall be no obligation to indemnify under Section 10.01(a) to the extent the Loss (A) consists of a liability that was included in the determination of Final Working Capital, or (B) relates to any breach of representation, warranty, or covenant expressly and specifically waived, in writing, by Purchaser;

(iv) there shall be no obligation to indemnify under Section 10.01(b) to the extent the Loss relates to any breach of representation, warranty, or covenant expressly and specifically waived, in writing, by Seller;

(v) each Loss incurred by Purchaser or any Purchaser Indemnified Person shall be reduced by (A) the amount of any insurance proceeds actually recovered by Purchaser or any Purchaser Indemnified Person with respect to such Loss; (B) any indemnity, contribution or other similar payment payable to Purchaser or any Purchaser Indemnified Person by any third party with respect to such Loss; and (C) an amount equal to any reduction of cash Taxes currently payable if such reduction is attributable (on a marginal basis) to such Loss, with such reduction in Loss taken into account at the time that the reduction in cash Taxes currently payable is actually recognized for the taxable period in question; and

(vi) each Loss incurred by Seller or any Seller Indemnified Person shall be reduced by (A) the amount of any insurance proceeds actually recovered by Seller or any Seller Indemnified Person with respect to such Loss; (B) any indemnity, contribution or other similar payment payable to Seller or any Seller Indemnified Person by any third party with respect to such Loss; and (C) an amount equal to any reduction of cash Taxes currently payable if such reduction is attributable (on a marginal basis) to such Loss, with such reduction in Loss taken into account at the time that the reduction in cash Taxes currently payable is actually recognized for the taxable period in question.

SECTION 10.02. Notice of Claim; Defense.

(a) If (i) any third party or Governmental Authority institutes, threatens or asserts any Action that may give rise to Losses for which a party (an "**Indemnifying Party**") may be liable for indemnification under this Article X (a "**Third-Party Claim**") or (ii) any Person entitled to indemnification under this Agreement (an "**Indemnified Party**") shall have a claim to be indemnified by an Indemnifying Party that does not involve a Third-Party Claim, then the Indemnified Party shall promptly send to the Indemnifying Party a written notice specifying the nature of such claim and the amount of all related Losses (a "**Claim Notice**"). The Indemnifying Party shall be relieved of its indemnification obligations under this Article X only if (and then only to the extent that) it is actually prejudiced by the failure of the Indemnified Parties to provide a timely and adequate Claim Notice.

(b) In the event of a Third-Party Claim, the Indemnifying Party may elect to retain counsel of its choice to represent such Indemnified Parties in connection with such Action and shall pay the fees, charges and disbursements of such counsel so long as (i) the

Indemnifying Party notifies the Indemnified Party, within thirty (30) days after the Indemnified Party has given notice of the Third-Party Claim to the Indemnifying Party, that the Indemnifying Party is assuming the defense against (or settlement of) such Third Party Claim and will indemnify the Indemnified Party against such Third Party Claim in its name or, if necessary, in the name of the Indemnified Party in accordance with the terms and limitations of this Article X; provided, that (A) the Indemnified Parties and their counsel shall cooperate with the Indemnifying Party and its counsel in connection with such Action and (B) the Indemnifying Party shall not be entitled to assume the conduct and control of such settlement and defense if (w) the claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (x) the Indemnified Party is advised by counsel chosen by it that there are one or more defenses available to the Indemnified Party which the Indemnifying Party has not or cannot assert on behalf of the Indemnified Party or (y) the Indemnifying Party failed or is failing to vigorously prosecute or defend such claim. The Indemnifying Party shall not settle any such Action without the relevant Indemnified Parties' prior written consent (which shall not be unreasonably withheld), unless (1) the sole relief provided is monetary damages that are entirely paid or reimbursed by the Indemnifying Party, (2) there is no finding or admission of any violation of applicable law and (3) such settlement includes an unconditional release from all liability with respect to such claim, and, in addition to the foregoing the Indemnifying Party shall not settle any third party claim with respect to Taxes that could adversely affect the Indemnified Party without prior written consent of such Indemnified Party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, if the Indemnifying Party elects not to retain counsel and assume control of such defense or is otherwise not entitled to do so in accordance with this Section 10.02, then the Indemnified Parties shall assume control of the defense in connection with such Action, and the fees, charges and disbursements of no more than one such counsel per jurisdiction selected by the Indemnified Parties shall be reimbursed by the Indemnifying Party. Under no circumstances will the Indemnifying Party have any liability in connection with any settlement of any Action that is entered into without its prior written consent (which shall not be unreasonably withheld).

(c) From and after the delivery of a Claim Notice, at the reasonable request of the Indemnifying Party, each Indemnified Party shall grant the Indemnifying Party and its counsel, experts and representatives full access, during normal business hours, to the books, records, personnel and properties of the Indemnified Party to the extent reasonably related to the Claim Notice at no cost to the Indemnifying Party (other than for reasonable out-of-pocket expenses of the Indemnified Parties).

SECTION 10.03. No Duplication; Exclusive Remedy.

(a) Any liability for indemnification hereunder shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting an Asset, an Assumed Liability, an Excluded Asset or a Retained Liability, or a breach of more than one representation, warranty, covenant or agreement, as applicable.

(b) From and after the Closing, the exclusive remedy of the Indemnified Persons in connection with this Agreement and the transactions contemplated hereby (whether under this contract or arising under common law or any other Law) shall be as provided in this Article X; provided, however, that nothing in this Article X shall limit in any way either party's remedies in respect of intentional fraud by the other party in connection with the transactions contemplated hereby. In addition, nothing in this Section 10.03(b) shall operate to interfere with or impede the operation of the provisions of Section 2.03(d) or Section 2.04 or Purchaser's right to seek equitable remedies (including specific performance or injunctive relief) to enforce Section 5.03, Section 5.17 and Section 5.18.

SECTION 10.04. Limitation on Set-off. Neither Purchaser nor Seller shall have any right to set off any unresolved indemnification claim pursuant to this Article X against any payment due pursuant to Article II.

SECTION 10.05. Mitigation. Purchaser and Seller shall cooperate with each other with respect to resolving any claim or liability with respect to which one party is obligated to indemnify the other party under this Article X, including by making reasonable best efforts to mitigate, whether by seeking claims against a third party, an insurer or otherwise.

ARTICLE XI

GENERAL PROVISIONS

SECTION 11.01. Waiver. Either party may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant to this Agreement or (c) waive compliance by the other party with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any failure to assert, or delay in the assertion of, rights under this Agreement shall not constitute a waiver of those rights.

SECTION 11.02. Expenses.

(a) Except as otherwise provided in this Agreement or the Ancillary Agreements, the parties shall bear their respective direct and indirect costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated hereby.

(b) Unless otherwise indicated, all dollar amounts stated in this Agreement are stated in U.S. currency and all payments required under this Agreement shall be paid in U.S. currency in immediately available funds.

SECTION 11.03. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the respective Persons at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.03):

If to Seller:

VeriSign, Inc.
487 East Middlefield Road, Building 2
Mountain View, CA 94043
Attention: General Counsel
Fax Number: (650) 426-5113

with copies (which shall not constitute notice) to:

VeriSign, Inc.
487 East Middlefield Road, Building 2
Mountain View, CA 94043
Attention: Kevin Werner
Fax Number: (650) 961-7300

and

Cleary Gottlieb Steen & Hamilton LLP
2000 Pennsylvania Avenue, NW
Washington, DC 20006
Attention: Paul D. Marquardt
Fax Number: (202) 974-1999

If to Purchaser:

Transaction Network Services, Inc.
11480 Commerce Park Drive, #600
Reston, VA 20191
Attn: General Counsel
Fax Number: (703) 453-8397

with a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
655 15th Street, NW
Washington, DC 20005
Attention: Mark D. Director and Andrew M. Herman
Fax Number: (202) 879-5200

SECTION 11.04. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 11.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not fundamentally changed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

SECTION 11.06. Entire Agreement. This Agreement, together with the Ancillary Agreements and the Confidentiality Agreement, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between Seller and Purchaser with respect to the subject matter hereof.

SECTION 11.07. Assignment. Except as explicitly provided herein, neither party may directly or indirectly transfer any of its rights or delegate any of its obligations hereunder without the prior written consent of the other party, provided that Purchaser may assign its rights hereunder to any lender providing financing to Purchaser as security for such financing (or any refinancing of such financing). In addition, Purchaser may assign in whole or in part its rights and delegate in whole or in part its obligations pursuant to this Agreement (including the right to purchase the Assets and the obligation to assume the Assumed Liabilities) and all other agreements, documents and instruments executed and/or delivered in connection herewith to one or more of its Affiliates; provided that no such assignment or delegation shall relieve Purchaser of its obligation to Seller hereunder. Any purported transfer or delegation in violation of this Section 11.07 shall be null and void.

SECTION 11.08. No Third-Party Beneficiaries. Except for the rights of the Purchaser Indemnified Persons and Seller Indemnified Persons under Article X, this Agreement is for the sole benefit of the parties and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 11.09. Amendment. This Agreement may not be amended or modified except by an instrument in writing signed by the parties.

SECTION 11.10. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) Any questions, claims, disputes, remedies or Actions arising from or related to this Agreement, and any relief or remedies sought by any parties hereunder, shall be governed exclusively by the laws of the State of Delaware, without regard to any conflict of laws provisions thereof that would result in the application of the laws of another jurisdiction.

(b) To the fullest extent permitted by applicable Law, each party hereto (i) agrees that any claim, action or proceeding by such party seeking any relief whatsoever arising out of, or in connection with, this Agreement or the transactions contemplated hereby shall be brought only in the United States District Court for the District of Delaware or any court of the State of Delaware, and not in any other State or Federal court in the United States of America or any court in any other country, (ii) agrees to submit to the exclusive jurisdiction of such courts located in Delaware for purposes of all legal proceedings arising out of, or in connection with, this Agreement or the transactions contemplated hereby, (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a court or any claim that any such Action brought in such a court has been brought in an inconvenient forum, (iv) agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 11.03 or any other manner as may be permitted by Law shall be valid and sufficient service thereof, and (v) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law. The preceding sentence shall not limit the jurisdiction of the Accounting Arbitrator set forth in Section 2.04, although claims described in the preceding sentence may be asserted in such courts for purposes of enforcing the jurisdiction and judgments of the Accounting Arbitrator.

(c) Each party hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement, any Ancillary Agreement or any transaction contemplated hereby or thereby. Each party (i) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the Ancillary Agreements, as applicable, by, among other things, the mutual waivers and certifications in this Section 11.10.

SECTION 11.11. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 11.12. No Presumption. The parties to this Agreement agree that this Agreement was negotiated fairly between them at arm’s length and that the final terms of this Agreement are the product of the parties’ negotiations. Each party represents and warrants that it has sought and received experienced legal counsel of its own choosing with regard to the contents of this Agreement and the rights and obligations affected hereby. The parties agree that this Agreement shall be deemed to have been jointly and equally drafted by them, and that the provisions of this Agreement therefore should not be construed against a party or parties on the grounds that the party or parties drafted or was more responsible for drafting the provisions.

SECTION 11.13. Availability of Equitable Relief. The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with the terms hereof. Accordingly, prior to the termination of this Agreement pursuant to Article IX, in the event of any breach or threatened breach by a party of its obligations under this Agreement prior to the Closing, the affected party shall be entitled to equitable relief (including specific performance of the terms hereof) without prejudice to any other rights or remedies that may otherwise be available to such other party, except that in no event shall Purchaser be required to consummate the Closing contemplated by this Agreement or shall Seller be entitled to seek specific performance requiring such Closing if the condition set forth in Section 8.03(d) has not been satisfied on or prior to the termination of this Agreement.

SECTION 11.14. Construction of Agreements. Notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement entered into by Seller and Purchaser pursuant to this Agreement, the provisions of this Agreement shall control (unless the Ancillary Agreement explicitly provides otherwise).

IN WITNESS WHEREOF, Seller and Purchaser have caused this Asset Purchase Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

TRANSACTION NETWORK SERVICES, INC.

By: /s/ Henry H. Graham, Jr.
Name: Henry H. Graham, Jr.
Title: Chief Executive Officer

VERISIGN, INC.

By: /s/ Kevin A. Werner
Name: Kevin A. Werner
Title: Senior Vice President

EXHIBIT 10.04

CONFIDENTIAL TREATMENT REQUESTED

AMENDED AND RESTATED

CONSULTING AGREEMENT

This Amended and Restated Consulting Agreement ("Agreement") is made by and between **VeriSign, Inc.**, a Delaware corporation with offices at 487 E. Middlefield Road, Mountain View, California 94043 ("VeriSign"), and **Roger Moore**, a United States citizen, with his principal residence at [***] ("Consultant").

RECITALS

WHEREAS, VeriSign and Consultant entered into a Consulting Agreement dated October 1, 2008, for a term which commenced on December 17, 2007, a copy of which is attached hereto as Exhibit A (the "Consulting Agreement");

WHEREAS, VeriSign and Consultant desire to amend and restate the Consulting Agreement and enter into this Agreement in connection with the sale of certain VeriSign businesses ("Communications Business Bundle") as set forth on Exhibit B hereto;

WHEREAS, Consultant desires to perform, and VeriSign desires to have Consultant perform certain consulting services ("Services") as set forth on Exhibit C hereto in connection with the Sale of the Communications Business Bundle in accordance with the terms and conditions of this Agreement;

WHEREAS, the Compensation and Audit Committees of the Board have each considered and approved the provision of the Services by Consultant to VeriSign on the material terms contained in this Agreement by resolutions passed on February 23, 2009, and February 24, 2009, respectively;

WHEREAS, Consultant resigned from the Audit Committee of the Board on December 20, 2007 and is not a member of any other Committee of the Board; and

WHEREAS, VeriSign and Consultant desire to set out in this Agreement the terms and conditions for the provision of the Services by Consultant to VeriSign.

NOW, THEREFORE, in consideration of the mutual promises made herein, VeriSign and Consultant hereby agree as follows:

1. Definitions.

"**Sale**" means the merger, asset purchase or other disposition of the entire Communications Business Bundle. VeriSign shall retain at all times the right to conclude and consummate any such Sale.

*** Note: Confidential treatment has been requested with respect to the information contained within the [***] marking. Such portion has been omitted from this filing and has been filed separately with the Securities and Exchange Commission.

“**Closing Date**” means the effective date upon which the closing of the Sale of Communications Business Bundle occurs as defined in the Definitive Agreement.

“**Definitive Agreement**” means the agreement memorializing the merger, asset purchase or other disposition of the Communications Business Bundle with Purchaser.

“**Purchaser**” means the entity or entities to whom the Sale of the Communications Business Bundle is made.

2. Services, Payments and Start Date.

(a) Performance by Consultant and Start Date. Consultant has performed the Services under the Consulting Agreement since December 17, 2007 and will perform the Services under this Agreement until this Agreement is terminated as set forth in Section 5. The Consultant will provide the Services under this Agreement commencing on January 1, 2009 (“Start Date”). In this endeavor, Consultant shall use his independent judgment consistent with his training, skill, and experience and his services shall be performed in a thorough, efficient and workmanlike manner, promptly and with due diligence and care, and in accordance with that standard of care and skill ordinarily exercised by members of the profession doing similar services. Consultant assumes all personal risk and responsibility for his services under this Agreement.

(b) Payments to Consultant. VeriSign shall pay Consultant the following fees for performance of the Services as set forth in (i)-(iv) below.

(i) Retainer Fee. VeriSign shall pay Consultant a consulting retainer fee in the amount of Ten Thousand Dollars ($10,000) per month (the “Retainer”) for each full calendar month Consultant provides the Services until termination of this Agreement. For any less than full calendar month in which Consultant performs Consultant Services, such as at the start of this Agreement or at the termination of this Agreement, VeriSign shall pay Consultant a proportionate share of the monthly Retainer fee for that portion of the calendar month. Consultant shall be responsible for the submittal of invoices at the end of every full month. Invoices shall be paid within 30 days.

(ii) First Transaction Success Fee. In addition to the Retainer, VeriSign shall pay Consultant Three Hundred Thousand Dollars ($300,000.00) if the Closing Date for Sale of the Communications Business Bundle is on or before December 31, 2009 (“First Transaction Success Fee”). If the Closing Date for Sale of the Communications Business Bundle is after December 31, 2009, or if there is no Closing Date, Consultant shall not be entitled to any First Transaction Success Fee. If this Agreement is terminated, whether for or without cause by VeriSign or Consultant, prior to a Closing Date, Consultant shall not be entitled to any First Transaction Success Fee. The First Transaction Success Fee, if earned, is payable to Consultant either: (i) within fifteen (15) days after the Closing Date if the Purchaser has not offered Consultant an acceptable employment position; or (ii) upon the earlier of (A) the six month anniversary of the Closing Date or (B) March 15 of the year following the year of the Closing Date, if the Purchaser has offered Consultant an acceptable employment position on or before the Closing date. For the purpose of this section and section (iii) below, the Consultant, in his sole discretion, shall determine whether an employment position is acceptable and shall so notify VeriSign within five (5) days after the Closing Date.

(iii) Second Transaction Success Fee. In addition to the Retainer and First Transaction Success Fee, Consultant will also be eligible to receive up to a maximum of Three Hundred Thousand Dollars ($300,000.00) subject to the valuation requirements set forth in (A) and (B) below ("Second Transaction Success Fee"). The Second Transaction Success Fee, if earned as described below, is payable to Consultant either: (i) within fifteen (15) days after the Closing Date if the Purchaser has not offered Consultant an acceptable employment position, or (ii) upon the earlier of (A) the six month anniversary of the Closing Date, or (B) March 15 of the year after the year in which the Closing Date occurs, if the Purchaser has offered Consultant an acceptable employment position on or before the Closing Date. If this Agreement is terminated, whether for or without cause by VeriSign or Consultant, prior to a Closing Date, Consultant shall not be entitled to any Second Transaction Success Fee.

(A) Valuation. The amount of the Second Transaction Success Fee that Consultant will be eligible to receive is based upon the high and low third-party valuation of the purchase price payable in connection with the Sale of the Communication Business Bundle (the "High Valuation" and "Low Valuation," respectively, and together, the "Valuation"). The Low Valuation is $225 million ($225,000,000) and the High Valuation is $350 million ($350,000,000). The difference between the High Valuation and the Low Valuation shall be referred to herein as the "Valuation Spread."

(B) Amount of Second Transaction Success Fee. In the event that the total purchase price paid by the Purchaser (the "Total Purchase Price") exceeds the Low Valuation (the "Surplus"), the Consultant will be eligible to receive a payment equal to the percentage of the Surplus relative to the Valuation Spread, up to a maximum of 100% (the "Second Transaction Success Fee Percentage") multiplied by $300,000.00 (such amount, the "Second Transaction Success Fee"). In the event that the Total Purchase Price is equal to or less than the Low Valuation, the Consultant will not be eligible to receive a Second Transaction Success Fee. In no event will the Consultant be eligible for a Second Transaction Success Fee greater than $300,000.00. The formula for the Second Transaction Success Fee can be depicted as follows:

Second Transaction Success Fee = $300,000 X ((Total Purchase Price – Low Valuation) divided by (High Valuation – Low Valuation))

Or

Second Transaction Success Fee = $300,000 X (Surplus divided by Valuation Spread)

Example: Assumptions. (a) the Low Valuation equals $225,000,000; (b) the High Valuation equals $350,000,000; (c) the Valuation Spread equals $125,000,000; (d) the Total Purchase Price equals $300,000,000; (e) the Surplus equals $75,000,000 (i.e., the Total Purchase Price less the Low Valuation).

Example: Determine the Second Transaction Success Fee Percentage. First, divide the Surplus ($75,000,000) by the Valuation Spread ($125,000,000), resulting in 60%. Second, multiply 60% by $300,000.00. The Second Transaction Success Fee is $180,000.00

(iv) Payment in the Event of Partial Disposition. In the event of a Sale of less than the entire Communications Business Bundle (in which case no First Transaction Success Fee and no Second Transaction Success Fee shall be payable), the parties agree to negotiate in good faith a success fee amount the parties deem fair and reasonable for the Services rendered by Consultant in connection with the Sale of less than the entire Communications Business Bundle. If this Agreement is terminated, whether for or without cause by VeriSign or Consultant, prior to a Closing Date, Consultant shall not be entitled to any payment under this section 2(b)(iv).

3. Relationship of Parties.

(a) Independent Contractor. Consultant is an independent contractor and is neither an agent nor employee of, and has no authority to bind, VeriSign by contract or otherwise. Consultant will perform the Services under the general direction of VeriSign, but Consultant will determine, in Consultant's sole discretion, the manner and means by which the Services are accomplished, subject to the requirement that Consultant shall at all times comply with applicable law.

(b) Employment Taxes and Benefits. Consultant will report as self-employment income all compensation received by Consultant pursuant to this Agreement. Consultant will indemnify VeriSign and hold it harmless from and against all claims, damages, losses and expenses, including reasonable fees and expenses of attorneys and other professionals, relating to any obligation imposed by law on VeriSign to pay any withholding taxes, social security, unemployment or disability insurance, or similar items in connection with compensation received by Consultant pursuant to this Agreement. Consultant will not be entitled to any vacation or illness payments, or to participate in any plans, arrangements, or distributions by VeriSign pertaining to any bonus, stock option, employee stock purchase plan, profit sharing, insurance or similar benefits for VeriSign's employees as a result of providing the Services to VeriSign as a Consultant.

(c) Liability Insurance. Consultant will maintain adequate insurance to protect Consultant from the following: (i) claims under worker's compensation and state disability acts; (ii) claims for damages because of bodily injury, sickness, disease or death which arise out of any negligent act or omission of Consultant; and (iii) claims for damages because of injury to or destruction of tangible or intangible property, including loss of use resulting therefrom, which arise out of any negligent act or omission of Consultant.

4. Confidential Information. Consultant acknowledges and agrees that the Assignment of Invention, Nondisclosure and Nonsolicitation Agreement which was signed by the Consultant on October 1, 2008 (the "Confidentiality Agreement") remains in full force and effect. Nothing in this Agreement alters the terms and conditions of the Confidentiality Agreement.

5. Term and Termination.

(a) Term. Consultant shall serve as a consultant to VeriSign under the terms and conditions of this Agreement commencing on January 1, 2009 and continuing until the earlier of December 31, 2009 or this Agreement is terminated by either party as set forth in 5(b) below. The term of this Agreement is continuous with the term of the Consulting Agreement which covered the provision of Services from December 17, 2007 through December 31, 2008.

(b) Termination of Agreement. VeriSign may terminate this Agreement effective immediately at any time for Cause (as defined below). Either party may terminate this Agreement without Cause, for any reason or no reason, by providing thirty (30) calendar days' advance written notice of termination to the other party. In the event the Agreement is terminated by VeriSign or Consultant, VeriSign will pay to Consultant all unpaid Retainer Fees accrued as of such termination date. For purposes of this Agreement, "Cause" means any of the following: (i) Consultant's continued or repeated failure to perform one or more of the duties listed in Exhibit C; (ii) Consultant's commission of any act of fraud, gross misconduct or dishonesty with respect to VeriSign, any of its subsidiaries or their employees or directors; (iii) conviction of Consultant, or Consultant's plea of guilty or "no contest," to a felony or a crime involving moral turpitude; or (iv) Consultant's material breach of this Agreement and/or the Confidentiality Agreement. In addition, this Agreement shall terminate upon the death or disability of Consultant.

6. Effect of Termination. Upon the termination of this Agreement for any reason each party will be released from all obligations to the other arising after the date of termination, except that termination of this Agreement will not relieve Consultant of his obligations or VeriSign of its rights under Section 4 and Consultant will promptly notify VeriSign of all VeriSign property in Consultant's possession and, in accordance with VeriSign's instructions, will promptly deliver to VeriSign all such VeriSign property. Regardless of the efforts of Consultant prior to termination, no payments under Sections 2(b) (ii), (iii) or (iv) shall be payable to Consultant after termination unless any and all conditions for the earning of such payments have been completely satisfied prior to the date of termination of this Agreement.

7. Limitation of Liability. EXCEPT FOR DAMAGES RESULTING FROM THE VIOLATION OF ANY CONFIDENTIALITY OBLIGATIONS ARISING UNDER THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND IN CONNECTION WITH THIS AGREEMENT, EVEN IF INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES. VERISIGN'S LIABILITY IN ANY AND ALL EVENTS IS FURTHER LIMITED TO THE AMOUNT PAYABLE TO CONSULTANT UNDER SECTION 2(b) IN THIS AGREEMENT.

8. General.

(a) Assignment. Consultant may not assign Consultant's rights or delegate Consultant's duties under this Agreement either in whole or in part without the prior written consent of VeriSign. Any attempted assignment or delegation without such consent will be void.

(b) Equitable Remedies. Because the Services are personal and unique and because Consultant will have access to confidential information of VeriSign, VeriSign may enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights and remedies that VeriSign may have for a breach of this Agreement.

(c) Governing Law; Jurisdiction. This Agreement shall be governed by, construed and enforced in accordance with the laws of Virginia, without regard to its conflict of law principles. Any action to enforce or interpret this Agreement shall be commenced and maintained in federal or state courts in Fairfax County, Virginia. The parties to this Agreement submit to the exclusive jurisdiction of the federal and state courts of Fairfax County, Virginia. Should any provision of this Agreement be declared or determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining parts, terms and provisions shall continue to be valid, legal and enforceable, and will be performed and enforced to the fullest extent permitted by law.

(d) Notices. All notices, consents and other communications required or permitted under this Agreement will be in writing and delivered by confirmed facsimile transmission, by courier or overnight delivery service with written verification of receipt, or by registered or certified mail, return receipt requested, postage prepaid, and in each instance will be deemed given when sent. All such notices, consents and other communications will be sent to the addresses set forth above or to such other address as may be specified by either party to the other in accordance with this Section.

(e) Waiver. The failure by either party to enforce any provision of this Agreement will not constitute a waiver of future enforcement of that or any other provision.

(f) Severability. If any provision of this Agreement is for any reason found to be unenforceable, the remainder of this Agreement will continue in full force and effect.

(g) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but both of which together will constitute one and the same instrument. This Agreement may be executed via facsimile.

(h) Complete Understanding; Modification. This Agreement, together with the exhibits hereto, constitutes the complete and exclusive understanding and agreement of the parties regarding its subject matter and supersedes all prior understandings and agreements, whether written or oral, with respect to the subject matter hereof. Notwithstanding anything herein, any agreement between Consultant and VeriSign pertaining to the protection of VeriSign's confidential and/or proprietary information remains enforceable and binding. Any waiver, modification or amendment of any provision of this Agreement will be effective only if in writing and signed by duly authorized representatives of the parties.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the dates set out below.

VERISIGN, INC.		**CONSULTANT**	
By:	/s/ Russell S. Lewis	/s/ Roger Moore	
Name:	Russell S. Lewis	Roger Moore	
Title:	EVP Strategic Dev.		
Date:	March 11, 2009	Date:	March 26, 2009

EXHIBIT A

Consulting Agreement

EXHIBIT B

Communications Business Bundle. The Communications Business Bundle shall include all of the following Product Lines and Product Names.

Products Line Description	Product Name	Product Level
Intelligent Network Services	800 Database Services	0422
	CNAM	0421
	IN Database Services	0420
	LIDB	0424
LNP and Numbering Services	LNP Data Access (SS7)	0423
	LNP SOA	0428
	SIP 7	0426
Network Solutions & Services	Access & Switching	0410
	Cellular Switch & Transport	0435
	Communications – General	0405
	Connectivity	0412
	Do Not Call	0427
	Trunk Signaling	0411
Roaming Services	International Wireless Roaming	0551
	Roamerview	0553
	Roaming Services – General	0557
	Wireless Data Roaming	0559
Clearing	Wireless Clearing	0554

The following products may, in VeriSign’s sole discretion, be included in the Communications Business Bundle.

IP PBX		
LNP and Numbering Services	VOIP	0465
	LNP Data Access (NRD-Based)	

EXHIBIT C

1. Services.

For the consideration described in the Agreement, Consultant shall, on behalf of VeriSign and during the term of the Agreement, discharge all of the following actions in connection with the Sale of the Communications Business Bundle. Consultant shall report directly to the Chief Executive Officer or his designee on all matters pertaining to the Services and the Communications Business Bundle:

(a) Function as the senior executive of the Communications Business Bundle business;

(b) Maintain and operate the Communications Business Bundle as a going concern to maximize its Sale value;

(c) Prepare the Communications Business Bundle for Sale;

(d) Provide assistance as requested by VeriSign in conjunction with the Sale of the Communications Business Bundle;

(e) Subject to oversight and approval by VeriSign, obtain, facilitate, manage and maintain business relationships with potential purchasers to promote negotiations with VeriSign for the Sale of the Communications Business Bundle;

(f) Introduce VeriSign to potential purchasers in order to foster such negotiations with VeriSign;

(g) Adhere to all VeriSign policies and procedures;

(h) Perform all duties reasonably related to the operation and Sale of the Communications Business Bundle as reasonably requested by VeriSign.

2. Reimbursable Expenses: VeriSign shall reimburse Consultant for expenses incurred by Consultant in performing the Services, provided, such expenses are incurred, approved and reimbursed in accordance with VeriSign’s expense reimbursement policies. Such reimbursement of expenses will be subject to the following conditions: (1) the expenses eligible for reimbursement in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year; (2) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

Consultant’s Federal Taxpayer ID No. / Social Security Number:

____

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 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: May 8, 2009

By: /s/ D. JAMES BIDZOS

D. James Bidzos
Interim Chief Executive Officer

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, Brian G. Robins, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 8, 2009

By: /s/ BRIAN G. ROBINS

Brian G. Robins
Acting 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, on an interim basis, 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 March 31, 2009, 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: May 8, 2009

/s/ D. JAMES BIDZOS

D. James Bidzos
Interim Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.02

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

I, Brian G. Robins, Acting 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 March 31, 2009, 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: May 8, 2009

/s/ BRIAN G. ROBINS

Brian G. Robins
Acting Chief Financial Officer
(Principal Accounting Officer)