



VERISIGN®

ANNUAL REPORT

2019

2020

P R O X Y

• com • tv • cc • name • net

DEAR VERISIGN STOCKHOLDERS:



OUR MISSION

Enable the world to connect online with reliability and confidence, anytime, anywhere

OUR VALUES

- We are stewards of the internet and our Company
- We are passionate about technology and continuous improvement
- We respect others and exhibit integrity in our actions
- We take responsibility for our actions and hold ourselves to a higher standard

The results of 2019 cap not only a solid year but a strong decade during which our goals to protect, grow and manage extended our record of performance with the following milestones:

- Revenues totaled \$1.23 billion for 2019, marking nine straight years of revenue and operating income expansion since divesting non-core assets.
- The domain name base for *.com* and *.net* names ended 2019 with 158.8 million names, up by 5.9 million net new names which represents a 3.9 percent increase over the base at the end of the prior year.
- During 2019, we repurchased 3.9 million shares, returning \$738 million to our stockholders. Since the company's inception we have returned more than \$10 billion to stockholders through share repurchases and \$0.9 billion in special dividends.
- Our balance sheet remained strong with year-end cash, cash equivalents and marketable securities at \$1.22 billion.
- In February, Todd Strubbe was promoted from Executive Vice President and Chief Operating Officer to President and Chief Operating Officer, further strengthening our senior management team.
- On March 27, 2020, we announced that Verisign and ICANN entered into the Third Amendment to the *.com* Registry Agreement which, among other changes, permits Verisign to increase the price of *.com* domain name registrations by up to 7% over the previous year, in each of the final four years of each six-year period. However, in view of the current COVID-19 crisis, we announced on March 25, 2020, that we will freeze registry prices for all of our Top-Level Domains (TLDs), including *.com* and *.net*, through the end of 2020.

Verisign has maintained 100% operational accuracy and stability of the *.com* and *.net* domain name system infrastructure for more than 22 years, helping to keep the world connected online, seamlessly and securely.

In 2020 as people gather to address the global challenges posed by COVID-19 we are protecting our people, managing our operations, and helping our communities and small businesses through our retail partners. Details and updates can be found in our company blog which is available at [Verisign.com](https://www.verisign.com/blog).

We look forward to continuing our commitment to providing security and stability and returning value to stockholders in 2020.

I would like to extend my thanks to our stockholders, customers, and employees for your ongoing support.

A handwritten signature in black ink that reads "Jim Bidzos". The signature is written in a cursive, flowing style.

Jim Bidzos
Executive Chairman,
Chief Executive Officer
April 2020

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

2019

VERISIGN FORM 10-K

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019
OR

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

For the transition period from _____ to _____

Commission File Number: 000-23593

VERISIGN, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

12061 Bluemont Way,
Reston, Virginia

(Address of principal executive offices)

94-3221585

(I.R.S. Employer
Identification No.)

20190

(Zip Code)

Registrant's telephone number, including area code: (703) 948-3200
Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value per share	VRSN	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 every Interactive Data File required to be submitted 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 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," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the Registrant as of June 30, 2019, was \$16.1 billion based upon the last sale price reported for such date on the Nasdaq Global Select Market. For purposes of this disclosure, shares of Common Stock held by persons known to the Registrant (based on information provided by such persons and/or the most recent schedule 13Gs filed by such persons) to beneficially own more than 5% of the Registrant's Common Stock and shares held by officers and directors of the Registrant have been excluded because such persons may be deemed to be affiliates. This determination is not necessarily a conclusive determination for other purposes.

Number of shares of Common Stock, \$0.001 par value, outstanding as of the close of business on February 7, 2020: 116,417,738 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the 2020 Annual Meeting of Stockholders are incorporated by reference into Part III

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For purposes of this Annual Report, the terms “Verisign”, “the Company”, “we”, “us”, and “our” refer to VeriSign, Inc. and its consolidated subsidiaries.

PART I

ITEM 1. BUSINESS

Overview

We are a global provider of domain name registry services and internet infrastructure, enabling internet navigation for many of the world’s most recognized domain names. We enable the security, stability, and resiliency of key internet infrastructure and services, including providing root zone maintainer services, operating two of the 13 global internet root servers, and providing registration services and authoritative resolution for the .com and .net top-level domains (“TLDs”), which support the majority of global e-commerce.

We were incorporated in Delaware on April 12, 1995. Our principal executive offices are located at 12061 Bluemont Way, Reston, Virginia 20190. Our telephone number at that address is (703) 948-3200. Our common stock is traded on the Nasdaq Global Select Market under the ticker symbol VRSN. VERISIGN, the VERISIGN logo, and certain other product or service names are registered or unregistered trademarks in the U.S. and other countries. Other names used in this Form 10-K may be trademarks of their respective owners. Our primary website is <https://www.Verisign.com>. The information available on, or accessible through, this website is not incorporated in this Form 10-K by reference.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are available, free of charge, on the Investor Relations section of our website as soon as is reasonably practicable after filing such reports with the Securities and Exchange Commission (the “SEC”). The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <https://www.sec.gov>.

Pursuant to our agreements with the Internet Corporation for Assigned Names and Numbers (“ICANN”), we make available on our website (at <https://www.Verisign.com/zone>) files containing all active domain names registered in the .com and .net registries. At the same website address, we make available a summary of the active zone count registered in the .com and .net registries and the number of .com and .net domain name registrations in the domain name base. The domain name base is the active zone plus the number of domain names that are registered but not configured for use in the respective top-level domain zone file plus the number of domain names that are in a client or server hold status. The domain name base may also reflect compensated or uncompensated judicial or administrative actions to add or remove from the active zone an immaterial number of domain names. These files and the related summary data are updated at least once per day. The update times may vary each day. The number of domain names provided in this Form 10-K are as of midnight of the date reported.

We announce material financial information to our investors using our investor relations website <https://investor.Verisign.com>, SEC filings, investor events, news and earnings releases, public conference calls and webcasts. We use these channels as well as social media to communicate with our investors and the public about our company, our products and services, and other issues. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the social media channels listed below. This list may be updated from time to time on our investor relations website.

<https://www.Facebook.com/Verisign>

<https://www.Twitter.com/Verisign>

<https://www.Linkedin.com/company/Verisign>

<https://www.YouTube.com/user/Verisign>

<https://www.Verisign.com>

<https://blog.Verisign.com>

The contents of these websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file.

Services

We operate the authoritative directory of and/or the back-end systems for all *.com*, *.net*, *.cc*, *.tv*, *.gov*, *.jobs*, *.edu* and *.name* domain names, among others. Our services allow individuals and organizations to establish their online identities, while providing the secure, always-on access they need to communicate and transact reliably with large-scale online audiences.

We are the exclusive registry of domain names within the *.com*, *.net*, and *.name* generic top-level domains (“gTLDs”), among others, under agreements with ICANN and also, with respect to the *.com* agreement, the U.S. Department of Commerce (“DOC”). We are also the exclusive registry of domain names within certain transliterations of *.com* and *.net* in a number of different native languages and scripts (“IDN gTLDs”). As a registry, we maintain the master directory of all second-level domain names (e.g., johndoe.com and janedoe.net) in these gTLDs and IDN gTLDs. Our global constellation of DNS servers provides internet protocol (“IP”) address information in response to queries, enabling the use of browsers, email systems, and other systems on the internet. In addition, we own and maintain the shared registration system that allows ICANN-accredited registrars to enter new second-level domain names into central directories and to submit modifications, transfers, re-registrations, and deletions for existing second-level domain names (“Shared Registration System”).

In addition to our registry agreements with ICANN, we have agreements to operate the registry for the *.tv* and *.cc* country code top-level domains (“ccTLDs”) for Tuvalu and Cocos (Keeling) Islands, respectively, and to operate the back-end registry systems for the *.gov*, *.jobs*, and *.edu* sponsored TLDs, among others. These TLDs are also supported by our global constellation of DNS servers and Shared Registration System.

We also provide internationalized domain name (“IDN”) services that enable internet users to access websites in characters representing their local language. Our gTLDs and ccTLDs can support standards-compliant registrations in over 100 different native languages and scripts.

We also perform the root zone maintainer function under an agreement with ICANN for the core of the internet’s DNS and operate two of the 13 root zone servers that contain authoritative data for the very top of the DNS hierarchy.

Domain names can be registered for between one and 10 years. The fees charged for *.com*, *.net* and *.name* may only be increased according to adjustments prescribed in our agreements with ICANN over the applicable term. Revenues for *.cc* and *.tv* domain names and our IDN gTLDs are based on a similar fee system and registration system, although the fees charged are not subject to the same pricing restrictions as those imposed by the DOC on *.com*, or ICANN with respect to *.net* and *.name*. The fees received from operating the *.gov* registry are based on the terms of Verisign’s agreement with the U.S. General Services Administration. The fees received from operating the *.jobs* registry infrastructure, and that of others for which Verisign provides such services, are based on the terms of Verisign’s agreements with those respective registry operators.

Operations Infrastructure

Our operations infrastructure consists of three secure data centers in Dulles, Virginia; New Castle, Delaware; and Fribourg, Switzerland as well as more than 100 resolution sites around the world. Our domain name servers provide the associated authoritative name servers and IP addresses for every *.com* and *.net* domain name on the internet and a large number of other TLD queries, processing more than 192 billion queries daily. These secure data centers operate 24 hours a day, supporting our business units and services. The performance and scale of our infrastructure are critical for our business, and give us the platform to maintain our leadership position. Key features of our operations infrastructure include:

- *Distributed Servers:* We operate a large number of high-speed servers globally to support localized capacity and availability demands. In conjunction with our proprietary software, processes and procedures, this platform offers rapid failover, global and local load balancing, and threshold monitoring on critical servers.
- *Networking:* We deploy and maintain a redundant and diverse global network, maintain high-speed, redundant connections to numerous internet service providers, and maintain peering relationships globally to ensure that our critical services are readily accessible to customers at all times.
- *Security:* We incorporate architectural concepts such as protected domains, restricted nodes and distributed access control in our system architecture. In addition, we employ firewalls and intrusion detection software, as well as proprietary security mechanisms at many points across our infrastructure. We perform recurring internal vulnerability testing and controls audits, and also contract with third-party security consultants who perform periodic penetration tests and security risk assessments on our systems. We have engineered resiliency and diversity into how we host classes of products throughout our set of interconnected sites to mitigate unknown vendor defects and zero-hour security vulnerabilities. This includes different physical security silos, which themselves are separated into bulkheads, and in which servers are located. Corporate networks are in their own physical silo. Thus, the corporate networks to which

personnel directly connect are separated from the silos that house production services; administration of production gear from corporate systems must go through an internal, fortified intermediary; and account credentials used within the corporate networks are not used within the production silos, nor on the fortified systems.

- *Data Integrity:* We employ both phased and systemic integrity validation operations via a number of proprietary mechanisms on all internal DNS publication operations.

We have continuously expanded our infrastructure to meet demands to support normal and peak system load and attack volumes based on what we have experienced historically, as well as to address projected internet attack trends.

Call Centers and Help Desk: We provide customer support services through phone-based call centers, email help desks and web-based self-help systems. Our Virginia call center is staffed with trained customer support agents 24 hours a day, every day of the year.

Operations Support and Monitoring: Through our network operations center, we have an extensive monitoring capability that enables us to track the status and performance of our critical database systems and our global resolution systems. Our network operations center is staffed 24 hours a day, every day of the year.

Disaster Recovery Plans: We have disaster recovery and business continuity capabilities that are designed to deal with the loss of entire data centers and other facilities. We maintain dual mirrored data centers that allow rapid failover with no data loss and no loss of function or capacity, as well as off-continent tertiary facilities. Our critical data services (including domain name registration and global resolution) use advanced storage systems that provide data protection through techniques such as synchronous mirroring and remote replication.

Marketing, Sales and Distribution

We seek to expand our business through focused marketing campaigns and programs that target growth in the *.com* and *.net* domain name base, both domestically and in foreign markets. We offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate. We provide tools to be used by both registrars and end users to enable them to find relevant domain names. We have marketing and sales offices in several countries around the world.

Research and Development

We believe that timely development of new and enhanced services, including monitoring and visualization, registry provisioning platforms, navigation and resolution services, data services, value added services, and new and enhanced ways to ensure the security, stability, and resiliency of our services, is necessary to remain competitive in the marketplace.

Our future success will depend, in large part, on our ability to continue to maintain and enhance our current technologies and services and to develop new ones. We actively investigate and incubate new concepts and evaluate new business ideas through our innovation pipeline. We expect that most of the future enhancements to our existing services and our new services will be the result of internal development efforts in collaboration with suppliers, other vendors, customers, and the technology community. Under certain circumstances, we may also acquire or license technology from third parties.

The markets for our services are dynamic, characterized by rapid technological developments, frequent new product introductions, and evolving industry standards. The constantly changing nature of these markets and their rapid evolution will require us to continually improve the performance, features, and reliability of our services, particularly in response to competitive offerings, and to introduce both new and enhanced services as quickly as possible and prior to our competitors.

Competition

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 obtain a domain name registration, establish an online presence, as well as other uses of domain names, such as branded email. In addition to the gTLDs and ccTLDs we operate or for which we provide back-end registry services, there are over 1,200 other operational gTLD registries, over 250 Latin script ccTLD registries, more than 50 IDN ccTLD registries, and over 90 IDN gTLD registries. Under our agreements with ICANN, we are subject to certain restrictions in the operation of *.com*, *.net* and *.name* on pricing, bundling, marketing, methods of distribution, the introduction of new registry services, and use of registrars, that do not apply to ccTLDs and other gTLDs and therefore may create a competitive disadvantage.

To the extent end-users navigate using search engines or social media, or transact on e-commerce platforms, as opposed to direct navigation, we face competition from search engines such as Google, Bing, Yahoo!, and Baidu, social media networks such

as Facebook and WeChat, e-commerce platforms such as Amazon, eBay and Taobao, and microblogging tools such as Twitter. In addition, we face competition from these social media businesses and e-commerce platforms if they are used by businesses and individuals to establish an online presence rather than through the use of a domain name. Furthermore, to the extent end-users increase the use of web and mobile applications to locate and access content, we face competition from providers of such web and mobile applications.

New technologies and the expansion of existing technologies may increase competitive pressure. 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.

We compete with numerous companies that offer outsourced domain name registration, resolution and other DNS services to registries that require a reliable and scalable infrastructure. Among our competitors are Afilias plc, CentralNic Ltd., and Neustar, Inc.

Industry Regulation

The internet is governed under a multi-stakeholder model comprising civil society, the private sector including for-profit and not-for-profit organizations such as ICANN, governments including the U.S. government, academia, non-governmental organizations, and international organizations. ICANN plays a central coordination role in the multi-stakeholder system. ICANN is mandated through its bylaws to uphold a private sector-led multi-stakeholder approach to internet governance for the public benefit. The multi-stakeholder process has and will continue to create policies, programs, and standards that directly or indirectly impact or affect our business. In addition, country-level regulations, such as those implemented by China, impose additional costs on our business, can affect the growth or renewal rates of domain name registrations, and may also affect our ability to do business. For example, under its internet domain name regulations, China's Ministry of Industry and Information Technology awarded licenses for the continued operation of the *.com* and *.net* TLDs in China. These licenses must be renewed in 2022. Domestically and abroad, legislative and regulatory bodies continue to enhance and modify data privacy protections, which impact our collection and delivery of personal data as we provide our domain name registry services and could affect our costs of operation.

As the exclusive registry of domain names within the *.com* and *.net* gTLDs, we have entered into certain agreements with ICANN and, in the case of *.com*, the DOC under a Cooperative Agreement.

.com Registry Agreement

The extension of the *.com* Registry Agreement effective on October 20, 2016 provides that we will continue to be the sole registry operator for domain names in the *.com* gTLD through November 30, 2024. As part of the extension of the *.com* Registry Agreement, the Company and ICANN agreed to cooperate and negotiate in good faith to amend the terms of the *.com* Registry Agreement: (i) by October 20, 2018, to preserve and enhance the security and stability of the internet or the *.com* TLD, and (ii) as may be necessary for consistency with changes to, or the termination or expiration of, the Cooperative Agreement. On January 3, 2020, the Company and ICANN announced that they reached a proposed agreement to amend the *.com* Registry Agreement ("Proposed *.com* Amendment") and to enter into a new proposed framework for working together on initiatives related to the security, stability and resiliency of the DNS in the form of a binding Letter of Intent ("Proposed LOI"). Together, these agreements satisfy the requirements described above as part of the *.com* Registry Agreement extension. In conjunction with the public announcement, ICANN published the Proposed *.com* Amendment and Proposed LOI for public comment until February 14, 2020. Following the close of the comment period and review of the public comments, ICANN will prepare and publish a summary and analysis report. Thereafter, ICANN and Verisign will determine whether to enter into the Proposed *.com* Amendment and Proposed LOI.

The Proposed *.com* Amendment, among other items, incorporates the applicable terms of Amendment 35 to the Cooperative Agreement. Specifically, the Proposed *.com* Amendment would allow Verisign to increase the Maximum Price (as defined in the *.com* Registry Agreement) of a *.com* domain name registration by up to 7% in each of the final four years of each six-year period. The first such six-year period began on October 26, 2018. The Proposed *.com* Amendment also clarifies that the restrictions on the *.com* Registry Agreement relating to vertical integration apply solely to the *.com* TLD.

The Proposed *.com* Amendment also clarifies that Verisign's ability to increase prices by 7% over the previous year due to new ICANN specifications or policies adopted by ICANN pursuant to the procedures set forth in its bylaws and due process ("Consensus Policies") or documented extraordinary expense may occur only in years where Verisign does not otherwise take the price increases described above. In addition, it sets forth additional obligations, including updated technical and reporting requirements that are similar to requirements in ICANN's new gTLD base agreement.

The Proposed LOI formalizes a framework by which ICANN and the Company will work together to support additional enhancements to the security and stability of the DNS. The Proposed LOI provides that the Company will, make payments annually to ICANN totaling \$20 million over five years, beginning on January 1, 2021, to support ICANN's initiatives to preserve and enhance the security, stability and resiliency of the DNS, including root server system governance, mitigation of DNS security threats, promotion and/or facilitation of DNSSEC deployment, the mitigation of name collisions and research into the operation of the DNS. A material term of the Proposed LOI is a signed confirmation by an ICANN offer confirming that ICANN incurred costs in the amount of Verisign's support payment during each period.

The *.com* Registry Agreement includes a number of obligations, including, on a quarterly basis, that we pay \$0.25 to ICANN for each annual term of a domain name registered or renewed during such quarter. In addition, we are required to comply with and implement temporary specifications or policies ("Temporary Policies") and Consensus Policies, as well as other provisions relating to registry operations.

The *.com* and *.net* Registry Agreements with ICANN contain a "presumptive" right of renewal upon the expiration of their current terms. ICANN could terminate or refuse to renew our *.com* and/or *.net* Registry Agreements if, upon proper notice, (i) we fail to cure a fundamental and material breach of certain specified obligations, and (ii) we fail to timely comply with a final decision of an arbitrator or court. See "Risk Factors - Risks arising from our agreements governing our business could limit our ability to maintain or grow our business" in Part I, Item 1A of this Annual Report on Form 10-K for further information. Our *.com* and *.net* Registry Agreements contain obligations to provide access to our systems, restrictions on our ability to market and bundle our products and services, and restrictions on our ability to control our registrar channel or own a registrar. The *.com* and *.net* Registry Agreements also provide a procedure for Verisign to propose, and ICANN to review and approve, certain changes to registry services and requests by Verisign to offer additional registry services. The *.com* and *.net* Registry Agreements contain service level agreements for the availability of our DNS resolution services, our shared registration system, and our Whois services.

Cooperative Agreement

Verisign and the DOC entered into Amendment 35 of the Cooperative Agreement on October 26, 2018, which, among other items, extends the term of the Cooperative Agreement until November 30, 2024. The Cooperative Agreement will automatically renew on the same terms for successive six-year terms unless the DOC provides written notice of non-renewal 120 days prior to the end of the then-current term. Under Amendment 35, standard renewals of the *.com* Registry Agreement with ICANN will not require further DOC approval, although removal of, or any changes to the pricing section (other than as approved in Amendment 35), changes to the vertical integration provisions (other than the clarification approved in Amendment 35), changes to the security, stability and resiliency posture as reflected in the functional or performance specifications (including the SLAs), the conditions for renewal or termination, or to the Whois service (except as mandated by ICANN through Temporary or Consensus Policies), as set forth in the Amendment 35, would require further DOC approval. As was the case with prior amendments, the DOC's approval of Amendment 35 was not intended to confer federal antitrust immunity on Verisign with respect to the *.com* Registry Agreement.

Under Amendment 35 to the Cooperative Agreement, the Maximum Price (as defined in the *.com* Registry Agreement) of a *.com* domain name may be increased without further DOC approval by up to 7% in each of the final four years of each six-year period. The first such six-year period began on October 26, 2018. The changes to the Maximum Price under Amendment 35 are not effective until such price increases are incorporated in the *.com* Registry Agreement with ICANN through the Proposed *.com* Amendment. Further, we are entitled to increase the Maximum Price of a *.com* domain name due to the imposition of any new Consensus Policy or documented extraordinary expense resulting from an attack or threat of attack on the Security or Stability of the DNS as described in the *.com* Registry Agreement (and as may be further clarified in the Proposed *.com* Amendment), provided that we may not exercise such right unless the DOC provides prior written approval that the exercise of such right will serve the public interest, such approval not to be unreasonably withheld. The Cooperative Agreement further provides that we shall be entitled at any time during the term of the *.com* Registry Agreement to seek to remove the pricing restrictions contained in the *.com* Registry Agreement if we demonstrate to the DOC that market conditions no longer warrant pricing restrictions in the *.com* Registry Agreement, as determined by the DOC. Also, under Amendment 35, we clarified that the restrictions in the *.com* Registry Agreement relating to vertical integration apply solely to the *.com* TLD. As to the *.com* TLD, we are not permitted to acquire, directly or indirectly, control of, or a greater than 15% ownership interest in, any ICANN-accredited registrar that sells *.com* domain names. In addition, under Amendment 35, we have agreed to continue to operate the *.com* TLD in a content-neutral manner and to work within ICANN processes to promote the development of content-neutral policies for the operation of the DNS.

.net Registry Agreement

We entered into a renewal of our *.net* Registry Agreement with ICANN that was effective on July 1, 2017. The *.net* Registry Agreement provides that we will continue to be the sole registry operator for domain names in the *.net* TLD through June 30, 2023.

Root Zone Maintainer Service Agreement

In the fourth quarter of 2016, we entered into a new agreement with ICANN, the Root Zone Maintainer Service Agreement (“RZMA”) under which we perform the Root Zone Maintainer functions on behalf of ICANN. The RZMA will expire on October 19, 2024, with an automatic renewal, unless earlier terminated.

The descriptions of the *.com* Registry Agreement, the Cooperative Agreement, and the *.net* Registry Agreement are qualified in their entirety by the text of the complete agreements that are incorporated by reference as exhibits in this Form 10-K.

Intellectual Property

We rely on a combination of copyrighted software, trademarks, service marks, patents, trade secrets, know-how, restrictions on disclosure, and other methods to protect our proprietary assets. We also enter into confidentiality and/or intellectual property assignment agreements with our employees, consultants and current and potential affiliates, customers and business partners. We also control access to and distribution of proprietary documentation and other confidential information.

We have been issued numerous patents in the U.S. and abroad, covering a wide range of our technologies. Additionally, we continue to file numerous patent applications with respect to certain of our technologies in the U.S. Patent and Trademark Office and internationally. Patents may not be awarded with respect to these applications and even if such patents are awarded, such patents may not provide sufficient protection of our technologies. We continue to focus on growing our patent portfolio and consider opportunities for its strategic use.

We have obtained trademark registrations for the VERISIGN mark and VERISIGN logo in the U.S. and certain countries, and have pending trademark applications for the VERISIGN logo in a number of other countries. We have common law rights in other proprietary names. We take steps to enforce and police Verisign’s trademarks. We rely on the strength of our Verisign brand to help differentiate ourselves in the marketing of our products and services.

Our principal intellectual property consists of, and our success is dependent upon, proprietary software used in our business and certain methodologies (many of which are patented or for which patent applications are pending) and technical expertise and proprietary know-how we use in both the design and implementation of our current and future registry services. We own our proprietary Shared Registration System through which registrars submit second-level domain name registrations for each of the registries we operate, as well as the ATLAS distributed lookup system which processes billions of queries per day. Some of the software and protocols used in our business are in the public domain or are otherwise available to our competitors, and some are based on open standards set by organizations such as the Internet Engineering Task Force. To the extent any of our patents are considered “standard essential patents,” we may be required to license such patents to our competitors on reasonable and non-discriminatory terms or otherwise be limited in our ability to assert such patents.

Employees

The following table shows a comparison of our consolidated employee headcount, by function:

	As of December 31,		
	2019	2018	2017
Employee headcount by function:			
Cost of revenues.....	259	281	288
Sales and marketing	71	84	133
Research and development	214	219	226
General and administrative	328	316	305
Total	872	900	952

We have never had a work stoppage, and no U.S.-based employees are represented under collective bargaining agreements. Our ability to achieve our financial and operational objectives depends in large part upon our continued ability to attract, integrate, train, retain, and motivate highly qualified sales, technical and managerial personnel, and upon the continued service of our senior management and key sales and technical personnel. Competition for qualified personnel in our industry and in some of our geographical locations is intense, particularly for software development personnel.

Information About Our Executive Officers

The following table sets forth information regarding our executive officers as of February 14, 2020:

<u>Name</u>	<u>Age</u>	<u>Position</u>
D. James Bidzos.....	64	Executive Chairman and Chief Executive Officer
Todd B. Strubbe	56	President and Chief Operating Officer
George E. Kilguss, III	59	Executive Vice President, Chief Financial Officer
Thomas C. Indelicarto.....	56	Executive Vice President, General Counsel and Secretary

D. James Bidzos has served as Executive Chairman since August 2009 and Chief Executive Officer since August 2011. He served as President from August 2011 to February 2020. He served as Executive Chairman and Chief Executive Officer on an interim basis from June 2008 to August 2009 and served as President from June 2008 to January 2009. He served as Chairman of the Board since August 2007 and from April 1995 to December 2001. He served as Vice Chairman of the Board from December 2001 to August 2007. Mr. Bidzos served as a director of VeriSign Japan from March 2008 to August 2010 and served as Representative Director of VeriSign Japan from March 2008 to September 2008. Mr. Bidzos served as Vice Chairman of RSA Security Inc., an internet identity and access management solution provider, from March 1999 to May 2002, and Executive Vice President from July 1996 to February 1999. Prior thereto, he served as President and Chief Executive Officer of RSA Data Security, Inc. from 1986 to February 1999.

Todd B. Strubbe has served as Chief Operating Officer since April 2015 and President since February 2020. From September 2009 to April 2015, he served as the President of the Unified Communications Business Segment for West Corporation, a provider of technology-driven communications services. Prior to this, he was a co-founder and Managing Partner of Arbor Capital, LLC. He has also served in executive leadership positions at First Data Corporation and CompuBank, N.A. and as an associate and then as an engagement manager with McKinsey & Company, Inc. He also served for five years as an infantry officer with the United States Army. Mr. Strubbe holds an M.B.A. degree from Harvard Business School and a B.S. degree from the United States Military Academy at West Point.

George E. Kilguss, III has served as Chief Financial Officer since May 2012. From April 2008 to May 2012, he was the Chief Financial Officer of Internap Network Services Corporation, an IT infrastructure solutions company. From December 2003 to December 2007, he served as the Chief Financial Officer of Towerstream Corporation, a company that delivers high speed wireless internet access to businesses. Mr. Kilguss holds an M.B.A. degree from the University of Chicago's Graduate School of Business and a B.S. degree in Economics and Finance from the University of Hartford.

Thomas C. Indelicarto has served as General Counsel and Secretary since November 2014. From September 2008 to November 2014, he served as Vice President and Associate General Counsel. From January 2006 to September 2008, he served as Litigation Counsel. Prior to joining the Company, Mr. Indelicarto was in private practice as an associate at Arnold & Porter LLP and Buchanan Ingersoll (now, Buchanan Ingersoll & Rooney, PC). Mr. Indelicarto also served as a U.S. Army officer for nine years. Mr. Indelicarto holds a J.D. degree from the University of Pittsburgh School of Law and a B.S. degree from Indiana University of Pennsylvania.

ITEM 1A. RISK FACTORS

Please carefully consider the following discussion of significant factors, events and uncertainties that make an investment in our securities risky. In addition to other information in this Form 10-K, the following risk factors should be carefully considered in evaluating us and our business. When the factors, events and contingencies described below or elsewhere in this Form 10-K materialize, our business, operating results, financial condition, reputation, cash flows or prospects can be materially adversely affected. In such case, the trading price of our common stock could decline and you could lose part or all of your investment. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also materially adversely affect our business, operating results, financial condition, reputation, cash flows and prospects. Actual results could differ materially from those projected in the forward-looking statements contained in this Form 10-K as a result of the risk factors discussed below and elsewhere in this Form 10-K and in other filings we make with the SEC.

Risks arising from our agreements governing our business could limit our ability to maintain or grow our business.

We are parties to (i) a Cooperative Agreement, as amended, with the DOC with respect to the .com gTLD and (ii) Registry Agreements with ICANN with respect to the .com, .net, .name, and other gTLDs including our IDN gTLDs. As substantially all of our revenues are derived from operation of these gTLDs, limitations and obligations in, or changes or challenges to, these agreements, particularly the agreements that involve .com and .net, could have a material adverse impact on our business. Certain competing registries, such as the ccTLDs, are not subject to the same limitations or obligations that we are subject to in our agreements. Verisign and the DOC entered into Amendment 35 to the Cooperative Agreement on October 26, 2018, which, among other things, extends the term of the Cooperative Agreement through November 30, 2024. As amended by Amendment 35, the Cooperative Agreement will automatically renew on the same terms for successive six-year terms unless the DOC provides written notice of non-renewal within 120 days prior to the end of the then-current term. Further changes to the Cooperative Agreement require the mutual agreement of the DOC and the Company.

Modifications or Amendments. In October 2016, the Company and ICANN entered into an amendment to extend the term of the .com Registry Agreement to November 30, 2024 (“First .com Amendment”). As part of the First .com Amendment, the Company and ICANN agreed to negotiate in good faith to amend the terms of the .com Registry Agreement: (i) by October 20, 2018, to preserve and enhance the security and stability of the internet or the .com TLD, and (ii) as may be necessary for consistency with changes to, or the termination or expiration of, the Cooperative Agreement. On January 3, 2020, the Company and ICANN announced that they reached a proposed agreement to amend the .com Registry Agreement (“Proposed .com Amendment”) and to enter into a new proposed framework for working together on initiatives related to the security, stability and resiliency of the DNS in the form of a binding Letter of Intent (“Proposed LOI”). Together these agreements satisfy the requirements described as part of the First .com Amendment. In conjunction with the public announcement, ICANN published the Proposed .com Amendment and the Proposed LOI for public comment until February 14, 2020. Although we do not anticipate changes to these documents, we can provide no assurance that modifications will not be made in connection with the public comment process or otherwise. See the “Industry Regulation” section in Part I, Item 1 for further information.

Under the Cooperative Agreement, as amended by Amendment 35, standard renewals of the .com Registry Agreement will not require further DOC approval, although removal of, or any changes to the pricing section (other than as approved in Amendment 35), changes to the vertical integration provisions (other than the clarification approved in Amendment 35), changes to the security, stability and resiliency posture as reflected in the functional or performance specifications (including the SLAs), changes to the conditions for renewal or termination, or changes to the Whois service (other than such changes mandated by ICANN through temporary specifications or policies (“Temporary Policies”) and specifications or policies adopted by ICANN pursuant to the procedures set forth in its bylaws and due process (“Consensus Policies”)), as set forth in Amendment 35, the prior written approval of the DOC is required. We can provide no assurances that such approval would be provided.

In addition, our Registry Agreements for new gTLDs, including the Registry Agreements for our IDN gTLDs, include ICANN’s right to amend the agreements without our consent, which could impose unfavorable contract obligations on us that could impact our plans and competitive positions with respect to new gTLDs. At the time of renewal of our .com or .net Registry Agreements, ICANN might also attempt to impose this same unilateral right to amend these Registry Agreements under certain conditions. ICANN has also included new mandatory obligations on new gTLD registry operators, including us, that may increase the risks and potential liabilities associated with operating new gTLDs. ICANN might seek to impose these new mandatory obligations in our other Registry Agreements under certain conditions. We can provide no assurance that any changes to our Registry Agreements as a result of the above obligations will not have a material adverse impact on our business, operating results, financial condition, and cash flows.

Pricing. Under the terms of the Cooperative Agreement, as amended by Amendment 35, the Company and ICANN may agree to amend the terms of the .com Registry Agreement to permit the price of registrations or renewals of .com domain names to be increased by up to 7% per year in each of the final four years of each six-year period beginning on October 26, 2018. The Proposed .com Amendment would allow such price increases.

In addition, we are entitled to increase the price up to 7% due to the imposition of any new Consensus Policies or documented extraordinary expense resulting from an attack or threat of attack on the security and stability of the DNS (“Extraordinary Expense”). The Proposed *.com* Amendment would clarify that Verisign’s ability to increase prices due to a Consensus Policy or Extraordinary Expense may occur only in years where Verisign does not take a price increase as described in the above paragraph. It is uncertain whether circumstances would arise that would permit a price increase due to a Consensus Policy or Extraordinary Expense, or if they do, whether we would seek to increase the price for *.com* domain name registrations for this reason.

We also have the right under the Cooperative Agreement to seek the removal of these pricing restrictions if we demonstrate to the DOC that market conditions no longer warrant such restrictions. However, it is uncertain whether we will seek the removal of such restrictions, or whether the DOC would approve the removal of such restrictions. In comparison, under the terms of the *.net* and *.name* Registry Agreements with ICANN, we are permitted to increase the price of domain name registrations and renewals in these TLDs up to 10% per year. Additionally, ICANN’s registry agreements for new gTLDs do not contain such pricing restrictions.

Vertical integration. Under Amendment 35, the parties clarified that the restrictions in the *.com* Registry Agreement relating to vertical integration apply solely to the *.com* TLD. This clarification is now set forth in the Proposed *.com* Amendment. As to the *.com* TLD, we are not permitted to acquire, directly or indirectly, control of, or a greater than 15% ownership interest in, any ICANN-accredited registrar that sells *.com* domain name registrations. Historically, all gTLD registry operators were subject to a vertical integration prohibition; however, ICANN has established a process whereby registry operators may seek ICANN’s approval to remove this restriction, and ICANN has approved such removal for certain other registry operators. Additionally, ICANN’s registry agreement for new gTLDs generally permits such vertical integration, with certain limitations including ICANN’s right, but not the obligation, to refer such vertical integration activities to competition authorities. If we seek to become vertically integrated, except with respect to *.com*, it is uncertain whether approval to do so would be obtained under ICANN’s processes. Furthermore, even if we obtain such approval, we can provide no assurances that we will enter the domain name retail market, or that we will be successful if we choose to do so. If registry operators of other TLDs, including ccTLDs, are able to obtain competitive advantages through vertical integration, and we are not, it could materially harm our business.

Renewal and Termination. Our *.com*, *.net*, and *.name* Registry Agreements with ICANN contain “presumptive” rights of renewal upon the expiration of their current terms on November 30, 2024, June 30, 2023 and August 15, 2020, respectively. The Registry Agreements for our new gTLDs including our IDN gTLDs are subject to a 10-year term and contain similar “presumptive” renewal rights. If certain terms in our *.com* and *.net* Registry Agreements are not similar to such terms generally in effect in the registry agreements of the five largest gTLDs, then a renewal of these agreements shall be upon terms reasonably necessary to render such terms similar to the registry agreements for those other gTLDs. There can be no assurance that such terms, if they apply, will not have a material adverse impact on our business. A failure by ICANN to approve the renewal of the *.com* Registry Agreement prior to the expiration of its current term on November 30, 2024 or to approve the renewal of the *.net* Registry Agreement prior to or upon the expiration of its current term on June 30, 2023, would have, absent an extension, a material adverse effect on our business. ICANN could terminate or refuse to renew our *.com* or *.net* Registry Agreements if, upon proper notice, (i) we fail to cure a fundamental and material breach of certain specified obligations, and (ii) we fail to timely comply with a final decision of an arbitrator or court. ICANN’s termination or refusal to renew either the *.com* or *.net* Registry Agreement would have a material adverse effect on our business.

Consensus Policies. Our Registry Agreements with ICANN require us to implement Consensus Policies and Temporary Policies. ICANN could adopt Consensus Policies or Temporary Policies that are unfavorable to us as the registry operator of *.com*, *.net* and our other gTLDs, that are inconsistent with our current or future plans, that impose substantial costs on our business, that subject the Company to additional legal risks, or that affect our competitive position. Such Consensus Policies or Temporary Policies could have a material adverse effect on our business. As an example, ICANN has adopted a Consensus Policy that requires Verisign to receive and display Thick Whois data for *.com* and *.net*, although that Policy is scheduled to be reviewed by ICANN. In addition, ICANN has adopted an interim Consensus Policy that establishes temporary requirements for registry operators and registrars regarding the collection, display and disclosure of Thick Whois data pending ICANN’s establishment of a permanent Consensus Policy. The costs of complying or failing to comply with these policies as well as laws and regulations, such as General Data Protection Regulation (“GDPR”), regarding personal information and data privacy, such as domestic and various foreign privacy regimes, could expose us to compliance costs and substantial liability, and result in costly and time-consuming investigations or litigation.

Technical Standards and ICANN Processes. Our Registry Agreements with ICANN require Verisign to implement and comply with various technical standards and specifications published by the Internet Engineering Task Force (“IETF”). ICANN could impose requirements on us through changes to these IETF standards that are inconsistent with our current or future plans, that impose substantial costs on our business, that subject the Company to additional legal risks, or that affect our competitive position. Any such changes to the IETF standards could have a material adverse effect on our business. In addition, under

Amendment 35, we have agreed to continue to operate the .com TLD in a content-neutral manner and to work within ICANN processes to promote the development of content-neutral policies for the operation of the DNS and under the Proposed LOI, we have agreed to work with the ICANN community to develop certain best practices and other commitments for the security, stability and resiliency of the DNS and the internet. Such policies and processes could expose us to compliance costs and substantial liability and result in costly and time-consuming investigations or litigation.

Legal Challenges. Our Registry Agreements have faced, and could face in the future, challenges, including possible legal challenges, resulting from our activities or the activities of ICANN, registrars, registrants, and others, and any adverse outcome from such challenges could have a material adverse effect on our business.

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

Application of new and existing laws and regulations in the U.S. or overseas to the internet and communications industry can be unclear. The costs of complying or failing to comply with these laws and regulations could limit our ability to operate in our current markets, expose us to compliance costs and substantial liability, and result in costly and time-consuming litigation. For example, the government of China has indicated that it will issue, and in some instances has begun to issue, new regulations, and has begun to enforce existing regulations, that impose additional costs on, and risks to, our provision of registry services in China and could impact the growth or renewal rates of domain name registrations in China. In addition to registry operators, some of these regulations also require registrars to obtain a government-issued license for each TLD whose domain name registrations they intend to sell directly to registrants. Any failure to obtain the required licenses, or to comply with any license requirements or any updates thereto, by us or our registrars could impact our current and future business in China.

Foreign, federal or state laws could have an adverse impact on our business, financial condition, results of operations and cash flows, and our ability to conduct business in certain foreign countries. For example, laws designed to restrict who can register and who can distribute domain names, online gambling, counterfeit goods, and intellectual property violations such as cybersquatting; laws designed to require registrants to provide additional documentation or information in connection with domain name registrations; and laws designed to promote cybersecurity may impose significant additional costs on our business or subject us to additional liabilities.

To conduct our operations, we regularly move data across national borders and receive data originating from different jurisdictions, and consequently are subject to a variety of continuously evolving and developing laws and regulations in the United States and abroad regarding privacy, data protection and data security. The scope of the laws that may be applicable to us is often uncertain and may be conflicting, particularly with respect to foreign laws. For example, the European Union's GDPR, which greatly increases the jurisdictional reach of European Union law and adds a broad array of requirements for handling personal data, including the public disclosure of significant data breaches, and significant penalties, became effective in May 2018. Other countries and other states have enacted or are enacting data localization laws regulating or limiting data collection, storage and transfer as well as granting new rights to data subjects. All of these evolving compliance and operational requirements can impose significant costs for us that are likely to increase over time.

Due to the nature of the internet, it is possible that federal, state or foreign governments might attempt to regulate internet transmissions or prosecute us for violations of laws. We might unintentionally violate such laws, such laws may be modified or enforced using new or novel legal theories, and new laws may be enacted in the future. In addition, as we continue to launch and market our IDN gTLDs and increase our marketing efforts of our other TLDs in foreign countries, we may raise our profile in certain foreign countries thereby increasing the regulatory and other scrutiny of our operations. Any such developments could increase the costs of regulatory compliance for us, affect our reputation, expose us to liability, penalties or fines, force us to change our business practices or otherwise materially harm our business. In addition, any such laws could impede growth of, or result in a decline in, domain name registrations.

Undetected or unknown defects in our systems or services, security breaches including from vulnerabilities, defects in the technologies, components, and services in our supply chain, and Distributed Denial of Service ("DDoS") attacks could expose us to liability and materially harm our business and reputation.

Services as complex as those we offer or develop could contain undetected defects or errors. Despite testing, defects or errors may occur in our existing or new services, which could result in service outages or disruptions, compromised customer data, including DNS data, diversion of development resources, injury to our reputation, tort or contract claims, increased insurance costs or increased service costs, any of which could harm our business. Performance of our services could have unforeseen or unknown adverse effects on the networks over which they are delivered as well as, more broadly, on internet users and consumers, and on third-party applications and services that utilize our services, which could result in legal claims against us, harming our business. Our failure to identify, remediate and mitigate security vulnerabilities and breaches or our inability to meet customer expectations in a timely manner could also result in loss of or delay in revenues, failure to meet

contracted service level obligations, loss of market share, failure to achieve market acceptance, injury to our reputation and increased costs.

In addition to undetected defects or errors, we are also subject to cyber-attacks and attempted security breaches. We retain certain customer and employee information in our data centers and various domain name registration systems. It is critical to our business strategy, as well as fulfilling our obligations as the registry operator for *.com* and *.net*, that our facilities and infrastructure remain secure, that we continue to meet our service level agreements and that we maintain the public's trust in the internet services that we provide. The Company, as an operator of critical internet infrastructure, is frequently targeted and experiences a high rate of attacks. These include the most sophisticated forms of attacks, such as advanced persistent threat attacks and zero-hour threats. These forms of attacks involve situations where the threat is not compiled or has been previously unobserved within our observation and threat indicators space until the moment it is launched. In addition, these forms of attacks may target specific unidentified or unresolved vulnerabilities that exist only within the target's supply chain or operating environment, making these attacks virtually impossible to anticipate and difficult to defend against. In addition to external threats, we may be subject to insider threats, including those from third-party suppliers such as consultants and advisors, SaaS providers, hardware, software, and network systems manufacturers, and other outside vendors, or from current or former contractors or employees; these threats can be realized from intentional or unintentional actions. The Shared Registration System, the root zone servers, the root zone file, the Root Zone Maintainer System, the TLD name servers and the TLD zone files that we operate are critical to our operations. Therefore, attacks against third-party suppliers that provide services to our operations could also impact our infrastructure. Despite the significant time and money expended on our security measures, we have been subject to a security breach, that was previously disclosed in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, and our infrastructure may in the future be vulnerable to physical break-ins, disruptions resulting from destructive malware, hardware or enabling software defects, computer viruses, attacks by hackers or nefarious actors or similar disruptive problems, including hacktivism. It is possible that we may have to expend additional financial and other resources to address such problems. Any physical or electronic break-in or other security breach or compromise of the information stored at our data centers or domain name registration systems may cause an outage of, or 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, fail to meet contracted service level obligations, 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 operation of our businesses, all or any of which could adversely affect our reputation and harm our business or cause financial losses that are either not insured against or not fully covered through any insurance that we maintain. Such an occurrence could also result in adverse publicity and therefore adversely affect the market's perception of the security of e-commerce and communications over the internet as well as of the security or reliability of our services.

We use externally developed technology, systems and services including both hardware and software, for a variety of purposes, including, without limitation, compute, storage, encryption and authentication, back-office support, and other functions. While we have developed operational policies and procedures to reduce the impact of security vulnerabilities in system components, as well as at any vendors where Company data is stored or processed, such measures cannot provide absolute security. While we strive to remediate known vulnerabilities on a timely basis, such vulnerabilities could be exploited before our remediation is effective and if so, could cause systems and service interruptions, data loss and other damages any of which could be materially harmful to our business. Vulnerabilities in, and exploits leading to, breaches of our or our vendors' technology, systems or services could expose us or our customers to a risk of outages, loss or misuse of Company data, including but not limited to sensitive personal information.

Additionally, our networks have been, and likely will continue to be, subject to DDoS attacks. Recent attacks have demonstrated that DDoS attacks continue to grow in size and sophistication and have an ability to widely disrupt internet services. Particularly since 2016, the size of DDoS attacks has grown rapidly, and we have successfully mitigated DDoS attacks during this time frame that are significantly larger than those we have historically experienced. While we have adopted mitigation techniques, procedures and strategies to defend against such attacks, there can be no assurance that we will be able to defend against every attack, especially as the attacks increase in size and sophistication. Any attack, even if only partially successful, could disrupt our networks, increase response time, negatively impact our ability to meet our contracted service level obligations, and generally impede our ability to provide reliable service to our customers and the broader internet community. We have historically incurred, and will continue to incur, significant costs to enable our infrastructure to process levels of attack traffic that are significant multiples of our normal transaction volume. Further, we are in the process of transitioning our security services customer contracts to Neustar. We will operate our DDoS protection services during this transition period. These DDoS protection services share some of the infrastructure used to protect our registry services business. Therefore the operation of such services might expose our critical infrastructure to temporary degradations or outages caused by DDoS attacks against those customers, in addition to any attacks directed specifically against us and our networks. Any new technologies or services used to replace or enhance existing or future DDoS and other attack mitigation capabilities may introduce risk that may not exist today in those environments and, if security incidents occur associated with those new technologies or services, could disrupt our networks, increase response time, negatively impact our ability to meet our

contracted service level obligations, and generally impede our ability to provide reliable service to our customers and the broader internet community.

Changes to the multi-stakeholder model of internet governance could materially and adversely impact our business.

The internet is governed under a multi-stakeholder model comprising civil society, the private sector, including for-profit and not-for-profit organizations such as ICANN, governments, including the U.S. government, academia, non-governmental organizations and international organizations.

Role of the U.S. Government. In the fourth quarter of 2016, the U.S. government completed a transition to the multi-stakeholder community of the historical role played by the National Telecommunications and Information Administration (“NTIA”) in the coordination of the DNS. Changes arising from this transition to the multi-stakeholder model of internet governance could materially and adversely impact our business. For example, ICANN has adopted bylaws that are designed, in part, to enhance accountability through a new organization called the Empowered Community, which is comprised of a cross section of stakeholders. ICANN or the Empowered Community may assert positions that could negatively impact our strategy or our business.

By completing the transition discussed above, the U.S. government through the NTIA has ended its coordination and management of important aspects of the DNS including the IANA functions and the root zone. There can be no assurance that the removal of the U.S. government oversight of these key functions will not negatively impact our business.

Role of ICANN. ICANN plays a central coordination role in the multi-stakeholder system. ICANN is mandated through its bylaws to uphold a private sector-led multi-stakeholder approach to internet governance for the public benefit. If ICANN or the Empowered Community fails to uphold or significantly redefines the multi-stakeholder model, it could harm our business. Additionally, the Empowered Community could adversely impact ICANN, which could negatively impact its ability to coordinate the multi-stakeholder system of governance, or negatively affect our interests. Also, legal, regulatory or other challenges could be brought challenging the legal authority underlying the roles and actions of ICANN, the Empowered Community or us.

Role of Foreign Governments. Some governments and members of the multi-stakeholder community have questioned ICANN’s role with respect to internet governance and, as a result, could seek a multilateral oversight body as a replacement. Additionally, the role of ICANN’s Governmental Advisory Committee, which is comprised of representatives of national governments, could change, and give governments more control of certain aspects of internet governance. 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. Changes to the roles that foreign governments play in internet governance could materially and adversely impact our business.

We face risks from our operation of two root zone servers and performance of the Root Zone Maintainer functions under the RZMA.

We operate two of the 13 root zone servers. Root zone servers are name servers that contain authoritative data for the very top of the DNS hierarchy. These servers have the software and DNS configuration data necessary to locate name servers that contain authoritative data for the TLDs. These root zone servers are critical to the functioning of the internet. We also have an important operational role in support of a key IANA function as the Root Zone Maintainer. In this role, we provision and publish the authoritative root zone data and make it available to all root server operators under an agreement with ICANN, the Root Zone Maintainer Service Agreement (“RZMA”).

As we perform the Root Zone Maintainer Services under the RZMA, we may be subject to significant claims challenging the agreement or our performance under the agreement, and we may not have immunity from, or sufficient indemnification or insurance for, such claims.

Additionally, over 1,200 new gTLDs have already been delegated into the root zone in the current round of new gTLDs. ICANN plans on offering a subsequent round of new gTLDs, the timing of which remains uncertain. We believe there are potential security and stability issues that could involve the root zone and at other levels of the DNS from the deployment of the new gTLDs that should have been addressed before any new gTLDs were delegated, and despite our and others’ efforts, some of these issues have not been addressed by ICANN sufficiently, if at all. For example, domain name collisions have been reported to ICANN, which have resulted in various network interruptions for enterprises as well as confusion and usability issues that have led to phishing and other cyber-attacks. It is anticipated that as additional new gTLDs are delegated now, or in subsequent rounds, more domain name collisions and associated security issues will occur.

The evolution of internet practices and behaviors and the adoption of substitute technologies may impact the demand for domain names.

Domain names and the domain name system have been used by consumers and businesses to access or disseminate information, conduct e-commerce, and develop an online identity for many years. The growth of technologies such as social media, mobile devices, apps and the dominance of search engines has evolved and changed the internet practices and behaviors of consumers and businesses alike. These changes can impact the demand for domain names by those who purchase domain names for personal, commercial and investment reasons. Factors such as the evolving practices and preferences of internet users and how they navigate the internet as well as the motivation of domain name registrants and how they will monetize their investment in domain names can negatively impact our business. Some domain name registrars and registrants seek to purchase and resell domain names at an increased price. Adverse changes in the resale value of domain names, changes in the business models for such domain name registrars and registrants, or other factors, including regulations limiting the resale of domain names, could result in a decrease in the demand and/or renewal rates for domain names in our TLDs. Such a resulting decrease in demand and/or renewal rates could negatively impact the volume of new domain name registrations, our renewal rates and our associated revenue growth.

Some domain name registrants use a domain name to access or disseminate information, conduct e-commerce, and develop an online identity. Currently, internet users often navigate to a website either by directly typing its domain name into a web browser, the use of an app on their smart phone or mobile device, the use of a voice recognition technology such as Alexa, Cortana, Google Assistant, or Siri, or through the use of a search engine. If (i) web browser or internet search technologies were to change significantly; (ii) internet users' preferences or practices shift away from recognizing and relying on web addresses for navigation through the use of new and existing technologies; (iii) internet users were to significantly decrease the use of web browsers in favor of applications to locate and access content; (iv) internet users were to significantly decrease the use of domain names to develop and protect their online identity; or (v) internet users were to increasingly use third-level domains or alternate identifiers, such as identifiers from social networking and microblogging sites, in each case the demand for domain names in our TLDs could decrease. This may trigger current or prospective customers and parties in our target markets to reevaluate their need for registration or renewal of domain names.

Some domain name registrars and registrants seek to generate revenues 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, Yahoo!, Baidu and Bing, have adversely affected and may continue to adversely affect the market for those domain names favored by such registrars and registrants which has resulted in, and may continue to result in, a decrease in demand and/or the renewal rate for those domain names. For example, according to published reports, Google has in the past changed (and may change in the future) its search algorithm, which may decrease site traffic to certain websites and provide less pay-per-click compensation for certain types of websites. This has reportedly made such websites less profitable which has resulted in, and may continue to result in, fewer domain registrations and renewals. In addition, as a result of the general economic environment, spending on online 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.

If any of the above factors negatively impact the renewal of domain names or the demand for new domain names, we may experience material adverse impacts on our business, operating results, financial condition and cash flows.

Many of our 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 or our prospects could be harmed.

We seek to serve many new, developing and emerging markets in foreign countries to grow our business. These markets are rapidly evolving, and may not grow. Even if these markets grow, our services may not be widely used or accepted. Accordingly, the demand for our services in these markets is very uncertain. The factors that may affect market acceptance or adoption of our services in these markets include the following:

- regional internet infrastructure development, expansion, penetration and adoption;
- market acceptance and adoption of substitute products and services that enable online presence without a domain, including social media, e-commerce platforms, website builders and mobile applications;
- public perception of the security of our technologies and of IP and other networks;
- the introduction and consumer acceptance of new generations of mobile devices, and in particular, the use of mobile applications as the primary engagement mechanism for navigating the internet;
- increasing cyber threats;
- government regulations affecting internet access and availability, domain name registrations or the provision of registry services, data security or data localization, or e-commerce and telecommunications over the internet;

- the maturity and depth of the sales channels within developing and emerging markets and their ability and motivation to establish and support sales for domain names;
- preference by markets for the use of their own country's ccTLDs as a substitute or alternative to our TLDs; and
- increased acceptance and use of new gTLDs as substitutes for established gTLDs.

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

The business environment is highly competitive and, if we do not compete effectively, we may suffer lower demand for our products, reduced gross margins and loss of market share.

The internet and communications network services industries are characterized by rapid technological change and frequent new product and service announcements which require us to continually improve the performance, features and reliability of our services, particularly in response to competitive offerings or alternatives to our products and services. In order to remain competitive and retain our market position, we must continually improve our access to technology and software, support the latest transmission technologies, and adapt our products and services to changing market conditions and our customers' and internet users' preferences and practices, or potentially launch entirely new products and services such as new gTLDs in anticipation of, or in response to, market trends. We cannot assure that competing technologies developed by others or the emergence of new industry standards will not adversely affect our competitive position or render our services or technologies noncompetitive or obsolete. In addition, our markets are characterized by announcements of collaborative relationships involving our competitors. The existence or announcement of any such relationships could adversely affect our ability to attract and retain customers. As a result of the foregoing and other factors, we may not be able to compete effectively with current or future competitors, and competitive pressures that we face could materially harm our business.

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 obtain a domain name registration and/or establish an online presence. We have been designated as the registry operator for certain new gTLDs including certain IDN gTLDs; however, there is no guarantee that such new gTLDs will be as or more successful than the new gTLDs obtained by our competitors. For example, some of the new gTLDs, including our new gTLDs, may face additional universal acceptance and usability challenges in that current desktop and mobile device software does not ubiquitously recognize these new gTLDs and developers of desktop and mobile device software may be slow to adopt standards or support these gTLDs, even if demand for such products is strong. This is particularly true for IDN gTLDs, but applies to conventional gTLDs as well. As a result of these challenges, it is possible that resolution of domain names within some of these new gTLDs may be blocked within certain state or organizational environments, challenging universal resolvability of these strings and their general acceptance and usability on the internet.

See the "Competition" section in Part I, Item 1 for further information.

We must establish and maintain strong relationships with registrars and their resellers to maintain their focus on marketing our products and services otherwise our business could be harmed.

All of our domain name registrations occur through registrars. Registrars and their resellers utilize substantial marketing efforts to increase the demand and/or renewal rates for domain names as well as their own associated offerings. Consolidation in the registrar or reseller industry or changes in ownership, management, or strategy among individual registrars or resellers could result in significant changes to their business, operating model and cost structure. Such changes could include reduced marketing efforts or other operational changes that could adversely impact the demand and/or the renewal rates for domain names.

With the introduction of new gTLDs, many of our registrars have chosen to, and may continue to choose to, focus their short or long-term marketing efforts on these new offerings and/or reduce the prominence or visibility of our products and services on their e-commerce platforms. Our registrars and resellers sell domain name registrations of other competing registries, including other new gTLDs, and some also sell and support their own services for websites such as email, website hosting, as well as other services. Therefore, our registrars and resellers may be more motivated to sell to registrants to whom they can also market their own services. To the extent that registrars and their resellers focus more on selling and supporting their services and less on the registration and renewal of domain names in our TLDs, our revenues could be adversely impacted. Our ability to successfully market our services to, and build and maintain strong relationships with, new and existing registrars or resellers is a factor upon which successful operation of our business is dependent. If we are unable to keep a significant portion of their marketing efforts focused on selling registrations of domain names in our TLDs as opposed to other competing TLDs, including the new gTLDs, or their own services, our business could be harmed.

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

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

- power loss, transmission cable cuts and other telecommunications failures;
- damage or interruption caused by fire, earthquake, and other natural disasters;
- attacks, including hacktivism, by miscreants or other nefarious actors;
- computer viruses, software defects, or hardware defects, both in our systems and those of our service providers and suppliers;
- physical or electronic break-ins, sabotage, intentional acts of vandalism, terrorist attacks, unintentional mistakes or errors, and other events beyond our control;
- risks inherent in or arising from the terms and conditions of our agreements with service providers to operate our networks and data centers;
- interconnection and internet routing system vulnerabilities;
- state suppression of internet operations; and
- any failure to implement effective and timely remedial actions in response to any vulnerability, damage or interruption.

Most of the computing infrastructure for our Shared Registration System is located at, and most of our customer information is stored in, our owned data centers. In 2019, we began transitioning some of our data center operations to a leased data center facility. We are also updating our network architecture in several of our new and existing data centers. To the extent our data center facilities or the updated network architecture do not operate as expected, we could experience service interruptions or outages which could harm our business. Also, to the extent we are unable to partially or completely switch over to our primary alternate or tertiary sites, any damage or failure that causes interruptions in any of these facilities or our other computer and communications systems could materially harm our business. Although we carry insurance for property damage, we do not carry insurance or financial reserves for such interruptions.

In addition, our services depend on the secure and efficient operation of the internet connections to and from customers to our Shared Registration System residing in our secure data centers. These connections depend upon the secure and efficient operation of internet service providers, internet exchange point operators, and internet backbone service providers. Such providers have had periodic operational problems or experienced outages in the past beyond our scope of control and may continue to encounter problems and outages. In addition, if the providers that our connections depend upon do not protect, maintain, improve, and reinvest in their networks or present inconsistent data regarding the DNS through their networks, our business could be harmed.

A failure in the operation or update of the root zone servers, the root zone file, the Root Zone Management System, the TLD name servers, or the TLD zone files that we operate, including, for example, our operation of the .gov registry, or other network functions, could result in a DNS resolution or other service outage or degradation; the deletion of one or more TLDs from the internet; the deletion of one or more second-level domain names from the internet for a period of time; or a misdirection of a domain name to a different server. A failure in the operation or update of the supporting cryptographic and other operational infrastructure that we maintain could result in similar consequences. A failure in the operation of our Shared Registration System could result in the inability of one or more registrars to register or maintain domain names for a period of time. In the event that a registrar has not implemented back-up services in conformance with industry best practices, the failure could result in permanent loss of transactions at the registrar during that period. Any of these problems or outages could create potential liability and exposure, including from a failure to meet our service level agreements in our Registry Agreements, and could decrease customer satisfaction, harming our business or resulting in adverse publicity and damage to our reputation that could adversely affect the market's perception of the security of e-commerce and communications over the internet as well as of the reliability of our services or call into question our ability to preserve the security and stability of the internet.

Our operating results may be adversely affected as a result of unfavorable market, economic, social, public health, and political conditions.

An unfavorable global market, economic, social and political environment has impacted or may negatively impact, among other things:

- our customers' or end-users' continued growth and development of their businesses, or their ability to maintain their businesses and continue as going concerns, which could affect demand for our products and services;

- current and future demand for our services, including as a result of reduced spending on information technology and communications by our customers;
- price competition for our products and services;
- the price of our common stock;
- our liquidity and our associated ability to execute on any share repurchase plans; and
- our ability to service our debt, to obtain financing or assume new debt obligations.

In addition, to the extent that the market, economic, social, public health, and political environment impacts specific industry and geographic sectors in which many end-users of our products and services are concentrated, such as China, that may have a disproportionate negative impact on our business.

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

A significant portion of our revenues is derived from customers outside the U.S. Our business operations in 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 may fail to maintain our ability to conduct business, including potentially material business operations in some international locations, or we may not succeed in expanding our services into new international markets or expand our presence in existing markets. Failure to do so could materially harm our business. Moreover, local laws and customs in many countries differ significantly from those in the U.S. In many foreign countries, particularly in those with developing economies, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. law or regulations applicable to us. There can be no assurance that our employees, contractors and agents will not take actions in violation of such policies, procedures, laws and/or regulations. Violations of laws, regulations or internal policies and procedures by our employees, contractors or agents could result in financial reporting problems, investigations, fines, penalties, or prohibition on the importation or exportation of our products and services and could have a material adverse effect on our business. In addition, we face risks inherent in doing business internationally, including, among others:

- competition with foreign companies or other domestic companies entering the foreign markets in which we operate, as well as foreign governments actively promoting their ccTLDs, which we do not operate;
- legal uncertainty regarding liability, enforcing our contracts, and compliance with foreign laws;
- economic tensions between governments and changes in international trade policies and/or the economic and trade sanctions programs administered by the Office of Foreign Assets Control (“OFAC”) of the U.S. Department of the Treasury;
- tariffs and other trade barriers and restrictions;
- difficulties in staffing and managing foreign operations;
- currency exchange rate fluctuations;
- potential problems associated with adapting our services to technical conditions existing in different countries;
- difficulty of verifying end-user information, including for the purposes of complying with the verification requirements of certain countries and with the economic and trade sanctions programs administered by OFAC;
- more stringent privacy and data localization policies in some foreign countries;
- additional vulnerability from terrorist groups targeting U.S. interests abroad;
- potentially conflicting or adverse tax consequences;
- reliance on third parties in foreign markets in which we only recently started doing business; and
- potential concerns of international customers and prospects regarding doing business with U.S. technology companies due to alleged U.S. government data collection policies.

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

Our success depends in part on our internally-developed technologies and related intellectual property. Despite our precautions, it may be possible for an external party to copy or otherwise obtain and use 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 some 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, third parties may seek to oppose or otherwise challenge our patents, and such patents' scope may differ significantly from what was requested in the patent applications and may not provide us with sufficient protection of our intellectual property. In the future, we may have to resort to litigation to enforce and protect 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 is inherently unpredictable and, regardless of its outcome, could result in substantial costs and diversion of management attention and technical resources. Some of the software and protocols used in our business are based on standards set by standards setting organizations such as the IETF. To the extent any of our patents are considered "standards essential patents," in some cases we may be required to license such patents to our competitors on reasonable and non-discriminatory terms or otherwise be limited in our ability to assert such patents.

We also license externally-developed technology that is used in some of our products and services to perform key functions. These externally-developed technology licenses may not continue to be available to us on commercially reasonable terms or at all. The loss of, or our inability to obtain or maintain, any of these technology licenses could hinder or increase the cost of our launching new products and services, entering into new markets and/or otherwise harm our business. Some of the software and protocols used in our business are in the public domain or may otherwise become publicly available, which means that such software and protocols are equally available to our competitors.

We rely on the strength of our Verisign brand to help differentiate Verisign in the marketing of our products. Dilution of the strength of our brand could harm our business. We are at risk that we will be unable to fully register, build equity in, or enforce the Verisign logo in all markets where Verisign products and services are sold. In addition, in the U.S. and most other countries, word marks solely for TLDs have currently not been successfully registered as trademarks. Accordingly, we may not be able to fully realize or maintain the value of these intellectual property assets.

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

We cannot be certain that we do not and will not infringe the intellectual property rights of others. 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 other parties. The international use of our logo could present additional potential risks for external party claims of infringement. Any claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel attention, cause delays in our business activities generally, or require us to develop a non-infringing logo or technology or enter into royalty or licensing agreements. Royalty or licensing agreements, if required, may not be available on acceptable terms or at all. If a successful claim of infringement were made against us, we could be required to pay damages or have portions of our business enjoined. If we could not identify and adopt an alternative non-infringing logo, develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, our business could be harmed.

An external party could claim that the technology we license from other parties 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.

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

We could become involved in claims, lawsuits, audits or investigations that may result in adverse outcomes.

In addition to possible intellectual property litigation and infringement claims, we are, and may in the future, become involved in other claims, lawsuits, audits and investigations. Litigation is inherently unpredictable, and unexpected judgments or excessive verdicts do occur. In addition, such proceedings may initially be viewed as immaterial but could prove to be material. Adverse outcomes in lawsuits, audits and investigations could result in significant monetary damages, including indemnification payments, or injunctive relief that could adversely affect our ability to conduct our business, such as our ability

to operate the *.web* gTLD, and may have a material adverse effect on our financial condition, results of operations and cash flows. Given the inherent uncertainties in litigation, even when we are able to reasonably estimate the amount of possible loss or range of loss and therefore record an aggregate litigation accrual for probable and reasonably estimable loss contingencies, the accrual may change in the future due to new developments or changes in approach. In addition, such claims, lawsuits, audits and investigations could involve significant expense and diversion of management's attention and resources from other matters.

We continue to explore new strategic initiatives, the pursuit of any of which may pose significant risks and could have a material adverse effect on our business, financial condition and results of operations.

We explore possible strategic initiatives which may include, among other things, the investment in, and the pursuit of, new revenue streams, services or products, changes to our offerings, initiatives to leverage our patent portfolio, back-end registry services and IDN gTLDs. In addition, we have evaluated and are pursuing and will continue to evaluate and pursue acquisitions of TLDs that are currently in operation and those that have not yet been awarded or delegated as long as they support our growth strategy.

Any such strategic initiative may involve a number of risks, including: the diversion of our management's attention from our existing business to develop the initiative, related operations and any requisite personnel; possible regulatory scrutiny or third-party claims; possible material adverse effects on our results of operations during and after the development process; our possible inability to achieve the intended objectives of the initiative; as well as damage to our reputation if we are unsuccessful in pursuing a strategic initiative. Such initiatives may result in a reduction of cash or increased costs. We may not be able to successfully or profitably develop, integrate, operate, maintain and manage any such initiative and the related operations or employees in a timely manner or at all. Furthermore, under our agreements with ICANN, we are subject to certain restrictions in the operation of *.com*, *.net*, *.name* and other TLDs, including required ICANN approval of new registry services for such TLDs. If any new initiative requires ICANN review or ICANN determines that such a review is required, we cannot predict whether this process will prevent us from implementing the initiative in a timely manner or at all. Any strategic initiative to leverage our patent portfolio will likely increase litigation risks from potential licensees and we may have to resort to litigation to enforce our intellectual property rights.

We depend on key employees to manage our business effectively, and we may face difficulty attracting and retaining qualified leaders.

We operate in a unique, competitive and highly regulated environment, and we depend on the knowledge, experience, and performance of our senior management team and other key employees in this regard and otherwise. We periodically experience changes in our management team. If we are unable to attract, integrate, retain and motivate these key individuals as well as other highly skilled employees, and implement succession plans for these personnel, our business may suffer. For example, our service products are highly technical and require individuals skilled and knowledgeable in unique platforms, operating systems and software development tools.

Changes in, or interpretations of, tax rules and regulations or our tax positions may adversely affect our income taxes.

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. Our effective tax rates may fluctuate significantly on a quarterly basis because of a variety of factors, including changes in the mix of earnings and losses in countries with differing statutory tax rates, changes in our business or structure, changes in tax laws that could adversely impact our income or non-income taxes or the expiration of or disputes about certain tax agreements in a particular country. We are subject to audit by various tax authorities. In accordance with U.S. GAAP, we recognize income tax benefits, net of required valuation allowances and accrual for uncertain tax positions. For example, we claimed a worthless stock deduction on our 2013 federal income tax return and recorded a net income tax benefit of \$380.1 million. 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 results of operations, financial condition and cash flows in the period or periods for which that determination is made could result.

The Organization for Economic Cooperation and Development ("OECD") has released plans to issue a final report by the end of 2020 that will provide a long-term, multilateral proposal on the taxation of the digital economy. If this proposal is ultimately agreed to and implemented by the member states, there could be significant modifications in the way multinational corporations are taxed. In addition, some international tax jurisdictions have, or may, independently of the OECD, enact new tax regimes aimed at income resulting from digital services. Although we cannot predict the nature or outcome of such changes or the likelihood of such proposals being adopted legislatively throughout the world and tax treaties being modified

accordingly, any or all of these changes in tax policy for the digital economy could increase our taxes and adversely impact our financial condition, results of operations and cash flow.

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

As of December 31, 2019, we had \$1.23 billion in cash, cash equivalents, marketable securities and restricted cash, of which \$709.9 million was invested in marketable securities. The cash equivalents and marketable securities consist primarily of debt securities issued by the U.S. Treasury. These investments, as well as any cash deposited in bank accounts, are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by financial market credit and liquidity events. If the global credit or liquidity market deteriorates or other events negatively impact the market for U.S. Treasury securities, our investment portfolio may be impacted and we could determine that some of our investments have experienced an other-than-temporary decline in fair value, requiring an impairment charge which could adversely impact our results of operations and cash flows.

We are subject to the risks of owning real property.

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

- adverse changes in the value of the properties, due to interest rate changes, changes in the commercial property markets, easements or other encumbrances, a government exercising its right of eminent domain, or other factors;
- ongoing maintenance expenses and costs of improvements or repairs;
- the possible need for structural improvements in order to comply with environmental, health and safety, zoning, seismic, disability law, or other requirements;
- the possibility of environmental contamination or notices of violation from federal or state environmental agencies; and
- possible disputes with neighboring owners, tenants, service providers or others.

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 an outside party to acquire us without the consent of our Board of Directors (“Board”). These provisions include:

- our stockholders may take action only at a duly called meeting and not by written consent;
- special meetings of our stockholders may be called only by the chairman of the board of directors, the president, our Board, or the secretary (acting as a representative of the stockholders) whenever a stockholder or group of stockholders owning at least 25% in the aggregate of the capital stock issued, outstanding and entitled to vote, and who held that amount in a net long position continuously for at least one year, so request in writing;
- vacancies and newly created directorships on our Board can be filled until the next annual meeting of stockholders by a majority of directors then in office; and
- our Board has the ability to designate the terms of and issue new series of preferred stock without stockholder approval.

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, which generally means a person who, 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.

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

We have a significant amount of outstanding debt, and we periodically reassess our capital structure and may incur additional indebtedness in the future. Our substantial indebtedness, including any future indebtedness, requires us to dedicate a significant portion of our cash flow from operations or to arrange alternative liquidity sources to make principal and interest payments, when due, or to repurchase or settle our debt, if triggered, by certain corporate events, or certain events of default. It could also limit our flexibility in planning for or reacting to changes in our business and our industry, or make required capital expenditures and investments in our business; make it difficult or more expensive to refinance our debt or obtain new debt; trigger an event of default; and increase our vulnerability to adverse changes in general economic and industry conditions. Some of our debt contains covenants which may limit our operating flexibility, including restrictions on share repurchases, dividends, prepayment or repurchase of debt, acquisitions, disposing of assets, if we do not continue to meet certain financial ratios. Any rating assigned to our debt securities could be lowered or withdrawn by a rating agency, which could make it more difficult or more expensive for us to obtain additional debt financing in the future. The occurrence of any of the foregoing factors could have a material adverse effect on our business, cash flows, results of operations and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2019, we owned each of our significant properties, which include our corporate headquarters facility in Reston, Virginia, and data center facilities in New Castle, Delaware and Dulles, Virginia. We also lease a number of smaller office and data center locations around the world. We believe that our existing facilities, both owned and leased, are in good condition and suitable for the conduct of our business.

ITEM 3. LEGAL PROCEEDINGS

As we previously disclosed, Afilias, a competitor and losing bidder in the .web auction, filed a form of arbitration proceeding against ICANN, an Independent Review Process (IRP) under ICANN's bylaws, on November 14, 2018. Afilias alleges that the agreement between Verisign and Nu Dotco, LLC (NDC) pertaining to .web violated ICANN's new gTLD Applicant Guidebook. As a result, Afilias claims that ICANN had a duty to disqualify NDC's bid and award .web to Afilias. Afilias also claims that ICANN would violate its bylaws pertaining to competition by awarding .web to Verisign. Afilias amended its IRP on March 21, 2019 in part to oppose Verisign's and NDC's participation in the IRP. A hearing was held on Verisign's and NDC's applications for participation and, on February 12, 2020, the IRP Panel permitted Verisign and NDC to participate in aspects of the IRP. We believe that Afilias' claims regarding Verisign's and NDC's conduct are without merit and we intend to vigorously oppose Afilias in this matter.

We are also involved in various investigations, claims and lawsuits arising in the normal conduct of our business, none of which, in our opinion, will have a material adverse effect on our financial condition, results of operations, or cash flows. We cannot assure you that we will prevail in any litigation. Regardless of the outcome, any litigation may require us to incur significant litigation expense and may result in significant diversion of management attention.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the Nasdaq Global Select Market under the symbol VRSN. On February 7, 2020, there were 367 holders of record of our common stock. We cannot estimate the number of beneficial owners since many brokers and other institutions hold our stock on behalf of stockholders.

Share Repurchases

The following table presents the share repurchase activity during the three months ended December 31, 2019:

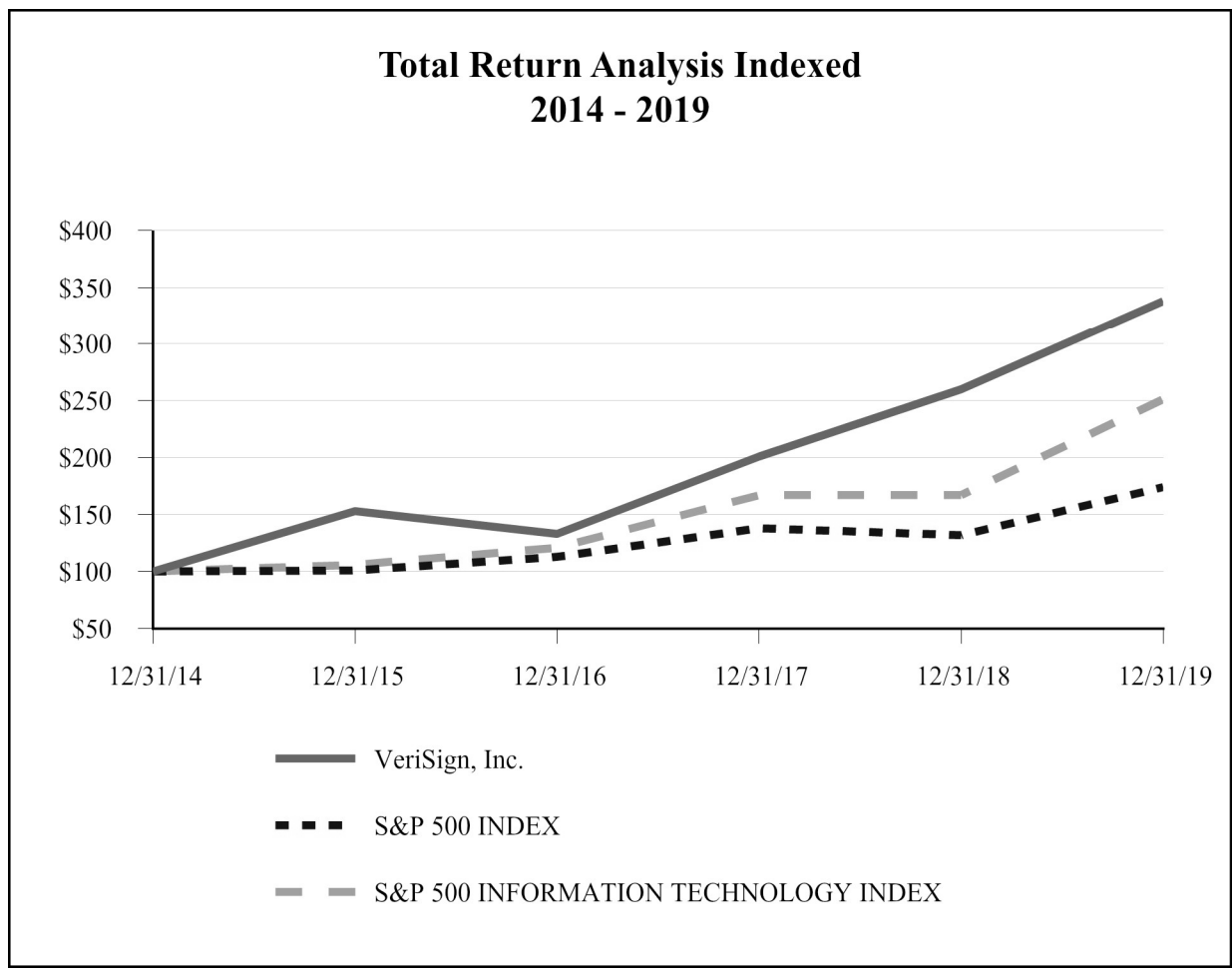
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)(2)
			(Shares in thousands)	
October 1 – 31, 2019	429	\$184.83	429	\$ 442.8 million
November 1 – 30, 2019	302	\$188.04	302	\$ 386.1 million
December 1 – 31, 2019.....	308	\$190.04	308	\$ 327.5 million
	<u>1,039</u>		<u>1,039</u>	

- (1) Effective February 7, 2019, our Board authorized the repurchase of our common stock in the amount of approximately \$602.9 million, in addition to the \$397.1 million remaining available for repurchase under the previous share repurchase program, for a total repurchase authorization of up to \$1.0 billion under the share repurchase program.
- (2) Effective February 6, 2020, our Board authorized the repurchase of our common stock in the amount of \$743.0 million, in addition to the \$257.0 million that remained available for repurchases under the share repurchase program, for a total repurchase authorization of up to \$1.0 billion under the program. The share repurchase program has no expiration date. Purchases made under the program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions.

Performance Graph

The information contained in the Performance Graph shall not be deemed to be “soliciting material” or “filed” with the SEC or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

The following graph compares the cumulative total stockholder return on our common stock, the Standard and Poor’s (“S&P”) 500 Index, and the S&P 500 Information Technology Index. The graph assumes that \$100 (and the reinvestment of any dividends thereafter) was invested in our common stock, the S&P 500 Index and the S&P 500 Information Technology Index on December 31, 2014, and calculates the return annually through December 31, 2019. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19
VeriSign, Inc.....	\$ 100	\$ 153	\$ 133	\$ 201	\$ 260	\$ 338
S&P 500 Index.....	\$ 100	\$ 101	\$ 113	\$ 138	\$ 132	\$ 174
S&P 500 Information Technology Index.....	\$ 100	\$ 106	\$ 121	\$ 167	\$ 167	\$ 251

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data as of and for the last five fiscal years. The information set forth below is not necessarily indicative of results of future operations, and should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K, to fully understand factors that may affect the comparability of the information presented below.

Selected Consolidated Statements of Comprehensive Income Data: (in millions, except per share data)

	2019	Year Ended December 31,			
		2018	2017	2016	2015
Revenues	\$ 1,232	\$ 1,215	\$ 1,165	\$ 1,142	\$ 1,059
Operating income.....	\$ 806	\$ 767	\$ 708	\$ 687	\$ 606
Net income (1)	\$ 612	\$ 582	\$ 457	\$ 441	\$ 375
Earnings per share:.....					
Basic	\$ 5.17	\$ 5.13	\$ 4.56	\$ 4.12	\$ 3.29
Diluted	\$ 5.15	\$ 4.75	\$ 3.68	\$ 3.42	\$ 2.82

(1) Net income for 2018 includes a \$52.0 million after-tax gain recognized in 2018 related to the sale of customer contracts of our security services business.

Consolidated Balance Sheet Data: (in millions)

	As of December 31,				
	2019	2018	2017	2016	2015
Cash, cash equivalents and marketable securities (1) (2)	\$ 1,218	\$ 1,270	\$ 2,415	\$ 1,798	\$ 1,915
Total assets (1) (2).....	\$ 1,854	\$ 1,915	\$ 2,941	\$ 2,335	\$ 2,358
Deferred revenues	\$ 1,034	\$ 1,018	\$ 999	\$ 976	\$ 961
Subordinated convertible debentures, including contingent interest derivative (2)	\$ —	\$ —	\$ 628	\$ 630	\$ 634
Long-term debt (1).....	\$ 1,788	\$ 1,785	\$ 1,783	\$ 1,237	\$ 1,235

(1) The increases in Cash, cash equivalents and marketable securities, Total assets and Long-term debt from 2016 to 2017 was due to the issuance of \$550.0 million aggregate principal amount of 4.75% senior unsecured notes due 2027.

(2) The decreases in Cash, cash equivalents and marketable securities, Total assets and Subordinated convertible debentures, including contingent interest derivative from 2017 to 2018 was due to the settlement of our subordinated convertible debentures in 2018.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of 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 I, Item 1A of this Form 10-K. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-K. 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.

This section of this Form 10-K generally discusses 2019 and 2018 items and year-to-year comparisons between 2019 and 2018. Discussions of 2017 items and year-to-year comparisons between 2018 and 2017 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Overview

We are a global provider of domain name registry services and internet infrastructure, enabling internet navigation for many of the world's most recognized domain names. We enable the security, stability, and resiliency of key internet infrastructure and services, including providing root zone maintainer services, operating two of the 13 global internet root servers, and providing registration services and authoritative resolution for the .com and .net top-level domains, which support the majority of global e-commerce.

As of December 31, 2019, we had approximately 158.8 million .com and .net registrations in the domain name base. The number of domain names registered is largely driven by continued growth in online advertising, e-commerce, and the number of internet users, which is partially driven by greater availability of internet access, as well as marketing activities carried out by us and our registrars. Growth in the number of domain name registrations under our management may be hindered by certain factors, including overall economic conditions, competition from ccTLDs, the introduction of new gTLDs, and ongoing changes in the internet practices and behaviors of consumers and businesses. Factors such as the evolving practices and preferences of internet users, and how they navigate the internet, as well as the motivation of domain name registrants and how they will manage their investment in domain names, can negatively impact our business and the demand for new domain name registrations and renewals.

2019 Business Highlights and Trends

- We recorded revenues of \$1,231.7 million in 2019, which represents an increase of 1% compared to 2018.
- We recorded operating income of \$806.1 million during 2019, which represents an increase of 5% as compared to 2018.
- We finished 2019 with 158.8 million .com and .net registrations in the domain name base, which represents a 4% increase from December 31, 2018.
- During 2019, we processed 40.3 million new domain name registrations for .com and .net compared to 38.2 million in 2018.
- The final .com and .net renewal rate for the third quarter of 2019 was 73.7% compared with 74.8% for the same quarter in 2018. Renewal rates are not fully measurable until 45 days after the end of the quarter.
- We repurchased 3.9 million shares of our common stock for an aggregate cost of \$738.5 million in 2019. As of December 31, 2019, there was \$327.5 million remaining for future share repurchases under the share repurchase program.
- Effective February 6, 2020, our Board authorized the repurchase of our common stock in the amount of \$743.0 million, in addition to the \$257.0 million that remained available for repurchases under the share repurchase program, for a total repurchase authorization of up to \$1.0 billion under the program.
- We generated cash flows from operating activities of \$753.9 million in 2019, which represents an increase of 8% as compared to 2018.

Critical Accounting Policies and Significant Management Estimates

The discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates those estimates. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions or conditions.

An accounting estimate is considered critical if the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment involved, and the impact of changes in the estimates and assumptions would have a material effect on the consolidated financial statements. We believe the following critical accounting estimates and policies have the most significant impact on our consolidated financial statements:

Income taxes

Our operations involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes payable are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from U.S. federal, state, and international tax audits. We only recognize or continue to only recognize tax positions that are more likely than not to be sustained upon examination. We adjust these amounts in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities.

Results of Operations

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

	Year Ended December 31,		
	2019	2018	2017
Revenues	100.0%	100.0%	100.0%
Costs and expenses:			
Cost of revenues.....	14.6	15.8	16.6
Sales and marketing	3.8	5.3	7.0
Research and development	4.9	4.8	4.5
General and administrative	11.2	10.9	11.2
Total costs and expenses	34.5	36.8	39.3
Operating income	65.5	63.2	60.7
Interest expense.....	(7.4)	(9.5)	(11.7)
Non-operating income, net.....	3.5	6.3	2.4
Income before income taxes	61.6	60.0	51.4
Income tax expense	(11.9)	(12.1)	(12.2)
Net income	49.7%	47.9%	39.2%

Revenues

Our revenues are primarily derived from registrations for domain names in the *.com* and *.net* domain name registries. We also derive revenues from operating domain name registries for several other TLDs and from providing back-end registry services to a number of TLD registry operators, all of which are not significant in relation to our consolidated revenues. For domain names registered with the *.com* and *.net* registries we receive a fee from registrars per annual registration that is fixed pursuant to our agreements with ICANN. Individual customers, called registrants, contract directly with registrars or their resellers, and the registrars in turn register the domain names with Verisign. Changes in revenues are driven largely by changes in the number of new domain name registrations and the renewal rate for existing registrations as well as the impact of new and prior price increases, to the extent permitted by ICANN and the DOC. New registrations and the renewal rate for existing registrations are impacted by continued growth in online advertising, e-commerce, and the number of internet users, as well as marketing activities carried out by us and our registrars. The annual fee for a *.com* domain name registration has been fixed at

\$7.85 since 2012. On October 26, 2018, we entered into an agreement with the DOC to amend the Cooperative Agreement. The amendment extends the term of the Cooperative Agreement until November 30, 2024 and permits the price of a *.com* domain name to be increased without further DOC approval by up to 7% in each of the final four years of each six-year period beginning on October 26, 2018. We increased the annual fee for a *.net* domain name registration from \$8.20 to \$9.02 on February 1, 2018. We have the contractual right to increase the fees for *.net* domain name registrations by up to 10% each year during the term of our agreement with ICANN, through June 30, 2023. We offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate. All fees paid to us for *.com* and *.net* registrations are in U.S. dollars.

A comparison of revenues is presented below:

	Year Ended December 31,				
	2019	% Change	2018	% Change	2017
	(Dollars in thousands)				
Revenues	\$ 1,231,661	1%	\$ 1,214,969	4%	\$ 1,165,095

The following table compares the *.com* and *.net* domain name registrations in the domain name base:

	As of December 31,				
	2019	% Change	2018	% Change	2017
<i>.com</i> and <i>.net</i> domain name registrations in the domain name base	158.8 million	4%	153.0 million	4%	146.4 million

Growth in the domain name base has been primarily driven by continued internet growth and marketing activities carried out by us and our registrars. However, competitive pressure from ccTLDs, the introduction of new gTLDs, ongoing changes in internet practices and behaviors of consumers and business, as well as the motivation of existing domain name registrants managing their investment in domain names, and historical global economic uncertainty, has limited the rate of growth of the domain name base in recent years and may continue to do so in 2020 and beyond.

Revenues increased by \$16.7 million in 2019 compared to 2018, primarily due to an increase in revenues from the operation of the registries for the *.com* and *.net* TLDs, partially offset by the decrease in revenues from the security services business as customers terminated or consented to the assignment of their contracts to Neustar. The increase in revenues from the *.com* and *.net* TLDs was driven by a 5% increase in registrations in the domain name base for *.com* and the increase in the *.net* domain name registration fees in February 2018, partially offset by a 4% decline in registrations in the domain name base for *.net*.

Geographic revenues

We generate revenues in the U.S.; Europe, the Middle East and Africa (“EMEA”); China; and certain other countries, including Canada, Australia and Japan. The following table presents a comparison of the Company’s geographic revenues:

	Year Ended December 31,				
	2019	% Change	2018	% Change	2017
	(Dollars in thousands)				
U.S.....	\$ 772,586	2 %	\$ 756,907	7 %	\$ 707,906
EMEA.....	206,975	(3)%	212,699	1 %	211,349
China	119,291	12 %	106,841	— %	106,526
Other.....	132,809	(4)%	138,522	(1)%	139,314
Total revenues	<u>\$ 1,231,661</u>	1 %	<u>\$ 1,214,969</u>	4 %	<u>\$ 1,165,095</u>

Revenues in the table above are attributed to the country of domicile and the respective regions in which our registrars are located, however, this may differ from the regions where the registrars operate or where registrants are located. Revenue growth for each region may be impacted by registrars reincorporating, relocating, or from acquisitions or changes in affiliations of resellers. Revenue growth for each region may also be impacted by registrars domiciled in one region, registering domain names in another region. The majority of our revenue growth in 2019 has come from increased sales to registrars based in the U.S. and China. Revenues in the U.S. and EMEA regions in particular, were impacted by the decrease in revenues from our security services business as customers terminated or consented to the assignment of their contracts to Neustar.

We expect revenues will continue to grow in 2020, as a result of the increased volume of domain registrations in 2019, and continued growth in registrations in the domain name base in 2020, partially offset by the elimination of revenue from the customers of our security services business that had not yet consented to the assignment of their contracts to Neustar.

Cost of revenues

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

A comparison of cost of revenues is presented below:

	Year Ended December 31,				
	2019	% Change	2018	% Change	2017
	(Dollars in thousands)				
Cost of revenues	\$ 180,467	(6)%	\$ 192,134	(1)%	\$ 193,326

Cost of revenues decreased by \$11.7 million in 2019 compared to 2018 primarily due to decreases in salary and employee benefits expenses, telecommunications expenses, and depreciation expenses. Salary and benefits expenses decreased by \$5.5 million due to a reduction in average headcount primarily related to employees supporting the divested security services business. Telecommunications expenses decreased by \$5.1 million as a result of lower costs to support our operations. Depreciation expenses decreased by \$2.0 million as a result of a decrease in capital expenditures in recent years.

We expect cost of revenues as a percentage of revenues to remain consistent in 2020 as compared to 2019.

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 online, television, radio, print and direct mail advertising costs, and allocations of indirect costs such as corporate overhead.

A comparison of sales and marketing expenses is presented below:

	Year Ended December 31,				
	2019	% Change	2018	% Change	2017
	(Dollars in thousands)				
Sales and marketing	\$ 46,637	(28)%	\$ 64,891	(21)%	\$ 81,951

Sales and marketing expenses decreased by \$18.3 million in 2019 compared to 2018 primarily due to decreases in salary and employee benefits expenses, advertising and marketing expenses, and allocated overhead expenses. Salary and employee benefits expenses decreased by \$9.1 million due to a reduction in average headcount primarily affecting employees supporting the divested security services business. Advertising and marketing expenses decreased by \$4.4 million as we executed fewer marketing activities and campaigns. Allocated overhead expenses decreased by \$2.7 million primarily due to a decrease in average headcount relative to other cost types.

We expect sales and marketing expenses as a percentage of revenues to remain consistent in 2020 as compared to 2019.

Research and development

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

A comparison of research and development expenses is presented below:

	Year Ended December 31,				
	2019	% Change	2018	% Change	2017
	(Dollars in thousands)				
Research and development	\$ 60,805	5%	\$ 57,884	11%	\$ 52,342

Research and development expenses increased by \$2.9 million in 2019 compared to 2018 primarily due to a decrease in capitalized labor and an increase in allocated overhead expenses. Capitalized labor decreased by \$2.5 million due to a shift in work from capital projects to certain non-capital projects and maintenance of existing software products. Allocated overhead expenses increased by \$2.0 million primarily due to an increase in average headcount relative to other cost types.

We expect research and development expenses as a percentage of revenues to remain consistent in 2020 as compared to 2019.

General and administrative

General and administrative expenses consist primarily of salaries and other personnel-related expenses for our executive, administrative, legal, finance, information technology and human resources personnel, costs of facilities, computer and communications equipment, management information systems, support services, professional services fees, and certain tax and license fees, offset by allocations of indirect costs such as facilities and shared services expenses to other cost types.

A comparison of general and administrative expenses is presented below:

	Year Ended December 31,				
	2019	% Change	2018	% Change	2017
	(Dollars in thousands)				
General and administrative	\$ 137,625	4%	\$ 132,668	2%	\$ 129,754

General and administrative expenses increased by \$5.0 million in 2019 compared to 2018 primarily due to increases in salary and employee benefits expenses and software license expenses. Salary and employee benefits expenses increased by \$2.8 million due to an increase in average headcount and annual salary increases. Software license expenses increased by \$2.4 million resulting from costs related to certain security initiatives.

We expect general and administrative expenses as a percentage of revenues to remain consistent in 2020 as compared to 2019.

Interest expense

See Note 4, "Debt and interest expense" of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K. We expect interest expense to remain consistent in 2020 as compared to 2019.

Non-operating income, net

See Note 9, "Non-operating income, net" of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K. We expect Non-operating income, net to decrease in 2020 as compared to 2019 due to income from the transition services provided to Neustar in 2019 in connection with the sale of customer contracts of our security services business and a decrease in interest income resulting from a decline in interest rates.

Income tax expense

	Year Ended December 31,		
	2019	2018	2017
	(Dollars in thousands)		
Income tax expense.....	146,477	\$ 147,027	\$ 141,764
Effective tax rate.....	19%	20%	24%

The effective tax rates for 2019 and 2018 were lower than the statutory federal rate of 21% due to a lower foreign effective tax rate and excess tax benefits related to stock-based compensation, partially offset by state income taxes, U.S. taxes on our foreign earnings, and accrual for uncertain tax positions.

As of December 31, 2019, we had deferred tax assets arising from deductible temporary differences, tax losses, and tax credits of \$94.8 million, net of valuation allowances, but before the offset of certain deferred tax liabilities. With the exception of deferred tax assets related to certain state and foreign NOL carryforwards, we believe it is more likely than not that the tax effects of the deferred tax liabilities, together with future taxable income, will be sufficient to fully recover the remaining deferred tax assets.

We qualified for a tax holiday in Switzerland until the end of 2019 which lowered tax rates on certain types of income and required certain thresholds of foreign source income. The tax holiday reduced our foreign income tax expense by \$17.3 million (\$0.15 per share) and \$16.9 million (\$0.14 per share) in 2019 and 2018, respectively. The benefit from the tax holiday is calculated before consideration of any offsetting tax impact in the United States. Effective January 1, 2020, due to Swiss tax law changes, the tax holiday was eliminated, which was partially offset by a lowered statutory tax rate.

We expect the effective tax rate for 2020 to be between 18% and 21%.

Liquidity and Capital Resources

	As of December 31,	
	2019	2018
	(In thousands)	
Cash and cash equivalents	\$ 508,196	\$ 357,415
Marketable securities	709,863	912,254
Total	<u>\$ 1,218,059</u>	<u>\$ 1,269,669</u>

As of December 31, 2019, our principal source of liquidity was \$508.2 million of cash and cash equivalents and \$709.9 million of marketable securities. The marketable securities consist primarily of debt securities issued by the U.S. Treasury meeting the criteria of our investment policy, which is focused on the preservation of our capital through investment in investment grade securities. The cash equivalents consist mainly of amounts invested in money market funds and U.S. Treasury bills purchased with original maturities of less than 90 days. As of December 31, 2019, all of our debt securities have contractual maturities of less than one year. Our cash and cash equivalents are readily accessible. Following the Tax Cuts and Jobs Act, we have greater flexibility in accessing the cash, cash equivalents and marketable securities balances held by our foreign subsidiaries. For additional information on our investment portfolio, see Note 2, "Financial Instruments," of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

In 2019, we repurchased 3.9 million shares of our common stock at an average stock price of \$188.84 for an aggregate cost of \$738.5 million under our share repurchase program. In 2018, we repurchased 4.4 million shares of our common stock at an average stock price of \$137.86 for an aggregate cost of \$600.0 million. Effective February 6, 2020, our Board authorized the repurchase of our common stock in the amount of \$743.0 million, in addition to the \$257.0 million that remained available for repurchases under the share repurchase program, for a total repurchase authorization of up to \$1.0 billion under the program.

As of December 31, 2019, we had \$550.0 million principal amount outstanding of 4.75% senior unsecured notes due 2027, \$500.0 million principal amount outstanding of the 5.25% senior unsecured notes due 2025 and \$750.0 million principal amount outstanding of the 4.625% senior unsecured notes due 2023. In December 2019, we entered into a new \$200.0 million unsecured revolving credit facility. This facility will expire in 2024 and takes the place of our prior unsecured revolving credit facility. As of December 31, 2019, there were no borrowings outstanding under this credit facility.

In 2018 we settled our subordinated convertible debentures with the \$1.25 billion principal value paid in cash and 26.1 million shares of common stock issued for the conversion spread.

We believe existing cash, cash equivalents and marketable securities, and funds generated from operations, together with our ability to arrange for additional financing 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.

In summary, our cash flows for 2019, 2018, and 2017 were as follows:

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
Net cash provided by operating activities	\$ 753,892	\$ 697,767	\$ 702,761
Net cash provided by (used in) investing activities	167,195	1,070,130	(405,424)
Net cash used in financing activities.....	(770,303)	(1,875,325)	(65,073)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	64	(958)	1,294
Net increase (decrease) in cash, cash equivalents and restricted cash.....	<u>\$ 150,848</u>	<u>\$ (108,386)</u>	<u>\$ 233,558</u>

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, interest and facilities.

Net cash provided by operating activities increased in 2019 compared to 2018 primarily due to an increase in cash received from customers and a decrease in cash paid for interest, partially offset by an increase in cash paid for income taxes. Cash received from customers increased primarily due to higher domain name registrations and renewals. The decrease in cash paid for interest on our debt obligations was primarily due to the settlement of our subordinated convertible debentures in May 2018. The increase in cash paid for income taxes was primarily due to by higher U.S. federal income tax payments in 2019, partially offset by the \$60.7 million of foreign withholding taxes paid on the repatriation of \$1.15 billion cash held by foreign subsidiaries to the U.S. in the first quarter of 2018.

Cash flows from investing activities

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

Net cash provided by investing activities decreased in 2019 compared to 2018 primarily due to decreases in proceeds from sales and maturities of marketable securities, net of purchases, proceeds from the sale of businesses, and an increase in purchases of property and equipment.

Cash flows from financing activities

The changes in cash flows from financing activities primarily relate to share repurchases, proceeds from and repayment of borrowings, and our employee stock purchase plan (“ESPP”).

Net cash used in financing activities decreased in 2019 compared to 2018 primarily due to the repayment of the principal amount of the subordinated convertible debentures during 2018, partially offset by an increase in share repurchases.

Impact of Inflation

We do not believe that inflation has had a significant impact on our operations in any of the periods presented.

Income taxes

We expect cash paid for income taxes in 2020 to approximate our Income tax expenses for the year.

Property and Equipment Expenditures

Our planned property and equipment expenditures for 2020 are anticipated to be between \$45.0 million and \$55.0 million and will primarily be focused on infrastructure upgrades and enhancements to our product portfolio.

Contractual Obligations

See Note 11, “Commitments and Contingencies,” *Purchase Obligations and Contractual Agreements*, of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

Off-Balance Sheet Arrangements

It is not our business practice to enter into off-balance sheet arrangements. As of December 31, 2019, we did not have any significant off-balance sheet arrangements. See Note 11, "Commitments and Contingencies," *Off-Balance Sheet Arrangements*, of our Notes to Consolidated Financial Statements in Item 8 of this Form 10-K for further information regarding off-balance sheet arrangements.

Dilution from RSUs

Grants of stock-based awards are key components of the compensation packages we provide to attract and retain certain of our talented employees and align their interests with the interests of existing stockholders. We recognize that these stock-based awards dilute existing stockholders and have sought to control the number granted while providing competitive compensation packages. As of December 31, 2019, there are a total of 0.9 million unvested RSUs which represent potential dilution of less than 1.0%. This maximum potential dilution will only result if all outstanding RSUs vest and are settled. In recent years, our stock repurchase program has more than offset the dilutive effect of RSU grants to employees; however, we may reduce the level of our stock repurchases in the future as we may use our available cash for other purposes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks, including changes in interest rates, foreign exchange rates and market risks. We have not entered into any market risk sensitive instruments for trading purposes.

Interest rate sensitivity

The fixed income securities in our investment portfolio are subject to interest rate risk. As of December 31, 2019, we had \$1.04 billion of fixed income securities, which consisted of U.S. Treasury bills with maturities of less than one year. A hypothetical change in interest rates by 100 basis points would not have a significant impact on the fair value of our investments.

Foreign exchange risk management

We conduct business in several countries and transact in multiple foreign currencies. The functional currency for all of our international subsidiaries is the U.S. Dollar. Our foreign currency risk management program is designed to mitigate foreign exchange risks associated with monetary assets and liabilities of our operations that are denominated in currencies other than the U.S. dollar. The primary objective of this program is to minimize the gains and losses to income resulting from fluctuations in exchange rates. We may choose not to hedge certain foreign exchange exposures due to immateriality, prohibitive economic cost of hedging particular exposures, and limited availability of appropriate hedging instruments. We do not enter into foreign currency transactions for trading or speculative purposes, nor do we hedge foreign currency exposures in a manner that entirely offsets the effects of changes in exchange rates. The program may entail the use of forward or option contracts, which are usually placed and adjusted monthly. These foreign currency forward contracts are derivatives and are recorded at fair market value. We attempt to limit our exposure to credit risk by executing foreign exchange contracts with financial institutions that have investment grade ratings.

As of December 31, 2019, we held foreign currency forward contracts in notional amounts totaling \$26.3 million to mitigate the impact of exchange rate fluctuations associated with certain foreign currencies. Gains or losses on the foreign currency forward contracts would be largely offset by the remeasurement of our foreign currency denominated assets and liabilities, resulting in an insignificant net impact to income.

A hypothetical uniform 10% strengthening or weakening in the value of the U.S. dollar relative to the foreign currencies in which our revenues and expenses are denominated would not result in a significant impact to our financial statements.

Market risk management

The fair market values of our senior notes are subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. As of December 31, 2019, the fair values of the senior notes issued in 2013, 2015 and 2017 were \$762.8 million, \$552.3 million, and \$581.9 million, respectively, based on available market information from public data sources.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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To the Stockholders and Board of Directors

VeriSign, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Verisign, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, stockholders' deficit, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 14, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

Effective January 1, 2018, the Company adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, and several related amendments, issued by the Financial Accounting Standards Board (FASB). This change was adopted using the modified retrospective method.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the Company's uncertain tax positions.

As discussed in Notes 1 and 10 of the consolidated financial statements, as of December 31, 2019, the Company had \$231.3 million of gross unrecognized tax benefits.

We identified the evaluation of the Company's uncertain tax positions as a critical audit matter because complex auditor judgment was required in evaluating the Company's interpretation of tax law and its estimate of the ultimate resolution of the tax positions.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's uncertain tax positions process to assess that new and existing tax positions and

adjustments giving rise to additional uncertain tax positions were considered in accordance with applicable guidance over accounting for uncertain tax positions. Since tax law is complex and often subject to interpretations, we involved tax professionals with specialized skills and knowledge, who assisted in:

- Evaluating the Company's tax positions and its interpretation of tax laws,
- Identifying any changes or developments in tax law, court cases, tax regulations or any pertinent tax rulings that would impact the positions taken by the Company,
- Performing a web based search of key terms relating to the Company's uncertain tax positions to identify public company filings that disclose similar positions with alternative treatments,
- Examining the Company's filed tax returns and the detailed tax provision to assess the sustainability of the Company's uncertain tax positions, and
- Reading the Company's board minutes and inquiring of various members of the tax, legal and finance teams regarding their knowledge of conditions that would give rise to a change in the uncertain tax positions.

Additionally, we involved tax and valuation professionals with specialized skills and knowledge, who assisted in:

- Reading correspondence from the Internal Revenue Service (IRS) in relation to the Company's income tax returns to assess any changes or developments relevant to the sustainability of the Company's positions.

/s/ KPMG LLP

We have served as the Company's auditor since 1995.

McLean, Virginia
February 14, 2020

To the Stockholders and Board of Directors

VeriSign, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Verisign, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income, stockholders' deficit, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 14, 2020 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness 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 the policies or procedures may deteriorate.

/s/ KPMG LLP

McLean, Virginia
February 14, 2020

VERISIGN, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 508,196	\$ 357,415
Marketable securities.....	709,863	912,254
Other current assets	60,530	47,365
Total current assets	<u>1,278,589</u>	<u>1,317,034</u>
Property and equipment, net	250,283	253,905
Goodwill	52,527	52,527
Deferred tax assets	87,798	104,992
Deposits to acquire intangible assets	145,000	145,000
Other long-term assets	39,812	41,046
Total long-term assets.....	<u>575,420</u>	<u>597,470</u>
Total assets	<u>\$ 1,854,009</u>	<u>\$ 1,914,504</u>
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 209,988	\$ 215,208
Deferred revenues.....	755,178	732,382
Total current liabilities.....	<u>965,166</u>	<u>947,590</u>
Long-term deferred revenues.....	278,702	285,720
Senior notes	1,787,565	1,785,047
Long-term tax and other liabilities	312,676	281,621
Total long-term liabilities	<u>2,378,943</u>	<u>2,352,388</u>
Total liabilities.....	<u>3,344,109</u>	<u>3,299,978</u>
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock—par value \$.001 per share; Authorized shares: 5,000; Issued and outstanding shares: none.....	—	—
Common stock—par value \$.001 per share; Authorized shares: 1,000,000; Issued shares: 353,157 at December 31, 2019 and 352,325 at December 31, 2018; Outstanding shares: 116,715 at December 31, 2019 and 120,037 at December 31, 2018.....	353	352
Additional paid-in capital	14,989,658	15,706,774
Accumulated deficit.....	(16,477,490)	(17,089,789)
Accumulated other comprehensive loss	(2,621)	(2,811)
Total stockholders' deficit	<u>(1,490,100)</u>	<u>(1,385,474)</u>
Total liabilities and stockholders' deficit.....	<u>\$ 1,854,009</u>	<u>\$ 1,914,504</u>

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share data)

	Year Ended December 31,		
	2019	2018	2017
Revenues	\$1,231,661	\$1,214,969	\$1,165,095
Costs and expenses:			
Cost of revenues.....	180,467	192,134	193,326
Sales and marketing	46,637	64,891	81,951
Research and development.....	60,805	57,884	52,342
General and administrative	137,625	132,668	129,754
Total costs and expenses	425,534	447,577	457,373
Operating income	806,127	767,392	707,722
Interest expense	(90,611)	(114,845)	(136,336)
Non-operating income, net	43,260	76,969	27,626
Income before income taxes.....	758,776	729,516	599,012
Income tax expense	(146,477)	(147,027)	(141,764)
Net income	612,299	582,489	457,248
Other comprehensive income.....	190	130	512
Comprehensive income	\$ 612,489	\$ 582,619	\$ 457,760
Earnings per share:			
Basic.....	\$ 5.17	\$ 5.13	\$ 4.56
Diluted.....	\$ 5.15	\$ 4.75	\$ 3.68
Shares used to compute earnings per share			
Basic.....	118,513	113,452	100,325
Diluted.....	118,968	122,661	124,180

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In thousands)

	Year Ended December 31,		
	2019	2018	2017
Total stockholders' deficit, beginning of period	\$ (1,385,474)	\$ (1,260,271)	\$ (1,200,595)
Common stock			
Beginning balance	352	325	324
Issuance of common stock under stock plans.....	1	1	1
Conversion of subordinated convertible debentures.....	—	26	—
Balance, end of period:	<u>353</u>	<u>352</u>	<u>325</u>
Additional paid-in capital			
Beginning balance	15,706,774	16,437,135	16,987,488
Repurchase of common stock	(782,583)	(638,152)	(621,173)
Stock-based compensation expense.....	52,316	54,574	55,362
Issuance of common stock under stock plans.....	13,151	12,835	12,914
Conversion of subordinated convertible debentures.....	—	(159,618)	—
Cumulative effects of changes in accounting principle	—	—	2,544
Balance, end of period	<u>14,989,658</u>	<u>15,706,774</u>	<u>16,437,135</u>
Accumulated deficit			
Beginning balance	(17,089,789)	(17,694,790)	(18,184,954)
Net income.....	612,299	582,489	457,248
Cumulative effects of changes in accounting principles	—	22,512	32,916
Balance, end of period	<u>(16,477,490)</u>	<u>(17,089,789)</u>	<u>(17,694,790)</u>
Accumulated other comprehensive loss			
Beginning balance	(2,811)	(2,941)	(3,453)
Other comprehensive income	190	130	512
Balance, end of period	<u>(2,621)</u>	<u>(2,811)</u>	<u>(2,941)</u>
Total stockholders' deficit, end of period	<u>\$ (1,490,100)</u>	<u>\$ (1,385,474)</u>	<u>\$ (1,260,271)</u>

See accompanying Notes to Consolidated Financial Statements

VERISIGN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income.....	\$ 612,299	\$ 582,489	\$ 457,248
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment.....	46,330	48,367	49,878
Stock-based compensation	50,626	52,504	52,907
Amortization of discount on investments in debt securities	(14,777)	(18,259)	(14,860)
Gain on sale of business	(817)	(54,840)	(10,421)
Other, net	3,668	14,646	272
Changes in operating assets and liabilities			
Other assets	(3,279)	1,041	13,775
Accounts payable and accrued liabilities.....	(24)	(2,130)	15,483
Deferred revenues	16,191	19,825	25,348
Net deferred income taxes and other long-term tax liabilities.....	43,675	54,124	113,131
Net cash provided by operating activities	<u>753,892</u>	<u>697,767</u>	<u>702,761</u>
Cash flows from investing activities:			
Proceeds from maturities and sales of marketable securities	2,247,904	4,031,809	4,562,161
Purchases of marketable securities	(2,030,521)	(2,976,752)	(4,929,834)
Purchases of property and equipment.....	(40,316)	(37,007)	(49,499)
(Payments) Proceeds from sale of business.....	(9,872)	52,240	11,748
Other investing activities	—	(160)	—
Net cash provided by (used in) investing activities	<u>167,195</u>	<u>1,070,130</u>	<u>(405,424)</u>
Cash flows from financing activities:			
Repurchases of common stock	(782,583)	(638,152)	(621,173)
Proceeds from employee stock purchase plan	13,152	12,836	12,915
Repayment of principal on subordinated convertible debentures	—	(1,250,009)	—
Proceeds from senior notes, net of issuance costs	—	—	543,185
Other financing activities	(872)	—	—
Net cash used in financing activities.....	<u>(770,303)</u>	<u>(1,875,325)</u>	<u>(65,073)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash.....	64	(958)	1,294
Net increase (decrease) in cash, cash equivalents and restricted cash	150,848	(108,386)	233,558
Cash, cash equivalents, and restricted cash at beginning of period	366,753	475,139	241,581
Cash, cash equivalents, and restricted cash at end of period.....	<u>\$ 517,601</u>	<u>\$ 366,753</u>	<u>\$ 475,139</u>
Supplemental cash flow disclosures:			
Cash paid for interest.....	\$ 87,683	\$ 117,956	\$ 117,234
Cash paid for income taxes, net of refunds received.....	<u>\$ 89,974</u>	<u>\$ 84,906</u>	<u>\$ 28,294</u>

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017

Note 1. Description of Business and Summary of Significant Accounting Policies

Description of Business

VeriSign, Inc. (“Verisign” or “the Company”) was incorporated in Delaware on April 12, 1995. The Company has one reportable segment. The Company enables the security, stability, and resiliency of key internet infrastructure and services, including providing root zone maintainer services, operating two of the 13 global internet root servers, and providing registration services and authoritative resolution for the .com and .net top-level domains, which support the majority of global e-commerce.

Basis of Presentation

The accompanying consolidated financial statements of Verisign and its subsidiaries have been prepared in conformity with generally accepted accounting principles (“GAAP”) in the United States (“U.S.”). All significant intercompany accounts and transactions have been eliminated.

The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

Reclassifications

Certain reclassifications have been made to prior period amounts to conform to current period presentation. Such reclassifications have no effect on net income as previously reported.

Adoption of New Accounting Standards

Effective January 1, 2019, the Company adopted Accounting Standards Update (“ASU”) 2016-02, *Leases*, and several related amendments, issued by the Financial Accounting Standards Board (“FASB”), collectively codified under Accounting Standards Codification (“ASC”) 842, *Leases*. ASC 842 requires most operating leases to be reported on the balance sheet as a lease liability and a right-of-use asset. This standard was applied as of the effective date of January 1, 2019, and therefore prior period amounts were not adjusted. The adoption of ASC 842 did not have a material impact on the Company’s consolidated financial statements.

Effective January 1, 2018, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers*, and several related amendments, issued by the FASB. The adoption of ASU 2014-09 did not have any impact on our revenue recognition, but did result in a change in the accounting for costs incurred to obtain a contract. This change was adopted using the modified retrospective method and did not have a material impact on the Company’s consolidated financial statements.

Significant Accounting Policies

Cash and Cash Equivalents

Verisign considers all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include certain money market funds, debt securities and various deposit accounts. Verisign maintains its cash and cash equivalents with financial institutions that have investment grade ratings and, as part of its cash management process, performs periodic evaluations of the relative credit standing of these financial institutions.

Marketable Securities

Marketable securities primarily consist of debt securities issued by the U.S. Treasury. All marketable securities are classified as available-for-sale and are carried at fair value. Unrealized gains and losses, net of taxes, are reported as a component of Accumulated other comprehensive loss. The specific identification method is used to determine the cost basis of the marketable securities sold. The Company classifies its marketable securities as current based on their nature and availability for use in current operations.

VERISIGN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019, 2018 AND 2017

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Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets of 35 to 47 years for buildings, 10 years for building improvements and three years to five years for computer equipment, software, office equipment, and furniture and fixtures. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or associated lease terms.

Capitalized Software

Software included in property and equipment includes amounts paid for purchased software and development costs for internally developed software. The Company capitalized \$11.9 million and \$14.7 million of costs related to internally developed software during 2019 and 2018, respectively.

Goodwill and Other Long-lived Assets

Goodwill represents the excess of purchase consideration over fair value of net assets of businesses acquired. The Company has only one reporting unit, which has a negative carrying value. Therefore, the goodwill is not subject to impairment.

Long-lived assets, such as property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset, or asset group, may not be recoverable. Such events or circumstances include, but are not limited to, a significant decrease in the fair value of the underlying business. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset, or asset group, to estimated undiscounted future cash flows expected to be generated by the asset, or asset group. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds its fair value.

As of December 31, 2019, the Company's assets include a deposit related to the purchase of the contractual rights to the .web gTLD. The amount paid to date has been recorded as a deposit until such time that the contractual rights are transferred to the Company. This asset would be tested for recoverability if the Company were to determine that it is no longer probable that the rights will be transferred. At the time of the transfer of the contractual rights, the Company will record the amount as an indefinite-lived intangible asset subject to review for impairment on an annual basis or more frequently if events or changes in circumstances indicate that an impairment is more likely than not.

Foreign Currency Remeasurement

Verisign conducts business in several different countries and transacts in multiple currencies. The functional currency for all of Verisign's international subsidiaries is the U.S. Dollar. The Company's subsidiaries' financial statements are remeasured into U.S. Dollars using a combination of current and historical exchange rates and any remeasurement gains and losses are included in Non-operating income, net. Remeasurement gains and losses were not significant in each of the last three years.

Verisign maintains a foreign currency risk management program designed to mitigate foreign exchange risks associated with the monetary assets and liabilities that are denominated in currencies other than the U.S. dollar. The primary objective of this program is to minimize the gains and losses resulting from fluctuations in exchange rates. The Company does not enter into foreign currency transactions for trading or speculative purposes, nor does it hedge foreign currency exposures in a manner that entirely offsets the effects of changes in exchange rates. The program may entail the use of forward or option contracts, which are usually placed and adjusted monthly. These foreign currency forward contracts are derivatives and are recorded at fair market value. The Company records gains and losses on foreign currency forward contracts in Non-operating income, net. Gains and losses related to foreign currency forward contracts were not significant in each of the last three years.

As of December 31, 2019, Verisign held foreign currency forward contracts in notional amounts totaling \$26.3 million to mitigate the impact of exchange rate fluctuations associated with certain assets and liabilities held in foreign currencies.

Revenue Recognition

Revenues are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenues primarily arise from fixed fees charged to registrars for the initial registration or renewal of .com, .net, and other domain names. Fees for domain name registrations and renewals are generally due at the time of registration or renewal. Domain name registration terms range from one year up to ten years.

Most customers either maintain a deposit with Verisign or provide an irrevocable letter of credit in excess of the amounts owed. New customers are subjected to a credit review process that evaluates the customer's financial condition and, ultimately, their ability to pay.

VERISIGN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019, 2018 AND 2017

Verisign also offers promotional marketing programs to its registrars based upon market conditions and the business environment in which the registrars operate. Amounts payable to these registrars for such promotional marketing programs are usually recorded as a reduction of revenue. If Verisign obtains an identifiable benefit separate from the services it provides to the registrars, then amounts payable up to the fair value of the benefit received are recorded as advertising expenses and the excess, if any, is recorded as a reduction of revenue.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Each domain name registration or renewal is considered a separate optional purchase and represents a single performance obligation, which is to allow its registration and maintain that registration (by allowing updates, Domain Name System ("DNS") resolution and Whois services) through the registration term. These services are provided continuously throughout each registration term, and as such, revenues from the initial registration or renewal of domain names are deferred and recognized ratably over the registration term. Fees for renewals and advance extensions to the existing term are deferred until the new incremental period commences. These fees are then recognized ratably over the renewal term.

Costs Incurred to Obtain a Contract

The Company recognizes the fees payable to ICANN for each annual term of domain name registrations and renewals, as an asset which is amortized on a straight-line basis over the related registration term. These assets are included in Other current assets and Other long-term assets.

Advertising Expenses

Advertising costs are expensed as incurred and are included in Sales and marketing expenses. Advertising expenses, including costs for advertising campaigns conducted jointly with our registrars were \$12.8 million, \$15.2 million, and \$27.4 million in 2019, 2018, and 2017, respectively.

Income Taxes

Verisign uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company records a valuation allowance to reduce deferred tax assets to an amount whose realization is more likely than not. For every tax-paying component and within each tax jurisdiction, all deferred tax liabilities and assets are offset and presented as a single net noncurrent asset or liability.

The Company recognizes the U.S. income tax effect of future global intangible low-taxed income inclusions in the period in which they arise.

The Company's income taxes payable is reduced by the tax benefits from restricted stock unit ("RSU") vestings equal to the fair market value of the stock at the vesting date. If the income tax benefit at the exercise or vesting date differs from the income tax benefit recorded based on the grant date fair value of the RSUs, the excess or shortfall of the tax benefit is recognized within income tax expense.

Verisign's global operations involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes payable are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from U.S. federal, state, and international tax audits. The Company only recognizes tax positions taken or expected to be taken on its tax returns that are more likely than not to be sustained upon examination, and records a tax benefit amount that is more likely than not to be realized upon ultimate settlement with the taxing authority. The Company adjusts its estimate of unrecorded tax benefits in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a liability that is materially different from its estimate.

The Company's assumptions, judgments and estimates relative to the value of a deferred tax asset take into account predictions of the amount and character of future taxable income, such as income from operations or capital gains income. Actual operating results and the underlying amount and character of income in future years could render the Company's current assumptions, judgments and estimates of recoverable net deferred taxes inaccurate. Any of the assumptions, judgments and estimates mentioned above could cause the Company's actual income tax obligations to differ from its estimates, thus materially impacting its financial condition and results of operations.

Stock-based Compensation

The Company's stock-based compensation consists of RSUs granted to employees and the employee stock purchase plan ("ESPP"). Stock-based compensation expense is typically recognized ratably over the requisite service period. Forfeitures of stock-based awards are recognized as they occur. The Company also grants RSUs which include performance conditions, and in some cases market conditions, to certain executives. The expense for these performance-based RSUs is recognized based on the probable outcome of the performance conditions. The expense recognized for awards with market conditions is based on the grant date fair value of the awards including the impact of the market conditions, using a Monte Carlo simulation model. The Company uses the Black-Scholes option pricing model to determine the fair value of its ESPP offerings. The determination of the fair value of stock-based payment awards using the Monte Carlo simulation model or the Black-Scholes option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables.

Earnings per Share

The Company computes basic earnings per share by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per share gives effect to dilutive potential common shares, including unvested RSUs, ESPP offerings and the conversion spread related to the subordinated convertible debentures, prior to conversion on May 1, 2018, using the treasury stock method.

Fair Value of Financial Instruments

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Unobservable inputs reflecting the Company's own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

Legal Proceedings

Verisign is involved in various investigations, claims and lawsuits arising in the normal conduct of its business, none of which, in its opinion, will have a material adverse effect on its financial condition, results of operations, or cash flows. 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.

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

VERISIGN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019, 2018 AND 2017

2019

VERISIGN FORM 10-K

Note 2. Financial Instruments

Cash, Cash Equivalents, and Marketable Securities

The following table summarizes the Company’s cash, cash equivalents, and marketable securities and the fair value categorization of the financial instruments measured at fair value on a recurring basis:

	As of December 31,	
	2019	2018
(In thousands)		
Cash	\$ 33,238	\$ 37,190
Time deposits.....	3,924	3,810
Money market funds (Level 1)	149,624	120,832
Debt securities issued by the U.S. Treasury (Level 1).....	1,040,678	1,117,175
Total.....	<u>\$ 1,227,464</u>	<u>\$ 1,279,007</u>
Cash and cash equivalents	\$ 508,196	\$ 357,415
Restricted cash (included in Other long-term assets)	9,405	9,338
Total Cash, cash equivalents, and restricted cash.....	<u>517,601</u>	<u>366,753</u>
Marketable securities	709,863	912,254
Total	<u>\$ 1,227,464</u>	<u>\$ 1,279,007</u>

The fair value of the debt securities held as of December 31, 2019 was \$1.04 billion, including less than \$0.2 million of gross and net unrealized gains. All of the debt securities held as of December 31, 2019 have contractual maturities of less than one year.

Fair Value Measurements

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

The fair value of the debt securities consisting of U.S. Treasury bills is based on their quoted market prices and are classified as Level 1. Debt securities purchased with original maturities in excess of three months are included in Marketable securities. Debt securities purchased with original maturities less than three months are included in Cash and cash equivalents.

As of December 31, 2019, the Company’s other financial instruments include cash, accounts receivable, restricted cash, and accounts payable whose carrying values approximated their fair values. The fair values of the Company’s senior notes due 2023 (the “2023 Senior Notes”), the senior notes due 2025 (the “2025 Senior Notes”), and the senior notes due 2027 (the “2027 Senior Notes”) were \$762.8 million, \$552.3 million, and \$581.9 million, respectively, as of December 31, 2019. The fair values of these debt instruments are based on available market information from public data sources and are classified as Level 2.

VERISIGN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019, 2018 AND 2017

2019

VERISIGN FORM 10-K

Note 3. Other Balance Sheet Items

Other Current Assets

Other current assets consist of the following:

	As of December 31,	
	2019	2018
	(In thousands)	
Prepaid registry fees	\$ 21,717	\$ 20,696
Prepaid expenses.....	19,818	14,109
Contingent consideration receivable.....	14,721	—
Accounts receivable, net	1,524	6,029
Income taxes receivable.....	1,111	4,451
Other	1,639	2,080
Total other current assets	\$ 60,530	\$ 47,365

Property and Equipment, Net

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

	As of December 31,	
	2019	2018
	(In thousands)	
Computer equipment and software	\$ 470,237	\$ 461,829
Buildings and building improvements.....	248,885	247,870
Land	31,141	31,141
Capital work in progress	6,779	2,013
Office equipment and furniture.....	8,437	6,912
Leasehold improvements	1,458	1,403
Total cost.....	766,937	751,168
Less: accumulated depreciation	(516,654)	(497,263)
Total property and equipment, net	\$ 250,283	\$ 253,905

Substantially all of the Company's property and equipment were held in the U.S. for both periods presented.

Goodwill

The following table presents the detail of goodwill:

	As of December 31,	
	2019	2018
	(In thousands)	
Goodwill, gross.....	\$ 1,537,843	\$ 1,537,843
Accumulated goodwill impairment	(1,485,316)	(1,485,316)
Total goodwill	\$ 52,527	\$ 52,527

There was no impairment of goodwill or other long-lived assets recognized in any of the periods presented.

Deposits to Acquire Intangible Assets

The Company's Deposit to acquire intangible assets represents the \$145.0 million paid for the future assignment to the Company of contractual rights to the .web gTLD, pending resolution of objections by other applicants, and approval from ICANN. Upon assignment of the contractual rights, the Company will record the total investment as an indefinite-lived intangible asset.

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Other Long-Term Assets

Other long-term assets consist of the following:

	As of December 31,	
	2019	2018
	(In thousands)	
Restricted cash	\$ 9,405	\$ 9,338
Long-term prepaid registry fees.....	7,753	7,779
Other tax receivable	6,927	5,673
Operating lease right-of-use asset.....	9,133	—
Contingent consideration receivable.....	—	14,721
Other	6,594	3,535
Total other long-term assets.....	<u>\$ 39,812</u>	<u>\$ 41,046</u>

The prepaid registry fees in the tables above relate to the fees the Company pays to ICANN for each annual term of .com domain name registrations and renewals which are deferred and amortized over the domain name registration term. The amount of prepaid registry fees as of December 31, 2019 reflects amortization of \$34.6 million during 2019 which was recorded in Cost of Revenues. The operating lease right-of-use asset as of December 31, 2019 in the table above reflects amounts recognized in 2019 pursuant to the adoption of ASC 842, *Leases*. The contingent consideration receivable in the tables above relate to the estimated amount due from Neustar in the first quarter of 2020. The receivable was reclassified from Other long-term assets as of December 31, 2018 to Other current assets as of December 31, 2019.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	As of December 31,	
	2019	2018
	(In thousands)	
Accounts payable and accrued expenses	\$ 15,907	\$ 17,263
Customer deposits, net.....	52,804	57,025
Accrued employee compensation	49,869	54,746
Taxes payable and other tax liabilities.....	30,308	18,961
Interest Payable.....	24,318	24,318
Customer incentives payable	13,547	13,771
Accrued registry fees	11,529	11,029
Payables to buyer	331	9,875
Other accrued liabilities	11,375	8,220
Total accounts payable and accrued liabilities	<u>\$ 209,988</u>	<u>\$ 215,208</u>

Payables to buyer in the table above relate to amounts due to Neustar for estimated collections from customers of the divested security services business of any billings after the closing date and until the customer contracts are assigned to Neustar.

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Long-term tax and other liabilities

	As of December 31,	
	2019	2018
	(In thousands)	
Long-term tax liabilities.....	\$ 308,112	\$ 281,621
Long-term operating lease liabilities.....	4,564	—
Long-term tax and other liabilities.....	\$ 312,676	\$ 281,621

Long-term tax liabilities include accruals for unrecognized tax benefits and the long-term portion of the U.S. income taxes payable on the Company's accumulated foreign earnings ("Transition Tax") as discussed in Note 10. *Income Taxes*. Long-term operating lease liabilities as of December 31, 2019 in the table above relate to the lease obligations recorded as a result of the adoption of ASC 842, *Leases*, during 2019.

Note 4. Debt and Interest Expense

Senior Notes

As of December 31, 2019, the Company had senior notes outstanding of \$1.79 billion, net of unamortized issuance costs. All of the outstanding senior notes were issued at par and are senior unsecured obligations of the Company. Interest is payable on each of the senior notes semi-annually. Each of the senior notes issuances is redeemable, in whole or in part, at the Company's option at times and redemption prices specified in the indentures.

The following table summarizes information related to our Senior notes:

	Issuance Date	Maturity Date	Interest Rate	Principal	
				As of December 31,	
				2019	2018
	(in thousands except interest rates)				
Senior notes due 2023.....	April 16, 2013	May 1, 2023	4.625%	\$ 750,000	\$ 750,000
Senior notes due 2025.....	March 27, 2015	April 1, 2025	5.250%	500,000	500,000
Senior notes due 2027.....	July 5, 2017	July 15, 2027	4.750%	550,000	550,000
Unamortized issuance costs				(12,435)	(14,953)
Total senior notes				\$ 1,787,565	\$ 1,785,047

The indenture governing the 2023 Senior Notes contains covenants that limit the ability of the Company and/or its restricted subsidiaries, under certain circumstances, to, among other things: (i) pay dividends or make distributions on, or redeem or repurchase, its capital stock; (ii) make certain investments; (iii) create liens on assets; (iv) enter into sale/leaseback transactions and (v) merge or consolidate or sell all or substantially all of its assets. These covenants are subject to a number of important limitations and exceptions. The Indenture also provides for events of default, which, if any of them occurs, may permit or, in certain circumstances, require the principal, premium, if any, accrued and unpaid interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately. The Company has remained in compliance with these covenants and no events of default have occurred over the term of the Notes.

2019 Credit Facility

On December 12, 2019, the Company entered into a credit agreement for a \$200.0 million committed unsecured revolving credit facility (the "2019 Credit Facility") which takes the place of its prior unsecured revolving credit facility. The 2019 Credit Facility includes a financial covenant requiring that the Company's leverage ratio not exceed 4.0 to 1.0. As of December 31, 2019, there were no borrowings outstanding under the facility and the Company was in compliance with the financial covenants. The 2019 Credit Facility expires on December 12, 2024 at which time any outstanding borrowings are due. Verisign may from time to time request lenders to agree on a discretionary basis to increase the commitment amount by up to an aggregate of \$150.0 million.

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Subordinated Convertible Debentures

In 2018 the Company settled all of its outstanding subordinated convertible debentures, paying the \$1.25 billion principal value in cash, and issuing 26.1 million shares of common stock for the excess of the conversion value over the principal amount. The Company recognized a loss of \$6.6 million upon extinguishment of the subordinated convertible debentures based on the amount of the total consideration allocated to the liability component of the debentures.

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

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
Contractual interest on Senior Notes	\$ 87,063	\$ 87,063	\$ 73,638
Contractual interest on subordinated convertible debentures	—	20,015	47,432
Amortization of debt discount on the subordinated convertible debentures	—	4,236	12,012
Amortization of debt issuance costs and other interest expense.....	3,548	3,531	3,254
Total interest expense	\$ 90,611	\$ 114,845	\$ 136,336

Note 5. Stockholders' Deficit

Treasury Stock

Treasury stock is accounted for under the cost method. Treasury stock includes shares repurchased under stock repurchase programs and shares withheld in lieu of minimum tax withholdings due upon vesting of RSUs.

On February 7, 2019, the Company's Board of Directors ("Board") authorized the repurchase of its common stock in the amount of approximately \$602.9 million, in addition to the \$397.1 million that remained available for repurchases under the share repurchase program, for a total repurchase authorization of up to \$1.0 billion under the program. The program has no expiration date. Purchases made under the program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions. As of December 31, 2019 there was approximately \$327.5 million remaining available for repurchases under the program.

Effective February 6, 2020, the Company's Board authorized the repurchase of its common stock in the amount of \$743.0 million, in addition to the \$257.0 million that remained available for repurchases under the program, for a total repurchase authorization of up to \$1.0 billion under the program.

The summary of the Company's common stock repurchases for 2019, 2018 and 2017 are as follows:

	2019		2018		2017	
	Shares	Average Price	Shares	Average Price	Shares	Average Price
	(In thousands, except average price amounts)					
Total repurchases under the repurchase plans	3,911	\$ 188.84	4,352	\$ 137.86	6,265	\$ 94.59
Total repurchases for tax withholdings	243	\$ 181.07	309	\$ 123.62	335	\$ 85.27
Total repurchases.....	<u>4,154</u>	\$ 188.39	<u>4,661</u>	\$ 136.91	<u>6,600</u>	\$ 94.12
Total costs.....	<u>\$ 782,583</u>		<u>\$ 638,152</u>		<u>\$ 621,173</u>	

Since inception, the Company has repurchased 236.4 million shares of its common stock for an aggregate cost of \$10.20 billion, which is recorded as a reduction of Additional paid-in capital.

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Accumulated Other Comprehensive Loss

The following table summarizes the changes in the components of Accumulated other comprehensive loss for 2019 and 2018:

	Foreign Currency Translation Adjustments Loss	Unrealized Gain (Loss) On Investments	Total Accumulated Other Comprehensive Loss
(In thousands)			
Balance, December 31, 2017.....	\$ (2,836)	\$ (105)	\$ (2,941)
Changes	—	130	130
Balance, December 31, 2018.....	(2,836)	25	(2,811)
Changes	—	190	190
Balance, December 31, 2019.....	<u>\$ (2,836)</u>	<u>\$ 215</u>	<u>\$ (2,621)</u>

Note 6. Calculation of Earnings per Share

The following table presents the computation of weighted-average shares used in the calculation of basic and diluted earnings per share:

	Year Ended December 31,		
	2019	2018	2017
(In thousands)			
Weighted-average shares of common stock outstanding.....	118,513	113,452	100,325
Weighted-average potential shares of common stock outstanding:			
Conversion spread related to subordinated convertible debentures	—	8,589	23,247
Unvested RSUs, and ESPP.....	455	620	608
Shares used to compute diluted earnings per share	<u>118,968</u>	<u>122,661</u>	<u>124,180</u>

The Company settled the subordinated convertible debentures in May 2018. The calculation of diluted weighted average shares outstanding, excludes potentially dilutive securities, the effect of which would have been anti-dilutive, as well as performance-based RSUs granted by the Company for which the relevant performance criteria have not been achieved. The number of potential shares excluded from the calculation was not significant in any period presented.

Note 7. Revenues

The Company generates revenues in the U.S.; Europe, the Middle East and Africa (“EMEA”); China; and certain other countries, including, but not limited to Canada, Australia, and Japan. The following table presents our revenues disaggregated by geography, based on the billing addresses of our customers:

	Year Ended December 31,		
	2019	2018	2017
(In thousands)			
U.S.....	\$ 772,586	\$ 756,907	\$ 707,906
EMEA.....	206,975	212,699	211,349
China	119,291	106,841	106,526
Other.....	132,809	138,522	139,314
Total revenues	<u>\$ 1,231,661</u>	<u>\$ 1,214,969</u>	<u>\$ 1,165,095</u>

Revenues in the table above are attributed to the country of domicile and the respective regions in which registrars are located, however, this may differ from the regions where the registrars operate or where registrants are located. Revenues for each region may be impacted by registrars reincorporating, relocating, or from acquisitions or changes in affiliations of resellers. Revenues for each region may also be impacted by registrars domiciled in one region, registering domain names in another region.

Major Customers

Our largest customer accounted for approximately 33%, 32%, and 31% of revenues in 2019, 2018, and 2017, respectively and another customer accounted for 10% of revenues during 2018. The Company does not believe that the loss of either of these customers would have a material adverse effect on the Company's business because, in that event, end-users of these customers would transfer to the Company's other existing customers.

Deferred Revenues

As payment for domain name registrations and renewals are due in advance of our performance, we record these amounts as deferred revenues. The increase in the deferred revenues balance in 2019 is primarily driven by amounts billed in 2019 for domain name registrations and renewals to be recognized as revenues in future periods, offset by refunds for domain name renewals deleted during the 45-day grace period, and \$707.2 million of revenues recognized that were included in the deferred revenues balance at December 31, 2018. The balance of deferred revenues as of December 31, 2019 represents our aggregate remaining performance obligations. Amounts included in current deferred revenues are all expected to be recognized in revenues within 12 months, except for a portion of deferred revenues that relates to domain name renewals that are deleted in the 45-day grace period following the transaction. The long-term deferred revenues amounts will be recognized in revenues over several years and in some cases up to ten years.

Note 8. Employee Benefits and Stock-based Compensation

401(k) Plan

The Company maintains a defined contribution 401(k) plan (the "401(k) Plan") for substantially all of its U.S. employees. Under the 401(k) Plan, eligible employees may contribute up to 50% of their pre-tax salary, subject to the Internal Revenue Service ("IRS") annual contribution limits. The Company matches 50% of up to the first 8% of the employee's annual salary contributed to the plan. The Company contributed \$4.7 million in 2019, \$4.3 million in 2018, and \$4.0 million in 2017 under the 401(k) Plan. The Company can terminate matching contributions at its discretion at any time.

Equity Incentive Plan

The majority of Verisign's stock-based compensation relates to RSUs granted under the 2006 Equity Incentive Plan ("the 2006 Plan"). As of December 31, 2019, a total of 9.0 million shares of common stock remain reserved for issuance upon the vesting of RSUs and for the future grant of equity awards. The 2006 Plan authorizes the award of incentive stock options to employees and non-qualified stock options, restricted stock awards, RSUs, stock bonus awards, stock appreciation rights and performance shares to eligible employees, officers, directors, consultants, independent contractors and advisers. The 2006 Plan is administered by the Compensation Committee which may delegate to a committee of one or more members of the Board or Verisign's officers the ability to grant certain awards and take certain other actions with respect to participants who are not executive officers or non-employee directors. RSUs are awards covering a specified number of shares of Verisign common stock that may be settled by issuance of those shares (which may be restricted shares). RSUs generally vest over four years. Certain RSUs with performance and market conditions ("PSUs"), granted to the Company's executives, vest over either three- or four-year terms. Additionally, the Company has granted fully vested RSUs to members of its Board in each of the last three years. The Compensation Committee may authorize grants with a different vesting schedule in the future.

2007 Employee Stock Purchase Plan

Eligible employees of the Company may purchase common stock under the 2007 Employee Stock Purchase Plan through payroll deductions by electing to have between 2% and 25% of their compensation withheld to cover the purchase price. Each participant is granted an option to purchase common stock on the first day of each 24-month offering period and this option is automatically exercised on the last day of each six-month purchase period during the offering period. The purchase price for the common stock under the ESPP is 85% of the lesser of the fair market value of the common stock on the first day of the applicable offering period or the last day of the applicable purchase period. Offering periods begin on the first business day of February and August of each year. As of December 31, 2019, 3.1 million shares of the Company's common stock remain reserved for future issuance under this plan.

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Stock-based Compensation

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

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
Cost of revenues	\$ 6,739	\$ 6,835	\$ 7,030
Sales and marketing.....	3,755	4,972	5,688
Research and development	6,370	6,728	6,113
General and administrative.....	33,762	33,969	34,076
Total stock-based compensation.....	\$ 50,626	\$ 52,504	\$ 52,907

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

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
RSUs.....	\$ 36,930	\$ 38,005	\$ 38,087
PSUs	10,522	12,403	13,270
ESPP	4,864	4,166	4,005
Capitalization (Included in Property and equipment, net).....	(1,690)	(2,070)	(2,455)
Total stock-based compensation expenses	\$ 50,626	\$ 52,504	\$ 52,907

The income tax benefit that was included within Income tax expense related to these stock-based compensation expenses for 2019, 2018, and 2017 was \$11.7 million, \$12.3 million, and \$12.5 million, respectively.

RSUs Information

The following table summarizes unvested RSUs activity for the year ended December 31, 2019:

	Shares	Weighted-Average Grant-Date Fair Value
	(Shares in thousands)	
Unvested at beginning of period	1,222	\$ 90.88
Granted	307	\$ 172.87
PSU achievement adjustment.....	85	\$ 42.22
Vested and settled.....	(682)	\$ 81.05
Forfeited	(56)	\$ 110.45
	<u>876</u>	<u>\$ 121.21</u>

The RSUs in the table above include PSUs. The unvested RSUs as of December 31, 2019 include approximately 0.3 million PSUs. The number of shares received upon vesting of these PSUs may range from zero to 0.6 million depending on the level of performance achieved and whether any market conditions are satisfied.

The closing price of Verisign's stock was \$192.68 on December 31, 2019. As of December 31, 2019, the aggregate market value of unvested RSUs was \$168.9 million. The fair values of RSUs that vested during 2019, 2018, and 2017 were \$124.1 million, \$107.2 million, and \$70.9 million, respectively. The weighted-average grant-date fair value of RSUs granted during the years ended December 31, 2018 and 2017, was \$112.74 and \$83.91, respectively. As of December 31, 2019, total unrecognized compensation cost related to unvested RSUs was \$71.2 million which is expected to be recognized over a weighted-average period of 2.5 years.

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Note 9. Non-operating Income, Net

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

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
Interest income	\$ 26,596	\$ 26,490	\$ 17,944
Transition services income	15,600	1,132	—
Gain on sale of business	817	54,840	10,421
Loss on extinguishment of subordinated convertible debentures.....	—	(6,554)	—
Other, net	247	1,061	(739)
Total non-operating income, net.....	\$ 43,260	\$ 76,969	\$ 27,626

Interest income is earned principally from the Company's surplus cash balances and marketable securities. Transition services income and gain on sale of business in 2019 and 2018 relate to the divested security services business. Gain on sale of business in 2017 relates to the divested iDefense business.

Note 10. Income Taxes

Income before income taxes is categorized geographically as follows:

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
United States.....	\$ 452,793	\$ 420,597	\$ 313,351
Foreign.....	305,983	308,919	285,661
Total income before income taxes.....	\$ 758,776	\$ 729,516	\$ 599,012

The provision for income taxes consisted of the following:

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
Current expense:			
Federal	\$ 74,283	\$ 99,127	\$ 16,870
State	2,069	1,088	294
Foreign, including withholding tax	31,385	76,199	15,539
	<u>107,737</u>	<u>176,414</u>	<u>32,703</u>
Deferred expense (benefit):			
Federal	30,462	(16,448)	90,113
State	22,899	42,624	19,654
Foreign	(14,621)	(55,563)	(706)
	<u>38,740</u>	<u>(29,387)</u>	<u>109,061</u>
Total income tax expense.....	\$ 146,477	\$ 147,027	\$ 141,764

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017, and most of its provisions became effective in 2018. The Tax Act made substantial changes to U.S. taxation of corporations, including, lowering the U.S. federal corporate income tax rate from 35% to 21%, and instituting a territorial tax system, along with a one-time Transition Tax.

Federal current expense and federal deferred benefit for 2018 includes \$96.4 million related to the Transition tax, net of \$106.7 million of carried forward and newly-generated foreign tax credits, payable as a result of the Tax Act. This amount is

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being paid in installments over an eight-year period which began in 2018, as allowed by the Tax Act. The Transition Tax was recorded as a provisional deferred tax liability in 2017.

State tax expense for 2018 was increased by \$10.0 million remeasurement of deferred tax assets because of changes in certain state apportionment rates, and \$5.6 million change in estimate related to the 2017 state income tax returns.

Foreign current expense and foreign deferred benefit for 2019 and 2018 includes \$13.1 million and \$60.7 million, respectively, of withholding taxes paid upon the repatriation of cash held by foreign subsidiaries.

The difference between income tax expense and the amount resulting from applying the federal statutory rate of 21% in 2019 and 2018, and 35% in 2017, to Income before income taxes is attributable to the following:

	Year Ended December 31,		
	2019	2018	2017
	(In thousands)		
Income tax expense at federal statutory rate	\$ 159,343	\$ 153,199	\$ 209,654
State taxes, net of federal benefit	20,573	35,852	13,029
Effect of non-U.S. operations	(25,178)	(26,271)	(45,810)
Stock-based compensation	(9,204)	(7,032)	(5,375)
Capital loss carryforwards expiration.....	—	769,706	—
Change in valuation allowance.....	(3,555)	(773,737)	(5,813)
Accrual for uncertain tax positions.....	7,365	2,637	4,923
U.S. federal tax rate change.....	—	—	(186,800)
Transition tax, net of foreign tax credits.....	—	(5,602)	162,353
Other	(2,867)	(1,725)	(4,397)
Total income tax expense	\$ 146,477	\$ 147,027	\$ 141,764

The Company qualified for a tax holiday in Switzerland until the end of 2019 which lowered tax rates on certain types of income and required certain thresholds of foreign source income. The tax holiday reduced our foreign income tax expense by \$17.3 million (\$0.15 per share), \$16.9 million (\$0.14 per share), and \$12.3 million (\$0.10) in 2019, 2018, and 2017, respectively. The benefit from the tax holiday is calculated before consideration of any offsetting tax impact in the United States. Effective January 1, 2020, due to Swiss tax law changes, the tax holiday was eliminated, which was partially offset by a lowered statutory tax rate.

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The tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets and liabilities are as follows:

	As of December 31,	
	2019	2018
(In thousands)		
Deferred tax assets:		
Net operating loss carryforwards	\$ 17,897	\$ 40,729
Tax credit carryforwards	5,516	3,970
Deferred revenues, accruals and reserves	70,539	73,847
Other	7,401	6,724
Total deferred tax assets	101,353	125,270
Valuation allowance	(6,598)	(10,153)
Net deferred tax assets.....	94,755	115,117
Deferred tax liabilities:		
Property and equipment	(3,466)	(2,764)
Other	(3,608)	(7,495)
Total deferred tax liabilities.....	(7,074)	(10,259)
Total net deferred tax assets.....	\$ 87,681	\$ 104,858

With the exception of deferred tax assets related to certain state net operating loss carryforwards, management believes it is more likely than not that the tax effects of the deferred tax liabilities together with future taxable income, will be sufficient to fully recover the remaining deferred tax assets. As of December 31, 2019, the Company's Other long-term tax liabilities include the \$73.9 million noncurrent liability for Transition Tax, net of applicable foreign tax credits, while the \$7.8 million current portion of the liability is included in Accounts payable and accrued liabilities.

As of December 31, 2019, the Company's deferred tax assets included \$329.8 million of state net operating loss carryforwards, before applying tax rates for the respective jurisdictions. The tax credit carryforwards as of December 31, 2019 consisted primarily of state research tax credits, and foreign tax credit carryforwards. The net operating loss and federal tax credit carryforwards expire in various years from 2020 through 2034. The foreign tax credits will expire in 2028.

The Company maintains liabilities for uncertain tax positions. These liabilities involve considerable judgment and estimation and are continuously monitored by management based on the best information available including changes in tax regulations and other information. A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	As of December 31,	
	2019	2018
(In thousands)		
Beginning balance	\$ 223,455	\$ 223,216
Increases in tax positions for prior years.....	4,467	333
Decreases in tax positions for prior years	(328)	(196)
Increases in tax positions for current year.....	3,745	436
Lapse in statute of limitations	—	(334)
Ending balance	\$ 231,339	\$ 223,455

As of December 31, 2019, approximately \$229.2 million of unrecognized tax benefits, including penalties and interest, could affect the Company's tax provision and effective tax rate. It is reasonably possible that during the next twelve months, the Company's unrecognized tax benefits may change by a significant amount as a result of IRS audits. However, the timing of completion and ultimate outcome of the audits remains uncertain. Therefore, the Company cannot currently estimate the impact on the balance of unrecognized tax benefits.

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In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of tax expense. These accruals were not material in any period presented.

The Company's major taxing jurisdictions are the U.S., the state of Virginia, and Switzerland. The Company's U.S. federal income tax returns are currently under examination by the IRS for 2010 through 2014. The Company's other material tax returns are not currently under examination by their respective taxing jurisdictions. Because the Company has previously used net operating loss carryforwards and other tax attributes to offset its taxable income in income tax returns for the U.S. and Virginia, such attributes can be adjusted by these taxing authorities until the statute closes on the year in which such attributes were utilized. The open years for examination in Switzerland are the 2012 tax year and forward.

Note 11. Commitments and Contingencies

Purchase Obligations and Contractual Agreements

The following table represents the minimum payments required by Verisign under certain purchase obligations, leases, the .tv Agreement with the Government of Tuvalu, and the interest payments and principal on the Senior Notes:

	Purchase Obligations	Transition Tax	Operating Leases	.tv Agreement	Senior Notes	Total
(In thousands)						
2020.....	\$ 37,892	\$ 7,772	\$ 4,632	\$ 5,000	\$ 87,063	\$ 142,359
2021.....	1,856	7,772	2,576	5,000	87,063	104,267
2022.....	875	7,772	999	—	87,063	96,709
2023.....	379	14,573	791	—	819,719	835,462
2024.....	—	19,430	198	—	52,375	72,003
Thereafter	—	24,288	—	—	1,141,500	1,165,788
Total.....	\$ 41,002	\$ 81,607	\$ 9,196	\$ 10,000	\$ 2,274,783	\$ 2,416,588

The amounts in the table above exclude \$229.2 million of income tax related uncertain tax positions, as the Company is unable to reasonably estimate the ultimate amount or time of settlement of those liabilities.

Verisign enters into certain purchase obligations with various vendors. The Company's significant purchase obligations include firm commitments with telecommunication carriers and other service providers. The Company does not have any significant purchase obligations beyond 2023.

The Transition Tax relates to the U.S. income taxes payable on our accumulated foreign earnings pursuant to the Tax Act as discussed in Note 10. *Income Taxes*. As permitted in the Tax Act, the Company will continue to pay the Transition Tax in installments as shown in the table above.

The Company has an agreement with Internet Corporation for Assigned Names and Numbers ("ICANN") to be the sole registry operator for domain names in the .com registry through November 30, 2024. Under this agreement, the Company pays ICANN on a quarterly basis, \$0.25 for each annual term of a domain name registered or renewed during such quarter. As of December 31, 2019, there were 145.4 million domain names in the .com registry. However, the number of domain names registered and renewed each quarter may vary significantly. The Company incurred registry fees for the .com registry of \$34.7 million in 2019, \$33.0 million in 2018, and \$32.3 million in 2017. Registry fees for other top-level domains that we operate have been excluded from the table above because the amounts are variable or passed through to registrars.

The Company has an agreement with the Government of Tuvalu to be the sole registry operator for .tv domain names through December 31, 2021. Registry fees were \$5.0 million in each of the last three years.

Verisign leases a small portion of its office space and a portion of its data center facilities under operating leases, the longest of which extends into 2024. Rental expenses under operating leases were not material in any period presented.

VERISIGN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019, 2018 AND 2017

Off-Balance Sheet Arrangements

As of December 31, 2019 and 2018, the Company did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, the Company is not exposed to any financing, liquidity, market or credit risk that could arise if the Company had engaged in such relationships.

It is not the Company's business practice to enter into off-balance sheet arrangements. However, in the normal course of business, the Company does enter into contracts in which it makes representations and warranties that guarantee the performance of the Company's products and services. Historically, there have been no significant losses related to such guarantees.

Supplementary Data (Unaudited)

The following tables set forth unaudited supplementary quarterly financial data for the two-year period ended December 31, 2019. In management's opinion, the unaudited data has been prepared on the same basis as the audited information and includes all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the data for the periods presented.

	2019					
	March 31	Quarter Ended			Year Ended	
		June 30	September 30	December 31	December 31,	
	(In thousands, except per share data)					
Revenues	\$ 306,408	\$ 306,289	\$ 308,421	\$ 310,543	\$ 1,231,661	
Gross Profit	\$ 260,904	\$ 262,223	\$ 263,978	\$ 264,089	\$ 1,051,194	
Operating Income.....	\$ 200,252	\$ 201,693	\$ 205,616	\$ 198,566	\$ 806,127	
Net income	\$ 162,527	\$ 147,534	\$ 153,913	\$ 148,325	\$ 612,299	
Earnings per share:.....						
Basic.....	\$ 1.36	\$ 1.24	\$ 1.30	\$ 1.27	\$ 5.17	
Diluted.....	\$ 1.35	\$ 1.24	\$ 1.30	\$ 1.26	\$ 5.15	

	2018					
	March 31	Quarter Ended			Year Ended	
		June 30	September 30	December 31 (2)	December 31,	
	(In thousands, except per share data)					
Revenues.....	\$ 299,288	\$ 302,452	\$ 305,777	\$ 307,452	\$ 1,214,969	
Gross Profit	\$ 251,136	\$ 255,087	\$ 257,528	\$ 259,084	\$ 1,022,835	
Operating Income	\$ 185,419	\$ 193,010	\$ 194,997	\$ 193,966	\$ 767,392	
Net income.....	\$ 134,263	\$ 128,351	\$ 137,680	\$ 182,195	\$ 582,489	
Earnings per share:						
Basic (1).....	\$ 1.38	\$ 1.13	\$ 1.13	\$ 1.51	\$ 5.13	
Diluted (1).....	\$ 1.09	\$ 1.04	\$ 1.13	\$ 1.50	\$ 4.75	

(1) Earnings per share for the year is computed independently and may not equal the sum of the quarterly earnings per share.

(2) Results for the quarter ended December 31, 2018 include a \$52.0 million after-tax gain recognized on the sale of the customer contracts of our security services business.

Our quarterly 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 should not be relied upon 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 quarters. If this were to occur, the market price of our common stock would likely decline.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES**a. Evaluation of Disclosure Controls and Procedures**

Based on our management's evaluation, with the participation of our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), as of December 31, 2019, 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 Securities Exchange Act of 1934, as amended, (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.

b. Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2019 using the criteria established in *Internal Control-Integrated Framework* (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on our evaluation under the COSO framework, management has concluded that our internal control over financial reporting is effective 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.

KPMG LLP, an independent registered public accounting firm, has issued a report concerning the effectiveness of our internal control over financial reporting as of December 31, 2019. See "Report of Independent Registered Public Accounting Firm" in Item 8 of this Form 10-K.

c. 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 December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

d. Inherent Limitations of Disclosure Controls and Internal Control over Financial Reporting

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

ITEM 9B. OTHER INFORMATION

On February 11, 2020, the Board appointed Todd B. Strubbe, 56, as President and Chief Operating Officer of the Company, effective as of that date.

Mr. Strubbe previously served as Executive Vice President and Chief Operating Officer since April 2015. See "Information About Our Executive Officers" in Part I, Item 1 for further information.

Mr. Strubbe will continue to earn a base salary at the annual rate of \$565,000, payable in accordance with the Company's standard payroll practices. Mr. Strubbe's annual incentive bonus target as a percentage of his Base Salary will be increased from 90% to 95% (the "Annual Incentive Bonus"). The Annual Incentive Bonus is not guaranteed; the Annual Incentive Bonus is based upon the Company's achievement of pre-established financial goals, as well as individual performance. The

compensation package also includes a \$240,000 promotional equity grant, which is in addition to a \$2,760,000 annual long-term incentive equity grant, both consisting of 50% performance-based RSUs and 50% time-vesting RSUs. The metrics associated with the performance-based RSUs consist of two financial measures - compound annual growth rate of operating income per share and the total shareholder return (“TSR”) of Verisign stock compared to the TSR of the S&P 500 Index, each measured over a three-year performance period from January 1, 2020 through December 31, 2022.

Mr. Strubbe has no family relationships with any of the Company’s directors or executive officers, and there have been no related party transactions between the Company and Mr. Strubbe reportable under Item 404(a) of Regulation S-K.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item relating to our directors and nominees, regarding compliance with Section 16(a) of the Exchange Act, and regarding our Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee will be included under the captions “Proposal No. 1: Election of Directors,” “Security Ownership of Certain Beneficial Owners” and “Corporate Governance” in our Proxy Statement related to the 2020 Annual Meeting of Stockholders and is incorporated herein by reference (“2020 Proxy Statement”).

Pursuant to General Instruction G(3) of Form 10-K, the information required by this item relating to our executive officers is included under the caption “Information about our Executive Officers” in Part I of this Annual Report on Form 10-K.

We have adopted a “Verisign Code of Conduct”, which is posted on our website under “Ethics and Business Conduct” at <https://investor.verisign.com/corporate-governance.cfm>. The code of conduct applies to all directors, officers and employees, including the principal executive officer, principal financial officer and other senior accounting officers. We have also adopted the “Corporate Governance Principles for the Board of Directors,” which provide guidance to our directors on corporate practices that serve the best interests of the Company and its shareholders.

We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the “Verisign Code of Conduct,” to the extent applicable to the principal executive officer, principal financial officer, or other senior accounting officers, by posting such information on our website, on the web page found by clicking through to “Ethics and Business Conduct” as specified above.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated herein by reference to our 2020 Proxy Statement from the discussions under the captions “Compensation of Directors,” “Non-Employee Director Retainer Fees and Equity Compensation Information” and “Non-Employee Director Compensation Table for Fiscal 2019,” and “Executive Compensation.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is incorporated herein by reference from the discussions under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in our 2020 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated herein by reference to our 2020 Proxy Statement from the discussions under the captions “Policies and Procedures with Respect to Transactions with Related Persons,” “Certain Relationships and Related Transactions” and “Independence of Directors.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated herein by reference to our 2020 Proxy Statement from the discussions under the captions “Principal Accountant Fees and Services” and “Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors.”

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report

1. Financial statements

The financial statements are set forth under Item 8 of this Form 10-K, as indexed below.

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2. Financial statement schedules

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

3. Exhibits

(a) Index to Exhibits

Pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), the Company has filed certain agreements as exhibits to this Form 10-K. These agreements may contain representations and warranties by the parties thereto. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (1) may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to such agreements if those statements prove to be inaccurate, (2) may have been qualified by disclosures that were made to such other party or parties and that either have been reflected in the Company's filings or are not required to be disclosed in those filings, (3) may apply materiality standards different from what may be viewed as material to investors and (4) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments. Accordingly, these representations and warranties may not describe the Company's actual state of affairs at the date hereof or at any other time.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
2.01	Agreement and Plan of Merger dated as of March 6, 2000, by and among the Registrant, Nickel Acquisition Corporation and Network Solutions, Inc.	8-K	3/8/00	2.1	
3.01	Sixth Amended and Restated Certificate of Incorporation of the Registrant.	10-K	2/17/17	3.01	
3.02	Bylaws of VeriSign, Inc.	10-K	2/16/18	3.02	
4.01	Indenture, dated as of April 16, 2013, between VeriSign, Inc., each of the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee.	8-K	4/17/13	4.1	
4.02	Indenture dated as of March 27, 2015 between VeriSign, Inc. and U.S. Bank National Association, as trustee.	8-K	3/30/15	4.1	
4.03	Indenture, dated as of July 5, 2017, between VeriSign, Inc. and U.S. Bank National Association, as trustee.	8-K	7/5/17	4.1	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
4.04	Description of Securities of the Registrant				X
10.01	Amended and Restated 2007 Employee Stock Purchase Plan, as adopted August 30, 2007, and amended May 25, 2017. +	DEF 14A	4/12/17	Appendix A	
10.02	Amendment No. Thirty (30) to Cooperative Agreement - Special Awards Conditions NCR-92-18742, between VeriSign and U.S. Department of Commerce managers.	10-K	7/12/07	10.27	
10.03	VeriSign, Inc. Annual Incentive Compensation Plan. +	DEF 14A	4/8/15	Appendix A	
10.04	Form of Amended and Restated Change-in-Control and Retention Agreement [CEO Form of Agreement]. +	10-Q	7/27/17	10.01	
10.05	Amended and Restated Change-in-Control and Retention Agreement. +	10-Q	7/27/17	10.02	
10.06	Purchase and Sale Agreement for 12061 Bluemont Way Reston, Virginia between 12061 Bluemont Owner, LLC, a Delaware limited liability company, as Seller and VeriSign, Inc., a Delaware corporation, as Purchaser Dated August 18, 2011.	8-K	9/7/11	10.01	
10.07	VeriSign, Inc. 2006 Equity Incentive Plan Form of Non-Employee Director Restricted Stock Unit Agreement. +	10-Q	7/27/12	10.03	
10.08	Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on November 29, 2012.	8-K	11/30/12	10.1	
10.09	Amendment Number Thirty-Two (32) to the Cooperative Agreement between VeriSign, Inc. and Department of Commerce, entered into on November 29, 2012.	8-K	11/30/12	10.2	
10.10	VeriSign, Inc. 2006 Equity Incentive Plan Employee Restricted Stock Unit Agreement. +	10-Q	4/25/13	10.02	
10.11	VeriSign, Inc. 2006 Equity Incentive Plan Performance-Based Restricted Stock Unit Agreement +	10-Q	4/28/16	10.01	
10.12	Credit Agreement dated as of December 12, 2019 among VeriSign, Inc., the Lenders as defined therein, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent.	8-K	12/13/19	10.1	
10.13	VeriSign, Inc. 2006 Equity Incentive Plan Form of Employee Restricted Stock Unit Agreement +	10-K	2/19/16	10.70	
10.14	Amendment to the .com Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on October 20, 2016	8-K	10/20/16	10.1	
10.15	Amendment Number Thirty-Three (33) to the Cooperative Agreement between VeriSign, Inc. and Department of Commerce, entered into on October 20, 2016	8-K	10/20/16	10.2	
10.16	Amendment Number Thirty-Four (34) to the Cooperative Agreement between VeriSign, Inc. and Department of Commerce, entered into on October 20, 2016	8-K	10/20/16	10.3	
10.17	Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan, as amended and restated +	DEF 14A	4/29/16	Appendix A	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.18	.Net Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on June 28, 2017.	8-K	6/28/17	10.1	
10.19	Amendment Thirty-Five (35) to the Cooperative Agreement between VeriSign, Inc. and the U.S. Department of Commerce, entered into on October 26, 2018	8-K	11/1/18	10.1	
10.20	Asset Purchase Agreement between Verisign, Inc., as the seller and Neustar, Inc., as the buyer, dated as of October 24, 2018	10-K	2/15/19	10.20	
10.21	Second Amendment to the .com Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on March 27, 2019				X
10.22	Amendment to Asset Purchase Agreement and Transition Services Agreement between Neustar, Inc. and VeriSign, Inc., dated as of December 10, 2019 [†]				X
21.01	Subsidiaries of the Registrant.				X
23.01	Consent of Independent Registered Public Accounting Firm.				X
24.01	Powers of Attorney (Included as part of the signature pages hereto).				X
31.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a).				X
31.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a).				X
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). *				X
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). *				X
101	Interactive Data File. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				X

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

+ Indicates a management contract or compensatory plan or arrangement.

† Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

ITEM 16. 10-K SUMMARY

None.

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Notice of 2020 Annual Meeting and Proxy Statement

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VeriSign, Inc.
12061 Bluemont Way
Reston, Virginia 20190

April 10, 2020

To Our Stockholders:

You are cordially invited to attend the 2020 Annual Meeting of Stockholders (the “Annual Meeting”) of VeriSign, Inc. (“we,” “our,” “us” or the “Company”) to be held on Thursday, May 21, 2020, at 10:00 a.m., Eastern Time. Due to public health and travel concerns of our stockholders and other stakeholders related to the coronavirus disease 2019 (COVID-19), as well as related governmental protocols that have been or may be imposed, the Annual Meeting will be held exclusively by remote communication via live webcast (i.e., a virtual-only meeting) at www.meetingcenter.io/205244620. No physical Annual Meeting will be held this year.

The matters expected to be acted upon at the Annual Meeting are described in detail in the following *Notice of 2020 Annual Meeting of Stockholders* and *Proxy Statement*.

We are using a U.S. Securities and Exchange Commission rule that allows us to furnish our proxy materials over the internet. As a result, we are mailing to our stockholders a Notice Regarding the Availability of Proxy Materials instead of a paper copy of our 2019 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2019 (the “Annual Report”), and the following *Proxy Statement*. The Notice Regarding the Availability of Proxy Materials contains instructions on how to access those documents over the internet. The Notice Regarding the Availability of Proxy Materials also contains instructions on how each stockholder can receive a paper copy of our proxy materials, including the following *Notice of 2020 Annual Meeting of Stockholders* and *Proxy Statement*, our Annual Report and a proxy card. We believe that this process will conserve natural resources and reduce the costs of printing and distributing our proxy materials.

It is important that you use this opportunity to take part in the affairs of the Company by voting on the business to come before the Annual Meeting. Whether or not you plan to attend the virtual-only Annual Meeting, please vote electronically via the internet or by telephone as described on the Notice Regarding the Availability of Proxy Materials and under “Internet and Telephone Voting” in the following *Proxy Statement*, or alternatively, if you have received paper copies of our proxy materials, please complete, date, sign and promptly return the accompanying proxy card or voting instruction form by mail using the enclosed envelope so that your shares may be represented at the Annual Meeting. Returning or completing the proxy card does not deprive you of your right to attend the virtual-only Annual Meeting and vote your shares.

Thank you for your continued support of the Company.

Sincerely,

/s/ D. James Bidzos

D. James Bidzos

*Chairman of the Board of Directors and
Executive Chairman and Chief Executive
Officer*



NOTICE OF 2020 ANNUAL MEETING OF STOCKHOLDERS

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2020 Annual Meeting of Stockholders (the “Annual Meeting”) of VeriSign, Inc. (the “Company”) will be held exclusively by remote communication via live webcast (i.e., a virtual-only meeting) at www.meetingcenter.io/205244620 on Thursday, May 21, 2020, at 10:00 a.m., Eastern Time. No physical Annual Meeting will be held this year.

The Annual Meeting will be held for the following purposes:

1. To elect the eight directors of the Company named in the Proxy Statement, each to serve until the next annual meeting, or until a successor has been elected and qualified or until the director’s earlier resignation or removal.
2. To approve, on a non-binding, advisory basis, the Company’s executive compensation.
3. To ratify the selection of KPMG LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2020.
4. To vote on a stockholder proposal, if properly presented at the Annual Meeting, requesting that the Board take steps to permit stockholder action by written consent.
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only stockholders of record at the close of business on March 26, 2020, which is the record date, are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

If you hold your shares as of the record date as a stockholder of record, you or your proxyholder may participate, vote, and examine a list of the stockholders of record entitled to vote at the Annual Meeting by accessing www.meetingcenter.io/205244620 and entering the 15-digit control number on your Proxy Card or Notice Regarding the Availability of Proxy Materials and entering VRSN2020 as the meeting password.

If you hold your shares as of the record date through an intermediary, such as a bank or broker, you must register in advance to attend the virtual-only Annual Meeting by obtaining a legal proxy (executed in your favor) from the holder of record and submitting proof of your legal proxy reflecting the number of shares you held as of the record date along with your name and email address to legalproxy@computershare.com. Requests for registration must be labeled as “Legal Proxy” and be received no later than 5:00 p.m. Eastern Time, on May 18, 2020. You will then receive a confirmation of your registration, with a control number, by email from Computershare.

By Order of the Board of Directors,

/s/ Thomas C. Indelicato

Thomas C. Indelicato

Secretary

Reston, Virginia
April 10, 2020

WHETHER OR NOT YOU PLAN TO ATTEND THE VIRTUAL-ONLY ANNUAL MEETING, PLEASE VOTE ELECTRONICALLY VIA THE INTERNET OR BY TELEPHONE AS DESCRIBED ON THE NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS AND UNDER “INTERNET AND TELEPHONE VOTING” IN THE PROXY STATEMENT, OR ALTERNATIVELY, IF YOU HAVE RECEIVED PAPER COPIES OF PROXY MATERIALS, COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ACCOMPANYING PROXY CARD OR VOTING INSTRUCTION FORM BY MAIL USING THE ENCLOSED ENVELOPE SO THAT YOUR SHARES MAY BE REPRESENTED AT THE ANNUAL MEETING.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on May 21, 2020: The Proxy Statement and Annual Report are available at www.edocumentview.com/vrsn.

**PROXY STATEMENT
FOR THE 2020 ANNUAL MEETING OF STOCKHOLDERS**

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PROXY STATEMENT SUMMARY

This summary highlights certain information contained in this Proxy Statement. This summary does not contain all of the information that you should consider, and we encourage you to read the entire Proxy Statement before voting. This Proxy Statement and related proxy materials were first made available to stockholders on or about April 10, 2020.

2020 Annual Meeting Information

Date	May 21, 2020
Time	10:00 a.m., Eastern Time
Place	The Annual Meeting will be held exclusively by remote communication via live webcast (i.e., a virtual-only meeting) at www.meetingcenter.io/205244620 . No physical Annual Meeting will be held this year.
Record Date	March 26, 2020

Items of Business and Voting Recommendation

Proposal	Board Voting Recommendation
1 Election of Directors	<input checked="" type="checkbox"/> FOR ALL NOMINEES
2 Advisory Vote to Approve Executive Compensation	<input checked="" type="checkbox"/> FOR
3 Ratification of Selection of KPMG LLP as independent registered public accounting firm for 2020	<input checked="" type="checkbox"/> FOR
4 Stockholder Proposal to Permit Stockholder Action by Written Consent	<input checked="" type="checkbox"/> AGAINST

In addition, stockholders may be asked to consider such other business as may properly come before the meeting or any adjournment or postponement thereof.

How to Vote

Only stockholders of record as of the record date are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof. Holders of our common stock are entitled to one vote for each share held as of the record date.

REVIEW THE PROXY STATEMENT AND VOTE IN ONE OF FOUR WAYS:

 <p>VIA THE INTERNET Visit the website listed on your proxy card</p>	 <p>BY MAIL Sign, date and return your proxy card in the enclosed envelope</p>
 <p>BY TELEPHONE Call the telephone number on your proxy card</p>	 <p>BY ACCESSING THE VIRTUAL-ONLY MEETING Attend and vote at the virtual-only Annual Meeting</p>

About Verisign

We are a global provider of domain name registry services and internet infrastructure, enabling internet navigation for many of the world’s most recognized domain names. We enable the security, stability, and resiliency of key internet infrastructure and services, including providing root zone maintainer services, operating two of the 13 global internet root servers, and providing registration services and authoritative resolution for the .com and .net top-level domains, which support the majority of global e-commerce.

VERISIGN PROXY

Corporate Governance Highlights

Board Composition	<ul style="list-style-type: none"> • 7 out of 8 directors are independent. • 2 out of 8 directors are women.
Annual Election of Directors	<ul style="list-style-type: none"> • All directors are elected annually.
Majority Voting Standard	<ul style="list-style-type: none"> • To be elected in uncontested elections, each nominee for director must receive a majority of the votes cast.
Lead Independent Director	<ul style="list-style-type: none"> • We have a lead independent director with robust responsibilities.
Board Committees	<ul style="list-style-type: none"> • We have an Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee, each of which is composed entirely of independent directors. • In February 2020, the Board established a Cybersecurity Committee, which will begin meeting formally in April 2020, to assist the Board with its oversight of the Company’s cybersecurity program and risks.
Stockholder Rights	<ul style="list-style-type: none"> • Stockholders have proxy access and meaningful special meeting rights.
Single Voting Class	<ul style="list-style-type: none"> • Our common stock is the only class of voting shares outstanding.
One Share, One Vote	<ul style="list-style-type: none"> • Each share of our common stock is entitled to one vote.
Annual Board Leadership Evaluation	<ul style="list-style-type: none"> • The Board evaluates the Board leadership structure annually.
Annual Self-Evaluations	<ul style="list-style-type: none"> • The Board conducts an annual self-evaluation to determine whether it and its committees are functioning effectively.
No “Poison Pill”	<ul style="list-style-type: none"> • We do not have a stockholder rights plan, or “poison pill,” in place.
Annual Auditor Ratification	<ul style="list-style-type: none"> • Stockholders have the opportunity to ratify the Audit Committee’s selection of our independent registered public accounting firm annually.

2019 Business Highlights

- We recorded revenues of \$1,231.7 million in 2019, which represents an increase of 1% compared to 2018.
- We recorded operating income of \$806.1 million during 2019, which represents an increase of 5% as compared to 2018.
- We finished 2019 with 158.8 million .com and .net registrations in the domain name base, which represents a 4% increase from December 31, 2018.
- During 2019, we processed 40.3 million new domain name registrations for .com and .net compared to 38.2 million in 2018.

Executive Compensation Highlights

Our executive compensation program is designed to attract and retain the executive talent we need to maintain our high performance standards and grow our business for the future. Our philosophy is to provide a mix of compensation that motivates our executives to achieve our short and long-term performance goals, which in turn will create value for our stockholders. After reviewing our program for market competitiveness and alignment with best practices, we made no significant changes to our executive compensation program for 2019.

What We Do	What We Don't Do
<input checked="" type="checkbox"/> Pay for Performance	<input checked="" type="checkbox"/> No Employment Contracts
<input checked="" type="checkbox"/> Annual Benchmarking of Executive Compensation	<input checked="" type="checkbox"/> No Single Trigger Benefits Upon a Change-in-Control
<input checked="" type="checkbox"/> Independent Compensation Consultant	<input checked="" type="checkbox"/> No Tax Gross-Ups Upon a Change-in-Control
<input checked="" type="checkbox"/> Annual Say-on-Pay Vote	<input checked="" type="checkbox"/> No Special Pension or Retirement Plans
<input checked="" type="checkbox"/> Stock Ownership Requirements	<input checked="" type="checkbox"/> No Significant Perquisites
<input checked="" type="checkbox"/> Clawback Policy	<input checked="" type="checkbox"/> No Shorting, Hedging or Pledging Allowed
<input checked="" type="checkbox"/> Forfeiture Provisions	

MISSION, CORE VALUES AND STRATEGIC FRAMEWORK

Our mission and core values form Verisign's DNA, the principles under which we perform our primary responsibility: helping to enable the security, stability, and resiliency of key internet infrastructure and services. With this DNA, we develop a strategy framework that guides our day-to-day operations. Every year, we develop our corporate goals to support this strategy, which are organized around three strategic framework principles: Protect, Grow and Manage.

Verisign's Mission

Verisign enables the world to connect online with reliability and confidence, anytime, anywhere.

Verisign's Core Values

We are stewards of the internet and our Company — A significant portion of the world's economy relies on the internet infrastructure we help to manage and operate. As stewards of the internet infrastructure, what we do and how we do it are critical to the secure and reliable operation of the global internet upon which billions of people worldwide depend, every second of every day. As stewards of our Company, our actions and decisions create value for our shareholders and we earn the trust they have placed in us.

We are passionate about technology and continuous improvement — We embrace new technologies and new ideas and the potential they promise, enabling us to build, sustain and improve on the internet's infrastructure. We challenge past assumptions and do not accept that what works today will work tomorrow.

We respect others and exhibit integrity in our actions — The internet has made the world a smaller place, and how an individual or a company acts is becoming more transparent. We believe that acting with integrity and respect invites the same treatment in return. We also believe it's the right thing to do. We demonstrate respect and integrity in our interactions with all of our stakeholders - customers, shareholders, business partners, internet users and fellow colleagues.

We take responsibility for our actions and hold ourselves to a higher standard — We understand that the role we play in supporting the global internet is a privilege and with that privilege comes great responsibility. We appreciate that our decisions and actions have consequences far beyond our own Company, and, therefore, we hold ourselves to a higher standard in all we do.

Verisign's Strategic Framework

We **protect unconditionally** and expand our existing business.

We **grow responsibly** as we pursue identified new business opportunities.

We **manage continuously** by operating our business effectively for our shareholders, customers and employees.

INFORMATION ABOUT THE MEETING

The accompanying proxy is solicited on behalf of the Board of Directors (the “Board”) of VeriSign, Inc. (“we,” “our,” “us,” “Verisign” or the “Company”) for use at the 2020 Annual Meeting of Stockholders (the “Annual Meeting”) to be held on Thursday, May 21, 2020 at 10:00 a.m., Eastern Time. Due to public health and travel concerns of our stockholders and other stakeholders related to coronavirus disease 2019 (COVID-19), as well as related governmental protocols that have been or may be imposed, the Annual Meeting will be held exclusively by remote communication via live webcast (i.e., a virtual-only meeting) at www.meetingcenter.io/205244620. No physical Annual Meeting will be held this year.

If you hold your shares as of the record date as a stockholder of record, you or your proxyholder may participate, vote, and examine a list of the stockholders of record entitled to vote at the Annual Meeting by accessing www.meetingcenter.io/205244620 and entering the 15-digit control number on your Proxy Card or Notice Regarding the Availability of Proxy Materials and entering VRSN2020 as the meeting password.

If you hold your shares as of the record date through an intermediary, such as a bank or broker, you must register in advance to attend the virtual-only Annual Meeting by obtaining a legal proxy (executed in your favor) from the holder of record and submitting proof of your legal proxy reflecting the number of shares you held as of the record date along with your name and email address to legalproxy@computershare.com. Requests for registration must be labeled as “Legal Proxy” and be received no later than 5:00 p.m. Eastern Time, on May 18, 2020. You will then receive a confirmation of your registration, with a control number, by email from Computershare.

The Annual Meeting will begin promptly at 10:00 a.m., Eastern Time. We encourage you to access www.meetingcenter.io/205244620 prior to the start time so that you have ample time to complete the check-in process to attend the Annual Meeting.

Only holders of record of our common stock at the close of business on March 26, 2020, which is the record date, will be entitled to vote at the Annual Meeting. This Proxy Statement and related proxy materials were first made available to stockholders on or about April 10, 2020. Our 2019 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2019 (the “Annual Report”), is enclosed with this Proxy Statement for stockholders receiving a paper copy of proxy materials. The Annual Report and this Proxy Statement can both be accessed on our Investor Relations website at <https://investor.verisign.com>, or at www.edocumentview.com/vrsn.

Each proxy received will be voted in accordance with the instructions specified in the proxy. Unless contrary instructions are specified, if the proxy is submitted (and not revoked) prior to the Annual Meeting, the shares of Verisign common stock represented by the proxy will be voted: (1) **FOR** the election of each of the eight director candidates nominated by the Board (Proposal No. 1); (2) **FOR** the non-binding, advisory resolution to approve Verisign’s executive compensation (Proposal No. 2); (3) **FOR** the ratification of the selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2020 (Proposal No. 3); (4) **AGAINST** the stockholder proposal, if properly presented at the Annual Meeting, requesting that the Board take steps to permit stockholder action by written consent (Proposal No. 4); and (5) in accordance with the best judgment of the named proxies on any other matters properly brought before the Annual Meeting.

Voting Rights

At the close of business on the record date, we had 115,760,940 shares of common stock outstanding and entitled to vote. Holders of our common stock are entitled to one vote for each share held as of the record date.

Quorum, Effect of Abstentions and Broker Non-Votes, Vote Required to Approve the Proposals

A majority of the shares of our common stock outstanding and entitled to vote must be present or represented by proxy at the Annual Meeting in order to have a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum. A broker non-vote occurs when a bank, broker or other stockholder of record holding shares for a beneficial owner has not received voting instructions from the beneficial owner and does not vote on a particular proposal because that record holder does not have discretionary voting power with respect to that “non-routine” proposal. Each of the election of directors (Proposal No. 1), the non-binding, advisory vote to approve executive compensation (Proposal No. 2), and the stockholder proposal, if properly presented at the Annual Meeting, requesting that the Board take steps to permit stockholder action by written consent (Proposal No. 4) is a “non-routine” proposal and so shares for which record holders do not receive voting instructions will not be voted on such matters. The ratification of the selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2020 (Proposal No. 3) is a “routine” proposal and so shares for which record holders do not receive voting instructions may be voted on such matter by record holders.

If a quorum is present at the Annual Meeting, to be elected, a nominee for director must receive a majority of the votes cast (the number of shares voted “for” that nominee must exceed the number of votes cast “against” that nominee). Under this voting standard, abstentions and broker non-votes will not affect the voting outcome. Stockholders may not cumulate votes in the election of directors.

If a nominee who currently serves as a director is not re-elected, Delaware law provides that the director would continue to serve on the Board as a “holdover director.” Under our Corporate Governance Principles, each director that is not re-elected by the stockholders must offer to resign, subject to acceptance by the Board. Each director submits an irrevocable letter of resignation for this purpose. When such a resignation offer is made, the Corporate Governance and Nominating Committee makes a recommendation to the Board with respect to the resignation offer and the Board must then determine whether to accept or reject the resignation offer and publicly disclose its decision and the rationale therefor within 90 days following the date of the certification of the relevant election results.

If a quorum is present at the Annual Meeting, approval of the proposals for:

- the non-binding, advisory resolution to approve Verisign’s executive compensation (Proposal No. 2);
- the ratification of the selection of KPMG LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2020 (Proposal No. 3); and
- the stockholder proposal, if properly presented at the Annual Meeting, requesting that the Board take steps to permit stockholder action by written consent (Proposal No. 4)

requires, in each case, the affirmative vote of a majority of the shares of our common stock present or represented by proxy and entitled to vote on the matter. Under this voting standard, abstentions will have the effect of votes cast against the proposal, and broker non-votes will not affect the voting outcome.

The inspector of elections appointed for the Annual Meeting will separately tabulate for and against votes, abstentions and broker non-votes.

Adjournment of Annual Meeting

In the event that a quorum shall fail to attend the Annual Meeting, either present or represented by proxy at the Annual Meeting, the Chairman may adjourn the Annual Meeting, or alternatively, the holders of a majority of the shares of our common stock entitled to vote who are present or represented by proxy may adjourn the Annual Meeting. Any such adjournment proposed by a stockholder or person named as a proxy would require the affirmative vote of the majority of the shares present or represented by proxy at the Annual Meeting.

Expenses of Soliciting Proxies

Verisign will pay the expenses of soliciting proxies to be voted at the Annual Meeting. Verisign intends to retain Morrow Sodali LLC for various services related to the solicitation of proxies, which we anticipate will cost approximately \$32,500, plus reimbursement of expenses. Following the original mailing of the Notice Regarding the Availability of Proxy Materials and paper copies of proxy materials, we and/or our agents may also solicit proxies by mail, telephone, electronic transmission, including email, or in person. Following the original mailing of the Notice Regarding the Availability of Proxy Materials and paper copies of the proxy materials, we will request that brokers, custodians, nominees and other record holders of our shares forward copies of the proxy materials to persons for whom they hold shares and request authority for the exercise of proxies. In such cases, we will reimburse the record holders for their reasonable expenses if they ask us to do so.

Internet and Telephone Voting

If you hold your shares as a stockholder of record as of the record date, you can simplify your voting process and save the Company expense by voting your shares by telephone at 1-800-652-VOTE (8683) or on the internet at www.envisionreports.com/VRSN 24 hours a day, seven days a week. Telephone and internet voting are available through 12:00 a.m. Eastern Time on the day of the Annual Meeting. More information regarding internet voting is given on the Notice Regarding the Availability of Proxy Materials. If you hold your shares as of the record date through an intermediary, such as a bank or broker, the intermediary should provide you with separate instructions on a form you will receive from them. Many such intermediaries make telephone or internet voting available, but the specific processes available will depend on those intermediaries’ individual arrangements.

Revocability of Proxies

If you hold your shares as a stockholder of record, you may revoke any proxy that is not irrevocable by attending and voting at the Annual Meeting or by delivering a proxy in accordance with applicable law bearing a later date to the Secretary of the Company. If you hold your shares through an intermediary, such as a bank or broker, you must follow the instructions provided by the intermediary to change or revoke your voting instructions.

Householding

A number of brokerage firms have instituted a procedure called “householding,” which has been approved by the Securities and Exchange Commission (the “SEC”). Under this procedure, the firm delivers only one copy of the Notice Regarding the Availability of Proxy Materials or paper copies of the Annual Report and this Proxy Statement, as the case may be, to multiple stockholders who share the same address and have the same last name, unless it has received contrary instructions from an affected stockholder. If your shares are held in “street name” and you would like to receive only one copy of these materials (instead of separate copies) in the future, please contact your bank, broker or other holder of record to request information about householding. If you would like to receive an individual copy of the Notice Regarding the Availability of Proxy Materials or paper copies of the Annual Report and this Proxy Statement, as the case may be, now or in the future, we will promptly deliver these materials to you upon request to VeriSign, Inc., 12061 Bluemont Way, Reston, Virginia 20190, Attention: Secretary or (703) 948-3200.

**PROPOSAL NO. 1
ELECTION OF DIRECTORS**

The Board consists of eight directors. The terms of the current directors, who are identified below, expire upon the election and qualification of the directors to be elected at the Annual Meeting. The Board has nominated D. James Bidzos, Yehuda Ari Buchalter, Kathleen A. Cote, Thomas F. Frist III, Jamie S. Gorelick, Roger H. Moore, Louis A. Simpson and Timothy Tomlinson, each of whom is a current director, for election at the Annual Meeting to serve until our 2021 Annual Meeting of Stockholders and until their respective successors have been elected and qualified. Dr. Buchalter, who was appointed to the Board in July 2019, was recommended by a non-management director. Proxies cannot be voted for more than eight persons, which is the number of nominees.

Unless otherwise directed, the persons named as proxies on the proxy card intend to vote all proxies **FOR** the election of the nominees, as listed below, each of whom has consented to serve as a director if elected. In addition, if a proxy card is properly executed and returned but no direction is made, the persons named as proxies on the proxy card intend to vote all proxies **FOR** the election of the nominees listed below. If, at the time of the Annual Meeting, any of the nominees is unable or declines to serve as a director, the discretionary authority provided in the enclosed proxy will be exercised to vote for a substitute candidate designated by the Board, unless the Board chooses to reduce its own size. The Board has no reason to believe any of the nominees will be unable or will decline to serve if elected.

Director Nominees

Set forth below is certain information relating to our director nominees, including details on each director nominee’s specific experience, qualifications, attributes or skills that led the Board to conclude that the person should be nominated for election as a director for another term.

Director Nominees	Age	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Cybersecurity Committee(1)
D. James Bidzos	65				
Yehuda Ari Buchalter	48				
Kathleen A. Cote	71				
Thomas F. Frist III	52				
Jamie S. Gorelick	69				
Roger H. Moore <i>Safety and Security Council Liaison</i>	78				
Louis A. Simpson <i>Lead Independent Director</i>	83				
Timothy Tomlinson	70				

(1) The Board established the Cybersecurity Committee in February 2020.

= Chairperson = Member

D. James Bidzos has served as Executive Chairman since August 2009 and Chief Executive Officer since August 2011. He served as President from August 2011 to February 2020, Executive Chairman and Chief Executive Officer on an interim basis from June 2008 to August 2009 and President from June 2008 to January 2009. He served as Chairman of the Board since August 2007 and from April 1995 to December 2001. He served as Vice Chairman of the Board from December 2001 to August 2007. Mr. Bidzos served as a director of VeriSign Japan K.K. from March 2008 to August 2010 and served as Representative Director of VeriSign Japan K.K. from March 2008 to September 2008. Mr. Bidzos served as Vice Chairman of RSA Security Inc., an internet identity and access management solution provider, from March 1999 to May 2002, and Executive Vice President from July 1996 to February 1999. Prior to that, he served as President and Chief Executive Officer of RSA Data Security, Inc. from 1986 to February 1999.

Mr. Bidzos is a business executive with significant expertise in the technology that is central to the Company’s business. Mr. Bidzos is an internet and security industry pioneer who understands the strategic technology trends in markets that are important to the Company. Mr. Bidzos was a founder of the Company and has been either Chairman or Vice Chairman of the Company’s Board since the Company’s founding in April 1995, providing him with valuable insight and institutional

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knowledge of the Company's history and development. Mr. Bidzos has prior experience on our Compensation Committee and our Corporate Governance and Nominating Committee and as a member of many other public-company boards. Mr. Bidzos' years of board-level experience contribute important knowledge and insight to the Board. Additionally, Mr. Bidzos' executive-level experience includes many years as a Chief Executive Officer, providing him with a perspective that the Board values. Mr. Bidzos also has international business experience from his service as a director of VeriSign Japan K.K.

Yehuda Ari Buchalter has served as a director since July 2019. Since May 2017, Dr. Buchalter has served as the Chief Executive Officer of Intersection Holdings, LLC ("Intersection"), a leading smart cities media and technology company. At Intersection, Dr. Buchalter leads the Infosec Leadership Team, which is responsible for overseeing the company's security and risk management issues, including data security and privacy issues. From July 2008 to January 2017, Dr. Buchalter served as the Chief Operating Officer and then President of MediaMath, a leading programmatic advertising technology platform. From January 2005 to April 2008, Dr. Buchalter was a Senior Partner at the marketing consultancy agency Rosetta, where he led the Digital Media & Technology vertical. Prior to that, Dr. Buchalter was as an Associate Principal in McKinsey & Company's Media & Technology practice and a founding member of their Innovation practice. Dr. Buchalter holds a B.S. in Physics from Stanford University, a Ph.D. in Astronomy from Columbia University, and was a postdoctoral fellow in Theoretical Astrophysics at the California Institute of Technology.

Dr. Buchalter is a business executive with significant experience building and leading technology companies. Dr. Buchalter's expertise as a business executive includes business administration, sales and marketing, product development, engineering and operations, providing him with a perspective that the Board values.

Kathleen A. Cote has served as a director since February 2008. From May 2001 to June 2003, Ms. Cote served as Chief Executive Officer of Worldport Communications, Inc., a provider of internet managed services. From September 1998 to May 2001, she served as Founder and President of Seagrass Partners, a consulting firm specializing in providing strategic planning, business, operational and management support for startup and mid-sized technology companies. Prior to that, she served as President and Chief Executive Officer of Computervision Corporation, a supplier of desktop and enterprise, client server and web-based product development and data management software and services. Ms. Cote is currently a director of Western Digital Corporation. Ms. Cote holds an Honorary Doctorate from the University of Massachusetts, an M.B.A. degree from Babson College, and a B.A. degree from the University of Massachusetts, Amherst.

Ms. Cote is a business executive with significant expertise overseeing global companies in technology and operations in the areas of systems integration, networks, hardware and software, including web-based applications and internet services. Ms. Cote's expertise in technology and operations is directly relevant to the Company's businesses. Ms. Cote's expertise as a business executive also includes sales and marketing, product development, strategic planning and international experience, which contributes important expertise to the Board in those areas of business administration. Ms. Cote's financial and accounting skills qualify her as an audit committee financial expert. In addition to Ms. Cote's tenure as a director of the Company, Ms. Cote has served on several other boards of directors, including service on the audit and corporate governance committees of those boards, providing her with valuable board-level experience. Ms. Cote's executive-level experience includes experience as a Chief Executive Officer, providing her with a perspective that the Board values.

Thomas F. Frist III has served as a director since December 2015. Mr. Frist has served as Chairman of the Board of Directors of HCA Healthcare, Inc. since April 2019. Mr. Frist is the Founder and Managing Principal of Frist Capital, LLC, an investment firm based in Nashville, Tennessee he founded in 2002 that makes long-term equity investments in public and private companies. Prior to that he was the managing member of FS Partners II, LLC and he worked in principal investments at Rainwater, Inc. from 1992 to 1995. Mr. Frist previously served as a director of Science Applications International Corporation from 2013 until 2017. Mr. Frist holds a B.A. degree from Princeton University and an M.B.A. degree from Harvard Business School.

Mr. Frist's significant directorship experience provides valuable expertise and perspective to the Board. Since 2006, Mr. Frist has served as a director of HCA Healthcare, Inc. at which he previously chaired, and currently serves as a member of, the Finance and Investments Committee and previously chaired the Nominating and Corporate Governance Committee. In addition to his significant experience as a public company director, Mr. Frist provides valuable experience in areas of business administration, finance and operations, which the Board values.

Jamie S. Gorelick has served as a director since January 2015. Ms. Gorelick has been a partner at Wilmer Cutler Pickering Hale and Dorr LLP since 2003. She has held numerous positions in the U.S. government, serving as Deputy Attorney General of the United States, General Counsel of the Department of Defense, Assistant to the Secretary of Energy, and a member of the bipartisan National Commission on Terrorist Threats Upon the United States. Ms. Gorelick

has served as a director of Amazon.com, Inc. since February 2012 and serves as Chair of its Nominating and Governance Committee. She previously served as a director of United Technologies Corporation from February 2000 through December 2014 and a director of Schlumberger Limited from April 2002 through June 2010. She holds B.A. and J.D. degrees from Harvard University.

Ms. Gorelick is an experienced attorney with significant expertise in legal, policy and corporate matters. Ms. Gorelick's regulatory and policy experience is directly relevant to the Company's business. She is well-versed in critical infrastructure and national security issues and brings a valuable skill-set and wealth of government experience to the Board. Ms. Gorelick has served on several other corporate boards, a compensation committee and a nominating and corporate governance committee, and served on numerous government boards and commissions. Ms. Gorelick's experience in both the public and private sectors, combined with her experience in the corporate boardroom, provides her valuable board experience, and she offers a perspective the Board values.

Roger H. Moore has served as a director since February 2002. From December 2007 to May 2009, he served as a consultant assisting our company in the divestiture of its former Communications Services business. From June 2007 through November 2007, Mr. Moore served as interim Chief Executive Officer and President of Arbinet-thexchange, Inc., a provider of online trading services. He was President and Chief Executive Officer of Illuminet Holdings, Inc., a provider of nationwide network and database services, from December 1995 until December 2001 when it was acquired by our company. Mr. Moore is currently a director of Consolidated Communications Holdings, Inc. and previously served as a director of Western Digital Corporation from June 2000 through November 2014. Mr. Moore holds a B.S. degree in General Science from Virginia Polytechnic Institute and State University.

Mr. Moore is a business executive with significant expertise in general management, sales, technology, cybersecurity, and strategic planning in the telecommunications industry. Mr. Moore's expertise contributes operational knowledge of important inputs to the Company's businesses and provides valuable experience in areas of business administration. Mr. Moore also has significant experience, both as a senior executive and as a board member, in joint venture and mergers and acquisition transactions, which is experience that is valuable to the Board. Mr. Moore has experience in military intelligence, including serving two years at the National Security Agency. Mr. Moore's financial and accounting skills qualify him as an audit committee financial expert. Mr. Moore also serves on several other boards of directors, including service on the audit, compensation and corporate governance committees of certain of those boards, providing him with valuable board-level experience. In addition to the several years of business management experience mentioned above, Mr. Moore has international business experience from his time as President of Nortel Japan and as President of AT&T Canada.

Louis A. Simpson has served as a director since May 2005. Mr. Simpson served as Chairman of SQ Advisors, LLC, an investment firm, from January 2011 to July 2019. From May 1993 to December 2010, he served as President and Chief Executive Officer, Capital Operations, of GEICO Corporation, a passenger auto insurer. Mr. Simpson previously served as Vice Chairman of the Board of GEICO from 1985 to 1993. Mr. Simpson holds a B.A. degree from Ohio Wesleyan University and an M.A. degree in Economics from Princeton University.

Mr. Simpson is a business executive with significant expertise in insurance, finance and private investment. Mr. Simpson's expertise contributes all around business acumen, skills in strategic planning and finance, along with knowledge important to mergers and acquisitions activity. Throughout his career, Mr. Simpson has served on the boards of directors of more than fifteen publicly-traded companies, providing him with extensive and valuable board-level experience. Mr. Simpson's board-level experience also includes previous audit committee, finance committee, nominating and corporate governance committee and compensation committee experience on certain of those public company boards. Mr. Simpson is a recognized expert in corporate governance matters, having lectured and presented numerous times on corporate governance topics at seminars and continuing education courses. As indicated above, Mr. Simpson's career includes executive-level experience as a chief executive officer, providing him with a perspective that the Board values.

Timothy Tomlinson has served as a director from the Company's founding in 1995 until 2002, and again since his reappointment in November 2007. From May 2011 through December 2013, Mr. Tomlinson was a corporate lawyer employed as General Counsel of Portola Minerals Company, a producer and seller of limestone products. From May 2007 through May 2011, Mr. Tomlinson was employed as Of Counsel by the law firm Greenberg Traurig, LLP. Mr. Tomlinson was the founder and a named partner of Tomlinson Zisko LLP and practiced with this Silicon Valley law firm from 1983 until its acquisition by Greenberg Traurig, LLP in May 2007. He served as managing partner of Tomlinson Zisko LLP for multiple terms. While at Tomlinson Zisko LLP, Mr. Tomlinson and his firm served as the licensing counsel to RSA Data Security, Inc. and the Company for a wide variety of cryptographic and related cybersecurity products. Mr. Tomlinson holds a B.A. degree in Economics, a Ph.D. degree in History, an M.B.A., and a J.D. degree from Stanford University.

Mr. Tomlinson has significant expertise in corporate matters including finance and mergers and acquisitions and has represented clients in the technology industry for more than thirty years. Mr. Tomlinson’s long-term service on our Board has provided him with valuable insight and institutional knowledge of the Company’s history and development. Mr. Tomlinson’s financial and accounting skills qualify him as an audit committee financial expert. He has extensive experience in corporate governance, both as a lawyer advising clients, and through serving on our Audit, Compensation and Corporate Governance and Nominating Committees, as well as the audit, compensation, and governance committees of other companies.

Compensation of Directors

This section provides information regarding our compensation policies for non-employee directors and amounts earned and securities awarded to these directors in 2019. Mr. Bidzos is our Executive Chairman and Chief Executive Officer. As an employee of our company, Mr. Bidzos does not participate in our compensation program for non-employee directors, and he is compensated as an executive officer of our company. Mr. Bidzos’ compensation is described in “Executive Compensation” elsewhere in this Proxy Statement.

Non-Employee Director Retainer Fees and Equity Compensation Information

On July 22, 2019, the Compensation Committee met to consider the cash and equity-based compensation to be paid to our non-employee directors. The Compensation Committee reviewed a report of competitive market data and compensation practices prepared by Frederic W. Cook & Co., Inc. (“FW Cook”), its independent compensation consultant, for the same peer group it used to benchmark executive compensation. For information about the peer group, see “Executive Compensation—Compensation Discussion and Analysis.” The Compensation Committee sets director compensation levels at or near the market median relative to directors at companies in the peer group in order to ensure directors are paid competitively for their time commitment and responsibilities. Providing a competitive compensation package is important because it enables us to attract and retain highly qualified directors who are critical to our long-term success. Following the July 2019 review, including consideration of the recommendations made by FW Cook, the Compensation Committee determined that it was in the best interests of our company and our stockholders to (i) increase the annual cash retainer for the Corporate Governance and Nominating Committee Chairperson from \$5,000 to \$10,000, (ii) increase the annual cash retainer fee for the Safety and Security Council Liaison from \$15,000 to \$25,000 and (iii) continue to make an annual equity award grant to each director of \$250,000 (made solely in the form of restricted stock units (“RSUs”), which vest immediately upon grant). Historically, new directors are granted an equity award equal to the pro rata amount of such annual equity award, the amount of which is determined based on the date of such new director’s appointment or election to the Board. Directors are subject to our stock retention policy as described in “Executive Compensation—Compensation Discussion and Analysis.”

Non-employee directors received annual cash retainer fees for 2019 as follows (except that for the period from July 22, 2019 through December 31, 2019, the Corporate Governance and Nominating Committee Chairperson earned a pro rata amount of her annual cash retainer fee at the rate of \$10,000 per year and the Safety and Security Council Liaison earned a pro rata amount of his annual cash retainer fee at the rate of \$25,000 per year):

Annual cash retainer fee for non-employee directors	\$ 40,000
Additional annual cash retainer fee for Non-Executive Chairman of the Board(1)	\$ 100,000
Additional annual cash retainer fee for Lead Independent Director	\$ 25,000
Additional annual cash retainer fee for Audit Committee members	\$ 25,000
Additional annual cash retainer fee for Compensation Committee members	\$ 20,000
Additional annual cash retainer fee for Corporate Governance and Nominating Committee members	\$ 10,000
Additional annual cash retainer fee for Audit Committee Chairperson	\$ 15,000
Additional annual cash retainer fee for Compensation Committee Chairperson	\$ 10,000
Additional annual cash retainer fee for Corporate Governance and Nominating Committee Chairperson(2) .	\$ 5,000
Additional annual cash retainer fee for Safety and Security Council Liaison(3)	\$ 15,000

(1) The position of “Non-Executive Chairman of the Board” was not held during 2019, and as such no annual retainer fees were paid during this period.
 (2) The additional annual cash retainer fee for the Corporate Governance and Nominating Committee Chairperson increased from \$5,000 to \$10,000 in July 2019.
 (3) The additional annual cash retainer fee for the Safety and Security Council Liaison increased from \$15,000 to \$25,000 in July 2019.

Non-employee directors are reimbursed for their expenses incurred in attending meetings.

Our Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan limits the compensation (including equity and cash awards) paid to any non-employee director in any year to an aggregate dollar value of \$600,000, with an exception to

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2020

allow for up to two times such limit for grants made in the first year of service or first year designated as chairman or lead independent director.

Non-Employee Director Compensation Table for 2019

The following table sets forth a summary of compensation information for our non-employee directors for 2019.

DIRECTOR COMPENSATION FOR 2019

Non-Employee Director Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Total (\$)
Yehuda Ari Buchalter(3)	22,690	253,945	276,635
Kathleen A. Cote	82,215	249,843	332,058
Thomas F. Frist III	70,000	249,843	319,843
Jamie S. Gorelick	70,000	249,843	319,843
Roger H. Moore	94,429	249,843	344,272
Louis A. Simpson	105,000	249,843	354,843
Timothy Tomlinson	110,000	249,843	359,843

- (1) Amounts shown represent cash retainer fees earned by each director.
- (2) Stock awards consist solely of RSUs which vest immediately upon grant. Amounts shown represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for awards granted in 2019. The grant date fair value of each award granted to each non-employee director on July 22, 2019 was \$249,843 (consisting of 1,157 RSUs valued at \$215.94 per share, which was the closing price per share on the grant date). No director held any outstanding awards as of December 31, 2019.
- (3) Dr. Buchalter was appointed to our Board on July 17, 2019. The stock awards granted to Dr. Buchalter included an additional 19 RSUs valued at \$215.94 per share, which represents the amount of the annual equity award granted to each non-employee director in July 2018 prorated for Dr. Buchalter’s service as a director from July 17, 2019 through July 22, 2019.

The Board Recommends a Vote FOR the Election of Each of the Foregoing Director Nominees.

CORPORATE GOVERNANCE

Independence of Directors

As required under The Nasdaq Stock Market's listing standards, a majority of the members of our Board must qualify as "independent directors," as determined by the Board. The Board and the Corporate Governance and Nominating Committee consult with our legal counsel to confirm that the Board's determinations are consistent with all relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of The Nasdaq Stock Market.

Consistent with these considerations, after review of all relevant transactions and relationships between each director, or any of his or her family members, and Verisign, our executive officers or our independent registered public accounting firm, our Board affirmatively determined on February 11, 2020 that seven out of the eight members of our Board are independent directors. Our independent directors are Dr. Buchalter, Ms. Cote, Mr. Frist, Ms. Gorelick, Mr. Moore, Mr. Simpson, and Mr. Tomlinson. Each member of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee is an independent director. Mr. Bidzos serves as Executive Chairman and Chief Executive Officer and thus is not considered an independent director.

Board Leadership Structure

The Board regularly considers the appropriate leadership structure for the Company and has concluded that the Company and its stockholders are best served by not having a formal policy on whether the same individual should serve as both Chief Executive Officer and Chairman of the Board. This flexibility allows the Board to utilize its considerable experience and knowledge to elect the most appropriate director as Chairman, while maintaining the ability to separate the Chairman of the Board and Chief Executive Officer roles when necessary. This determination is made according to what the Board believes is best to provide appropriate leadership for the Company at such time. Currently, the Company's eight-member Board is led by Chairman D. James Bidzos. Mr. Bidzos is also an officer of the Company, serving as its Executive Chairman and Chief Executive Officer. The Board has appointed Louis A. Simpson as Lead Independent Director. The Lead Independent Director: (a) presides at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors; (b) serves as liaison between the Chairman of the Board and the independent directors; (c) works with the Chairman of the Board to facilitate timely and appropriate information flow to the Board; (d) reviews and approves agendas and schedules for meetings of the Board; (e) exercises such other powers and duties as from time to time may be assigned to him or her by the Board; and (f) meets with significant shareholders, as appropriate. In addition, the Lead Independent Director has the authority to call meetings and executive sessions of the independent directors.

The Board has determined that its current leadership represents an appropriate structure for the Company. In particular, this structure capitalizes on the expertise and experience of Messrs. Bidzos and Simpson due to their service to the Board. The structure permits Mr. Bidzos to engage in the operations of the Company in a more in-depth way as Executive Chairman and Chief Executive Officer. Lastly, the structure ensures Board independence from management by permitting the Lead Independent Director to call and chair meetings and executive sessions of the independent directors separate and apart from the Chairman of the Board.

Mr. Bidzos was a founder of the Company and its initial Chief Executive Officer, and he has been either Chairman or Vice Chairman of the Company's Board since the Company's founding in 1995. Mr. Bidzos' current tenure as Chairman of the Board dates to August 2007. Mr. Bidzos was appointed Executive Chairman, President and Chief Executive Officer of Verisign on an interim basis on June 30, 2008. On January 14, 2009, Mr. Bidzos resigned as President, and on August 17, 2009, Mr. Bidzos resigned as Chief Executive Officer. On August 1, 2011, Mr. Bidzos was re-appointed President and Chief Executive Officer. Mr. Bidzos resigned as President on February 11, 2020. Mr. Simpson has been the Lead Independent Director since July 2015.

Succession Planning

The Board recognizes the importance of the effectiveness of the Company's executive leaders for the Company's success, and the Board is actively engaged in executive succession planning. The Board has delegated to the Corporate Governance and Nominating Committee responsibility for reviewing and assessing the management development and succession planning process for senior management. As part of the succession planning process, the Corporate Governance and Nominating Committee works closely with our management, including our Human Resources team, to identify succession candidates for senior management other than the Executive Chairman and Chief Executive Officer. Although the Board retains responsibility for identifying succession candidates for the Executive Chairman and Chief Executive Officer, the Corporate Governance and Nominating Committee is charged with developing the processes to identify succession candidates. If the Board commences a search for candidates from outside the Company to succeed

the Chief Executive Officer, the pool from which the Board selects a candidate includes female and racially/ethnically diverse candidates, and any third-party search firm that the Board engages is instructed to include female and racially/ethnically diverse candidates in such pool as well.

The Corporate Governance and Nominating Committee also periodically considers Board succession and, as part of that consideration, evaluates and reviews with the Board the criteria for selecting new directors, including skills and characteristics such as diversity, in the context of the current composition of the Board and its committees.

Board and Committee Meetings

The Board met five times and its committees collectively met fourteen times during 2019. During 2019, no director attended fewer than 75% of the aggregate of (i) the total number of meetings held by the Board and (ii) the total number of meetings held by all committees on which he or she served.

Board Members' Attendance at the Annual Meeting

We do not have a formal policy regarding attendance by members of the Board at our annual meeting of stockholders. One member of the Board attended our 2019 Annual Meeting of Stockholders.

Corporate Governance and Nominating Committee

The Board has established a Corporate Governance and Nominating Committee to recruit, evaluate, and nominate candidates for appointment or election to serve as members of the Board, recommend nominees for committees of the Board, assess contributions and independence of incumbent directors, review and make recommendations regarding the Board's leadership structure, recommend changes to corporate governance principles and committee charters and periodically review and assess the adequacy of these documents, and review annually the performance of the Board. The Corporate Governance and Nominating Committee is currently composed of Ms. Cote (Chairperson), Dr. Buchalter, Mr. Frist, Ms. Gorelick, Mr. Moore, Mr. Simpson, and Mr. Tomlinson, each of whom has been determined by the Board to be an "independent director" under the rules of The Nasdaq Stock Market. The Corporate Governance and Nominating Committee operates pursuant to a written charter. The Corporate Governance and Nominating Committee's charter is located on our Investor Relations website at <https://investor.verisign.com/corporate-governance>. The Corporate Governance and Nominating Committee met four times during 2019.

In nominating candidates for election to the Board, the Corporate Governance and Nominating Committee considers the performance and qualifications of each potential nominee or candidate, not only for his or her individual strengths but also for his or her potential contribution to the Board as a group. In carrying out this responsibility the Corporate Governance and Nominating Committee also considers additional factors, such as diversity, business experience, and expertise within industries and markets tangential or complementary to the Company's industry. Additionally, pursuant to its charter, the Corporate Governance and Nominating Committee evaluates and reviews with the Board the criteria for selecting new directors, including skills and characteristics such as diversity, in the context of the current composition of the Board and its committees. The pool of new director candidates from which the Corporate Governance and Nominating Committee recommends new director nominees includes female and racially/ethnically diverse candidates, and any third-party search firm that the committee engages is instructed to include female and racially/ethnically diverse candidates in such pool as well.

The Corporate Governance and Nominating Committee considers candidates for director nominees proposed by directors and stockholders. The Corporate Governance and Nominating Committee may also from time to time retain one or more third-party search firms to identify suitable candidates.

If you would like to recommend to the Corporate Governance and Nominating Committee a prospective candidate, please submit the candidate's name and qualifications to: Thomas C. Indelicarto, Secretary, VeriSign, Inc., 12061 Bluemont Way, Reston, Virginia 20190.

The Corporate Governance and Nominating Committee will consider all candidates identified by the directors, chief executive officer, stockholders, or third-party search firms through the processes described above, and will evaluate each of them, including incumbents and candidates nominated by stockholders, based on the same criteria.

Board Evaluation Process

The Corporate Governance and Nominating Committee oversees the annual performance review of the Board and its committees. Each year, the Corporate Governance and Nominating Committee determines the format for the annual performance reviews, and the Chairperson of each Board committee is responsible for leading that committee's performance review and the Lead Independent Director is responsible for leading the Board's performance review. The results of the reviews are reported to Ms. Cote, in her capacity as Chairperson of the Corporate Governance and

Nominating Committee, who in turn reports the results of the reviews to the entire Board. In addition to these reviews, the Lead Independent Director solicits comments and feedback from each director on the operation of the Board and the committees and areas for improvement.

Audit Committee

The Board has established an Audit Committee that oversees the accounting and financial reporting processes at the Company, internal control over financial reporting, audits of the Company's financial statements, the qualifications of the Company's independent registered public accounting firm, and the performance of the Company's internal audit department and the independent registered public accounting firm. The independent registered public accounting firm reports directly to the Audit Committee, and the Audit Committee is responsible for the appointment (subject to stockholder ratification), compensation and retention of the independent registered public accounting firm. The Audit Committee also oversees the Company's processes to manage business and financial risk, and compliance with significant applicable legal and regulatory requirements, and oversees the Company's ethics and compliance programs. The Audit Committee is currently composed of Mr. Tomlinson (Chairperson), Ms. Cote, and Mr. Moore. Each member of the Audit Committee meets the independence criteria of The Nasdaq Stock Market's and the SEC's rules. Each Audit Committee member meets The Nasdaq Stock Market's financial knowledge requirements, and the Board has determined that the Audit Committee has at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities as required by Rule 5605(c)(2) of The Nasdaq Stock Market. The Audit Committee operates pursuant to a written charter, which complies with the applicable provisions of the Sarbanes-Oxley Act of 2002 and related rules of the SEC and The Nasdaq Stock Market. The Audit Committee's charter is located on our Investor Relations website at <https://investor.verisign.com/corporate-governance>. The Audit Committee met five times during 2019.

Audit Committee Financial Experts

Our Board has determined that each of Ms. Cote, Mr. Moore and Mr. Tomlinson is an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K. Each of Ms. Cote, Mr. Moore and Mr. Tomlinson meets the independence requirements for audit committee members as defined in the applicable listing standards of The Nasdaq Stock Market.

Compensation Committee

The Board has established a Compensation Committee to discharge the Board's responsibilities with respect to all forms of compensation of the Company's directors and employees, including executive officers, to administer the Company's equity incentive plans, and to produce an annual report on executive compensation for use in the Company's Proxy Statement. The Compensation Committee is also responsible for overseeing Verisign's overall compensation philosophy and approving and evaluating executive officer compensation arrangements, plans, policies, and programs of the Company, and for administering the Company's equity incentive plans for employees. The Compensation Committee operates pursuant to a written charter. The Compensation Committee's charter is located on our Investor Relations website at <https://investor.verisign.com/corporate-governance>. The Compensation Committee is currently composed of Mr. Simpson (Chairperson), Mr. Frist, Ms. Gorelick, and Mr. Tomlinson, each of whom is an "independent director" under the rules of The Nasdaq Stock Market for compensation committee members and a "non-employee director" pursuant to Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Compensation Committee met five times during 2019. For further information regarding the role of compensation consultants and management in setting executive compensation, see "Executive Compensation—Compensation Discussion and Analysis."

Cybersecurity Committee

In February 2020, the Board established a Cybersecurity Committee, which is scheduled to begin meeting formally in April 2020. The purpose of the Cybersecurity Committee is to assist the Board with its oversight of the Company's cybersecurity program and risks. The Cybersecurity Committee operates pursuant to a written charter. The Cybersecurity Committee's charter is located on our Investor Relations website at <https://investor.verisign.com/corporate-governance>. The Cybersecurity Committee is currently composed of Mr. Moore (Chairperson), Mr. Bidzos, Dr. Buchalter, and Mr. Tomlinson.

Board's Role in Risk Oversight

The Board is actively engaged in risk oversight for the Company, including the risks associated with the ongoing COVID-19 crisis. Throughout the year, the Board and senior management discuss the areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks. The full Board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives reports from the appropriate member of senior management responsible for mitigating these risks within the organization to enable the Board to understand our risk identification, risk management and risk mitigation strategies. The Audit Committee oversees the Company's processes to manage business and financial risk and compliance with significant applicable legal and regulatory requirements, including the Company's enterprise risk management program. The Compensation Committee oversees the Company's risk assessment and risk management relative to the Company's compensation programs, policies, and practices. The Chairpersons of the relevant committees brief the full Board on the committees' oversight of risks within their purview during the committee reports portion of each regular Board meeting. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships, and enables the full Board to provide input on the Company's risk assessment and risk management efforts. All of our Board members have experience with enterprise risk management.

The Board as a whole retains responsibility for oversight of the Company's cybersecurity risk management program. In February 2020, the Board established a Cybersecurity Committee, which will begin meeting formally in April 2020, to assist the Board with its oversight of the Company's cybersecurity risk management program. The Cybersecurity Committee will receive quarterly status reports on the cybersecurity risk management program from the Company's Chief Security Officer, with the full Board receiving regular reports from Mr. Moore, the Chairperson of the Cybersecurity Committee, on the conduct of the committee's functions as well as quarterly status reports on the cybersecurity risk management program from the Company's Chief Security Officer. In addition, the Board has appointed Mr. Moore as its liaison to management's Safety and Security Council (the "Council"). The Council's purpose is to oversee the effectiveness and performance of the Company's safety and security functions. The Council provides strategic direction and oversight for initiatives to minimize cyber, physical and other security risks to the Company and holds regular monthly meetings. The Council is composed of executives of the Company with responsibility for cybersecurity, physical security, network operations, technology, registry services, finance and legal and is chaired by Mr. Bidzos. Mr. Moore participates in Council meetings and receives regular, scheduled briefings from Council members regarding incidents and network operations. The Cybersecurity Committee will review and discuss the activities of the Council at each regularly scheduled Cybersecurity Committee meeting.

Communicating with the Board

Any stockholder who desires to contact the Board may do so electronically by sending an email to bod@verisign.com. Alternatively, a stockholder may contact the Board by writing to: Board of Directors, VeriSign, Inc., 12061 Bluemont Way, Reston, Virginia 20190, Attention: Secretary. Communications received electronically or in writing are distributed to the Chairman of the Board or other members of the Board, as appropriate, depending on the facts and circumstances outlined in the communication received.

Code of Conduct

We have adopted a written Code of Conduct, which is posted on our Investor Relations website under "Ethics and Business Conduct" at <https://investor.verisign.com/corporate-governance>. The Code of Conduct applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and other senior accounting officers.

We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Code of Conduct, to the extent applicable to the principal executive officer, principal financial officer, or other senior accounting officers, by posting such information on our website, on the web page found by clicking through to "Ethics and Business Conduct" as specified above.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

At Verisign, we take seriously our responsibility as corporate citizens in the communities where we live and work. As stewards of the internet, “what we do” and “how we do it” are important for the security, stability, and resiliency of key internet infrastructure and services, which billions of people worldwide depend on every second of every day. Our core values include demonstrating respect and integrity in our interactions with all of our stakeholders. The following summary highlights our environmental, social and governance policies and practices.

Diversity and Inclusion	<ul style="list-style-type: none"> • We have revised our Corporate Governance Principles to adopt the so-called “Rooney Rule” policy so that (i) the pool of candidates from which the Corporate Governance and Nominating Committee recommends new director nominees includes female and racially/ethnically diverse candidates and (ii) in any searches for candidates from outside the Company to succeed the Chief Executive Officer, the pool from which the Board selects a candidate includes female and racially/ethnically diverse candidates. • We maintain equal employment opportunity hiring policies and practices. • We maintain an affirmative action program designed to attract a diverse pool of talent and help provide qualified women, minorities, protected veterans and those with disabilities equal opportunities in our workforce. • We have employee affinity groups such as Women in Technology and Young Professionals that support an inclusive workplace environment. • We provide respectful and inclusive workplace training for employees across all levels.
Business Conduct and Ethics	<ul style="list-style-type: none"> • Along with our commitment to our values, we operate a robust ethics and compliance program that is overseen by the Audit Committee. • Our Code of Conduct outlines our approach to ethical conduct and compliance with local and international laws and regulations, including our approach to anti-corruption, non-retaliation, and related policies. • Our directors and employees receive annual ethics and compliance training and certify their compliance with our Code of Conduct. • We maintain an ethics and compliance helpline through which employees, or anyone else, can seek guidance or raise a concern confidentially and anonymously if desired. All reported concerns are reviewed and investigated as appropriate.
Data Privacy and Cybersecurity	<ul style="list-style-type: none"> • We have a Privacy Statement located on our website that describes how we handle personal information and our privacy practices. • Our business does not involve monetizing personal information. • We have adopted a rigorous governance framework for the oversight of cybersecurity risk, including a Board-level Cybersecurity Committee and a management-level Safety and Security Council that has a Board liaison. • We have adopted the National Institute of Standards and Technology (NIST) cybersecurity framework and perform periodic assessments against this framework to measure cybersecurity maturity. • In addition to leveraging a broad array of industry frameworks and best practices applicable to our operating environments, our information security practices align with the AICPA, Trust Services Principles and Criteria (System and Organization Controls).
Community Impact	<ul style="list-style-type: none"> • Our Verisign Cares program matches employee donations up to specified amounts to qualifying charitable organizations. • Our Verisign Cares program provides paid time off to employees to give their time on a regular basis in support of local community organizations. • We hold periodic blood drives and donation drives to support various community organizations. • We contribute to regional human services non-profit organizations in the communities in which we live and work, as well as non-profit organizations in the global internet community.
Employee Benefits	<ul style="list-style-type: none"> • We provide our U.S.-based employees with comprehensive medical, dental, vision and other benefits and provide our employees based in other countries with comprehensive medical and other benefits. • We provide our U.S.-based employees with a 401(k) plan with immediate vesting that includes a company match and generally provide our employees based in other countries with pension contributions. • We provide eligible employees with the opportunity to purchase our common stock at a discount through our employee stock purchase plan. • We provide extensive wellness offerings (focusing on physical, emotional and financial wellness) to our U.S.-based employees. • Our Reston corporate offices operate a subsidized cafeteria with locally sourced food. • Our Reston corporate offices have an on-site fitness center.

Environment

- Our Reston corporate offices are LEED Gold certified for commercial interiors.
- We use recycled and earth friendly products at our Reston corporate offices.
- We have implemented technologies at our Reston corporate offices that reduce energy consumption.

Governance

- See “Proxy Summary—Corporate Governance Highlights” on page 2 of this Proxy Statement.

As of the date of this Proxy Statement, the United States and the global community are facing unprecedented challenges posed by COVID-19. In response, we have taken steps to protect our people and support the communities we serve, while keeping our critical internet infrastructure running smoothly. These steps include (i) establishing a task force to monitor the COVID-19 outbreak and to actively protect our employees, (ii) executing on business continuity plans for the uninterrupted continuation of our services, including our domain name registry services, while most of our employees continue to work remotely, (iii) donating to COVID-19 relief efforts and doubling our matching program for employee donations under our Verisign Cares program, and (iv) freezing registry prices for all of the top-level domains that we operate through the end of 2020.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 26, 2020, except as otherwise indicated, by:

- each current stockholder who is known by us to own beneficially more than 5% of our common stock;
- each current director;
- each of our named executive officers listed in the Summary Compensation Table in “Executive Compensation” elsewhere in this Proxy Statement; and
- all current directors and executive officers as a group.

The percentage ownership is based on 115,760,940 shares of common stock outstanding at March 26, 2020. Shares of common stock that are issuable upon vesting of RSUs within 60 days of March 26, 2020 are deemed outstanding for the purpose of computing the percentage ownership of the person holding such RSUs but are not deemed outstanding for computing the percentage ownership of any other person. Unless otherwise indicated in the footnotes following the table, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

BENEFICIAL OWNERSHIP TABLE

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number(1)	Percent(1)
Greater Than 5% Stockholders		
Warren Buffett(2) Berkshire Hathaway, Inc. 3555 Farnam Street Omaha, NE 68131	12,952,745	11.19%
The Vanguard Group(3) 100 Vanguard Boulevard Malvern, PA 19355	11,795,678	10.19%
BlackRock, Inc.(4) 55 East 52nd Street New York, NY 10055	9,149,073	7.90%
Renaissance Technologies, LLC(5) Renaissance Technologies Holdings Corporation 800 Third Avenue New York, NY 10022	8,270,690	7.14%
Directors and Named Executive Officers		
D. James Bidzos(6)	876,573	*
Yehuda Ari Buchalter	1,176	*
Kathleen A. Cote	34,251	*
Thomas F. Frist III	9,958	*
Jamie S. Gorelick	15,055	*
Roger H. Moore	38,528	*
Louis A. Simpson(7)	215,954	*
Timothy Tomlinson(8)	15,243	*
Todd B. Strubbe(9)	113,300	*
George E. Kilguss, III(10)	181,839	*
Thomas C. Indelicarto(11)	65,882	*
All current directors and executive officers as a group (11 persons)(12).....	1,567,759	1.35%

* Less than 1% of Verisign's outstanding common stock.

- (1) The percentages are calculated using 115,760,940 outstanding shares of common stock on March 26, 2020 as adjusted pursuant to Rule 13d-3(d)(1)(i). Pursuant to Rule 13d-3(d)(1) of the Exchange Act, beneficial ownership information for each person also includes shares of common stock that are issuable upon vesting of RSUs within 60 days of March 26, 2020.
- (2) Based on a Schedule 13G/A filed with the SEC on February 14, 2017 by Warren E. Buffett, Berkshire Hathaway, Inc. and other reporting persons with respect to the beneficial ownership of 12,952,745 shares. Berkshire Hathaway, Inc., is a diversified holding company which Mr. Buffett may be deemed to control. Mr. Buffett and Berkshire Hathaway share voting and dispositive power over 12,952,745 of these shares, which include shares beneficially owned by certain subsidiaries of Berkshire Hathaway. National Indemnity Company and GEICO Corporation each share voting and dispositive power over 7,905,481 of these shares.
- (3) Based on a Schedule 13G/A filed with the SEC on February 10, 2020 by The Vanguard Group with respect to the beneficial ownership of 11,795,678 shares. The Vanguard Group has sole voting power over 157,253 of these shares, shared voting power over 37,029 of these shares, sole dispositive power over 11,609,474 of these shares and shared dispositive power over 186,204 of these shares.
- (4) Based on a Schedule 13G/A filed with the SEC on February 6, 2020 by BlackRock, Inc. with respect to the beneficial ownership of 9,149,073 shares. BlackRock, Inc. has sole voting power over 8,144,371 of these shares and sole dispositive power over all 9,149,073 of these shares.
- (5) Based on a Schedule 13G/A filed with the SEC on February 13, 2020 by Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation with respect to the beneficial ownership of 8,270,690. Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation have sole voting power and sole dispositive power over all 8,270,690 of these shares.
- (6) Includes 4,726 RSUs vesting within 60 days of March 26, 2020 held directly by Mr. Bidzos.
- (7) Includes 215,954 shares held by the Louis A. Simpson Living Trust, under which Mr. Simpson is the trustee.
- (8) Includes 15,243 shares held by the Tomlinson Family Trust, under which Mr. Tomlinson and his spouse are co-trustees.
- (9) Includes 2,329 RSUs vesting within 60 days of March 26, 2020 held directly by Mr. Strubbe.
- (10) Includes 1,837 RSUs vesting within 60 days of March 26, 2020 held directly by Mr. Kilguss.
- (11) Includes 1,182 RSUs vesting within 60 days of March 26, 2020 held directly by Mr. Indelicarto.
- (12) Includes the shares described in footnotes (6)-(11).

PROPOSAL NO. 2
ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

As required by Section 14A of the Exchange Act and related SEC rules, we are seeking an advisory stockholder vote to approve the compensation of our named executive officers for 2019 as disclosed under SEC rules, including the Compensation Discussion and Analysis section, the compensation tables and related material included in this Proxy Statement. The stockholder vote approving executive compensation is advisory only, and the result of the vote is not binding upon the Company or the Board. Although the resolution is non-binding, the Board and the Compensation Committee will consider the outcome of the advisory vote approving executive compensation when making future compensation decisions. In 2017, the majority of our stockholders voted in favor of holding a non-binding stockholder advisory vote to approve executive compensation on an annual basis and, in consideration of the outcome of the frequency vote, the Board has determined to hold such advisory vote each year. Following the Annual Meeting, the next non-binding stockholder advisory vote to approve executive compensation will occur at the 2021 Annual Meeting of Stockholders.

Our executive compensation program and compensation paid to our named executive officers are described elsewhere in this Proxy Statement. The Compensation Committee oversees the program and compensation awarded, adopting changes to the program and awarding compensation as appropriate to reflect the Company's circumstances and to promote the main objectives of the program.

This proposal allows our stockholders to express their opinions regarding the decisions of the Compensation Committee on the prior year's annual compensation to our named executive officers. You may vote for or against the following resolution, or you may abstain.

RESOLVED, that the stockholders of VeriSign, Inc. (the "Company") approve, on a non-binding, advisory basis, the compensation of the Company's named executive officers as disclosed in the Proxy Statement for the Company's 2020 Annual Meeting of Stockholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the executive compensation tables and related disclosures.

The Board Recommends a Vote FOR the Foregoing Resolution.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (“CD&A”) provides comprehensive information about our executive compensation program for our 2019 named executive officers (our “NEOs”) and provides context for the decisions underlying the compensation reported in the executive compensation tables in this Proxy Statement. Our NEOs are:

- D. James Bidzos, Executive Chairman and Chief Executive Officer (“CEO”);
- Todd B. Strubbe, President and Chief Operating Officer (“COO”);
- George E. Kilguss, III, Executive Vice President, Chief Financial Officer (“CFO”); and
- Thomas C. Indelicarto, Executive Vice President, General Counsel and Secretary.

Mr. Strubbe was promoted to President and Chief Operating Officer on February 11, 2020. During 2019, Mr. Strubbe served as our Executive Vice President and Chief Operating Officer.

The sections below describe the material elements of our executive compensation program for 2019, including how we set compensation and tied pay to performance. We refer to our NEOs, Executive Vice Presidents and Senior Vice Presidents, collectively as our “executives.”

Compensation Philosophy and Objectives

Our executive compensation program is designed to attract and retain the executive talent we need to maintain our high performance standards and grow our business for the future. Our philosophy is to provide a mix of compensation that motivates our executives to achieve our short and long-term performance goals, which in turn will create value for our stockholders. After reviewing our program for market competitiveness and alignment with best practices, we made no significant changes to our executive compensation program for 2019.

Our executive compensation program is designed with the following objectives and program elements:

Objective	Program Element
Attract and retain talented executives	Provide a competitive level of total compensation (base salary, bonus and long-term incentive).
Promote a pay for performance philosophy based on both Company performance and individual contributions	Provide a compensation program that is weighted in favor of annual and long-term incentives that are tied to financial and strategic goals designed to enhance stockholder value. In addition, provide annual incentive bonuses based on Company performance that for any individual executive may be modified up (subject to specified limitations) or down based on individual performance to more closely align executives’ personal accomplishments with their compensation.
Align the interests of our executives with our stockholders	Tie a significant portion of compensation to the long-term value of our stock, including performance-based stock awards that are tied in part to Total Shareholder Return (“TSR”). In addition, require executives to meet stock ownership guidelines and retain minimum stock ownership until six months after termination of employment.

Key features of our current executive compensation program include:

- A majority of our executives’ compensation is based on Company performance and individual performance.
- Our executives do not have employment contracts.
- Our executives’ change in control agreements contain a double trigger and do not provide for tax gross-ups.
- No special pension plans, special retirement plans or other significant perquisites for executives.
- Our executives participate in the same benefit programs as all other employees.
- An incentive compensation recovery policy applicable to our NEOs that covers both cash and performance-based equity in the event of a materially inaccurate financial statement or an inaccurately measured performance metric criterion with or without a restatement of our financial statements.

- *Forfeiture provisions in our equity awards such that unvested awards are generally forfeited upon a termination of employment (subject to limited exceptions for death, disability, and certain terminations related to a change in control).*
- *Robust stock ownership requirements applicable to our executives and directors.*
- *An insider trading policy that prohibits any employee or director from shorting, hedging or pledging our stock.*

Pay and Performance Relationship: Attracting and retaining the executive talent we need to be successful is a key objective of our executive compensation program. It is equally important that our executives are motivated to and rewarded for achieving objectives that provide long-term benefits to our stockholders. We have designed our executive compensation program so that a significant amount of our NEOs' compensation is tied to the Company's performance and stockholders' long-term interests. The charts below illustrate our emphasis on performance-based compensation.

CEO Pay Mix at Target



Total Performance-Based Compensation¹ = 90%

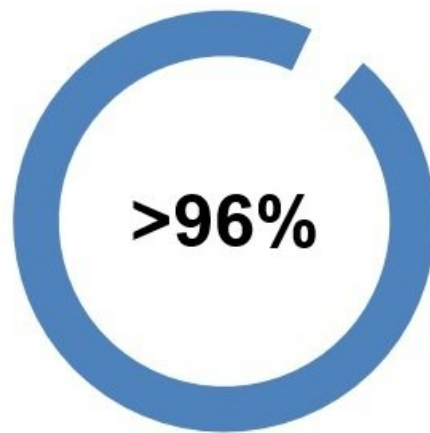
Other NEOs Pay Mix at Target



Total Performance-Based Compensation¹ = 84%

¹Performance-Based Compensation = 2019 Annual Target Bonus + 2019 Long-Term Incentive, valued as of the date of the grant.

Results of 2019 Say on Pay Vote: When the Compensation Committee set compensation amounts for 2020, it considered the results of the 2019 stockholder advisory vote on our executive compensation program. At our 2019 Annual Meeting of Stockholders, our stockholders indicated strong support of our executive compensation program, with over 96% of the votes cast in favor of our executive compensation program as disclosed in the 2019 Proxy Statement. In light of this strong support and based on our review of our program for market competitiveness and alignment with best practices, we made no significant changes to our executive compensation program for 2019.



**Voted in Favor of our Executive Compensation Program
at our 2019 Annual Meeting of Stockholders**

Elements of Our Executive Compensation Program

Our executive compensation program is made up of three main elements: base salary, annual incentive bonus and long-term incentive compensation. The chart below shows our objectives for each element of compensation and the factors we use to determine compensation amounts. For each element of compensation, the Compensation Committee takes into account our peer group (as described below) and relevant survey data as well as guidance from the independent compensation consultant, as applicable, before determining compensation amounts.

Element	Objective	Factors
Base Salary	Provide a guaranteed level of annual income in order to attract and retain our executive talent. Increases are not automatic or guaranteed.	<ul style="list-style-type: none"> • Job responsibilities and scope • Experience • Individual contributions • Internal pay equity
Annual Incentive Bonus	Provide a reward for achieving individual goals and the Company's financial and strategic goals.	<ul style="list-style-type: none"> • Company performance • Individual performance
Long-Term Incentive Compensation	Provide a reward that both serves a retention purpose and incentivizes executives to manage the Company from the perspective of a stockholder.	<ul style="list-style-type: none"> • Importance of the executive to Company performance • Individual contributions • Future potential of the executive • Value of executive's vested and unvested outstanding equity awards • Internal pay equity

Our Process for Setting Compensation

Role of the Compensation Committee: The Compensation Committee oversees our compensation and benefit programs, approves executives' compensation, and sets the policies that govern compensation of our executives and other employees. The Compensation Committee annually:

- Reviews and makes changes as appropriate to the peer group used to benchmark competitive compensation levels for our executives;
- Reviews the report from its compensation consultant as described below in the section titled "Role of External Compensation Consultant;"
- Reviews and approves design elements of executive compensation for market competitiveness and alignment with Company goals;
- Reviews stockholder dilution and burn rate in making equity compensation decisions;
- Sets performance goals for our annual and long-term incentive compensation programs;
- Examines the compensation data of our peer group and reviews broader survey data for technology companies that we believe are comparable to our company in industry and financial metrics;
- Determines the CEO's base salary, annual incentive bonus, and equity awards based on its review of the Board's assessment of the individual performance of the CEO during the year, peer group data, a tally sheet for the CEO detailing the CEO's entire compensation and benefits package and earnings potential from unvested equity awards, and the compensation consultant's report;
- Reviews the comprehensive risk assessment of the Company's incentive plans and arrangements;
- Reviews the competitiveness of our executives' base salaries, annual incentive bonus targets, and long-term incentive compensation targets (element by element and in aggregate) by comparing our program to a peer group of publicly-traded, technology companies that we view as representative of our competitors for executive talent; and
- Determines each other executive's base salary, annual incentive bonus, and equity awards based on its review of the CEO's assessment of the individual performance of the executive during the year, peer group and survey data, a tally sheet for the executive detailing the executive's entire compensation and benefits package and earnings potential from unvested equity awards, and the compensation consultant's report.

Role of Management: The CEO annually reviews the peer group market data, comparable industry survey data, the tally sheet data provided by the external compensation consultant, and the performance of each executive and makes recommendations to the Compensation Committee for base salary adjustments, annual incentive bonuses, and equity awards.

Role of External Compensation Consultant: The Compensation Committee has engaged FW Cook as its independent compensation consultant to assist it in evaluating and analyzing the Company's executive compensation program. FW Cook provides the following services to the Compensation Committee:

- Analyzes the executives', including the CEO's, annual compensation based on comparisons to the Company's peer group and comparable industry survey data, including in both cases target and actual total compensation, and advises the Compensation Committee on the appropriateness of management's recommendations for any changes, other than the CEO's, to the executives' compensation;
- Reviews the CEO's compensation and compensation program's design and makes recommendations to the Compensation Committee if it believes changes to the CEO's compensation or the compensation program design would be appropriate;
- Reviews the Company's peer group annually and provides recommendations for changes as appropriate;
- Advises the Compensation Committee on best practices related to oversight and design of the Company's executive compensation program;
- Reviews compensation design recommendations by the Company's management and provides recommendations to the Compensation Committee on the impact of those recommendations;
- Reviews the Company's equity compensation philosophy and incentive design;
- Reviews and provides guidance on the impact of regulatory changes on executive and non-employee director compensation;
- Reviews and provides guidance on the risk assessment of the Company's incentive plans and arrangements;
- Reviews and provides guidance on the executive compensation disclosures;
- Reviews and provides recommendations for non-employee director compensation; and
- Reviews and provides guidance on the Company's change in control agreements.

In October 2019, the Compensation Committee reviewed FW Cook's performance, and in December 2019, the Compensation Committee assessed FW Cook's independence against the six independence factors set forth in the applicable Nasdaq rules. The Compensation Committee determined that FW Cook was independent and engaged FW Cook for 2020. FW Cook performs no other services for the Company, and the Compensation Committee concluded that its services for the Compensation Committee do not raise any conflicts of interest.

Peer Group: Each year, the Compensation Committee reviews the peer group with the assistance of its independent compensation consultant and makes changes as appropriate in order to ensure it continues to suitably reflect the competitive market for executive talent. In making 2019 compensation decisions, the peer group used by the Compensation Committee consisted of the following companies:

Akamai Technologies	Global Payments
Alliance Data Systems	Intuit
ANSYS	Nuance Communications
Autodesk	Paychex
Cadence Design Systems	Red Hat
Citrix Systems	Roper Technologies
Equinix	Synopsys
F5 Networks	Teradata
Factset Research Systems	Total System Services
Fiserv	Verisk Analytics

Executive Compensation

At the time when the Compensation Committee determined the 2019 peer group in October 2018, Verisign's revenue, operating income before depreciation and amortization ("Adjusted Operating Income"), and market capitalization as compared to its 2019 peer group were as follows: first quartile for revenue, third quartile for Adjusted Operating Income and third quartile for market capitalization.

In October 2019, as part of its annual review of our peer group, FW Cook provided the Compensation Committee with an evaluation of our then current peer group and identified potential new peer group companies based on revenue, Adjusted Operating Income, market capitalization, free cash flow yield, Adjusted Operating Income growth, use of dividends or buybacks, inclusion in the S&P 500 index and their industry. Based on this review, Broadridge Financial and Fortinet were added to our peer group. Red Hat was removed from our peer group due to its acquisition by IBM, and Total Systems Services was removed from our peer group due to its merger with Global Payments. The resulting 20 peer group companies were used in setting 2020 compensation based on this annual review.

Base Salary: For 2019, the Compensation Committee reviewed competitive benchmark data provided by FW Cook and recommendations from our CEO regarding each executive's individual performance other than himself. Based on that review, the Compensation Committee approved adjustments to our NEOs' salaries as summarized in the chart below.

Name	2018 Base Salary	2019 Base Salary	Rationale for Adjustment
D. James Bidzos	\$ 925,000	\$ 925,000	
Todd B. Strubbe	\$ 550,000	\$ 565,000	Mr. Strubbe received a salary increase to better align with peer group market data.
George E. Kilguss, III	\$ 500,000	\$ 525,000	Mr. Kilguss received a salary increase to better align with peer group market data.
Thomas C. Indelicarto	\$ 450,000	\$ 450,000	

Annual Incentive Bonus: The NEOs participate in the Verisign Performance Plan ("VPP"), which is a cash-based annual bonus plan. VPP bonuses are based on the Company's achievement of pre-established financial goals, as well as individual performance. The Compensation Committee determines the target annual incentive opportunity for each of our NEOs based on a comparison to our peer group, relevant survey data, and the compensation consultant's report. For 2019, the Compensation Committee approved the following VPP bonus targets as a percentage of base salary for our NEOs:

NEOs	2019 Bonus Target as a % of Base Salary
D. James Bidzos	125%
Todd B. Strubbe (1)	90%
George E. Kilguss, III (1)	80%
Thomas C. Indelicarto (1)	80%

(1) VPP bonus target as a percentage of salary was increased in 2019 to better align with peer group market data.

The Compensation Committee approves actual annual incentive award payments for our executives taking into account the Company's and the individual's performance. The Company's performance determines the initial level of funding for the annual incentive bonus pool. The Compensation Committee then considers, and approves as appropriate, the CEO's recommendation for modifying any individual awards above or below the level of funding based on an assessment of individual performance, subject to the maximum individual bonus payments described below for NEOs under *Limitations on Tax Deductibility of Executive Compensation and Annual Incentive Compensation Plan* and the 175% funding limitation for the VPP.

The Company's performance goals for the 2019 VPP were approved by the Compensation Committee in December 2018 and were based on two financial measures, weighted equally: (i) revenue and (ii) non-GAAP operating margin. For purposes of determining the bonus pool under the 2019 VPP, each of revenue and non-GAAP operating margin excluded revenue from the security services customer contracts sold, which amounted to \$10.2 million in 2019. In this context, the Compensation Committee determined non-GAAP operating margin by taking the Company's consolidated non-GAAP operating income (excluding security services revenue) as a percentage of revenue (excluding security services revenue) and determined the Company's consolidated non-GAAP operating income by adding back stock-based compensation expense to the Company's consolidated operating income as determined under GAAP. The 2019 VPP required

achievement of 98% of the established target for either revenue (excluding security services revenue) or non-GAAP operating margin (excluding security services revenue) before any funding of the bonus pool may occur. The table below illustrates different achievement levels for funding of the 2019 VPP bonus pool (threshold, target and maximum) for each of these financial measures. The table also illustrates actual revenue (excluding security services revenue) and non-GAAP operating margin (excluding security services revenue) achieved for 2019 and the corresponding funding levels that resulted in a 95% funding for the 2019 VPP bonus pool.

Achievement	Revenue (excluding security services revenue)		Non-GAAP Operating Margin (excluding security services revenue)		Total Funding
	Metric (in millions)	Funding	Metric	Funding	
Threshold	\$1,202.0	12.5%	66.6%	12.5%	25.0%
Target	\$1,226.5	50.0%	68.0%	50.0%	100.0%
Maximum	\$1,294.0	87.5%	71.7%	87.5%	175.0%
Actual	\$1,221.5	37.5%	69.3%	57.5%	95.0%

In order to establish actual award amounts under the VPP, the Compensation Committee also reviewed Mr. Bidzos' assessment of individual performance of the other NEOs and his recommendations on bonus amounts for other NEOs. The Compensation Committee also considered the Board's assessment of Mr. Bidzos' individual performance. The chart below indicates the Compensation Committee's approved annual incentive bonus award for each NEO under the 2019 VPP.

Name	2019 Base Salary	Bonus Target as a % of Base Salary	2019 Actual Bonus Payment			
			Funding Multiplier as a % of Target	Actual Payout as a % of Target	Actual Payout Amount	Actual Payout as a % of Base Salary
D. James Bidzos(1)	\$925,000	125%	95%	95%	\$1,098,438	119%
Todd B. Strubbe(1)	\$565,000	90%	95%	95%	\$483,075	86%
George E. Kilguss, III(2)	\$525,000	80%	95%	96%	\$405,000	77%
Thomas C. Indelicarto(2)	\$450,000	80%	95%	100%	\$360,000	80%

(1) Messrs. Bidzos and Strubbe received a bonus payment at the funding multiplier level with no further adjustment.

(2) Messrs. Kilguss and Indelicarto received bonus payments at 96% and 100% of their bonus targets respectively. The adjustments over the funding multiplier level were made due to notable contributions and performance.

Long-Term Incentive Compensation: Equity-based grants are a key element of our total compensation program and are issued in accordance with our Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan (the "2006 Plan"). Consistent with our compensation philosophy, we believe it is important that these awards have a performance component and that they are based in part on TSR. Individuals' target award amounts are based on several factors including competitiveness as determined by data provided by FW Cook, job responsibilities, individual contributions, and future potential of the executive.

In 2019, the Compensation Committee granted (i) a long-term equity award to Mr. Bidzos consisting of 60% performance-based RSUs ("PSUs") and 40% time-based RSUs and (ii) long-term equity awards to our other NEOs consisting of 50% PSUs and 50% time-based RSUs. The time-based RSUs provide strong retention value for our executive talent as they vest ratably over four years, subject to continued employment. They are also linked to increases in stockholder value creation as their value goes up or down with VeriSign's stock price. The performance metrics associated with the 2019 PSUs consist of two financial measures, each measured over a three-year performance period from January 1, 2019 through December 31, 2021: (i) compound annual growth rate ("CAGR") of the Company's operating income per share and (ii) TSR of VeriSign stock compared to the TSR of the S&P 500 Index. The number of PSUs earned may range from 0% to 200% of the target award based on CAGR of operating income per share for the performance period, but no more than 100% of target may be earned unless the TSR of VeriSign stock equals or outperforms the TSR of the S&P 500 Index for the performance period. We believe that these performance metrics coincide with the interests of our stockholders, create a long-term performance focus and complement the performance metrics underlying the Company's short term annual cash incentive plan. The potential vesting of the 2019 PSUs at the end of the three-year performance period also provides a strong retention incentive.

These equity awards were granted to our NEOs on February 11, 2019 at a regularly scheduled Compensation Committee meeting. The Compensation Committee approved the total value of each equity award based on the factors discussed above. The target number of PSUs granted to each of our NEOs was determined by dividing the value of the PSUs portion of the NEO's equity award by the closing stock price on the date of grant. The number of time-based RSUs

granted to each of our NEOs was determined by dividing the value of the time-based RSUs portion of the NEO's equity award by the closing stock price on the date of grant.

The chart below shows the equity awards granted to each NEO in February 2019:

2019 Annual Equity Grants				
Name	Total Market Value of Equity Grant (1)	Grant Date Fair Value per share	Time-based RSUs granted (2)	Target PSUs granted (3)
D. James Bidzos.....	\$ 6,999,915	\$ 170.53	16,419	24,629
Todd B. Strubbe.....	\$ 2,759,858	\$ 170.53	8,092	8,092
George E. Kilguss, III....	\$ 2,299,768	\$ 170.53	6,743	6,743
Thomas C. Indelicarto ..	\$ 1,399,710	\$ 170.53	4,104	4,104

- (1) The total market value of the equity award is the combined value of PSUs and time-based RSUs based on grant date fair value per share.
- (2) 25% vested on February 14, 2020, and the remainder vests ratably, 6.25% each quarter for three years thereafter.
- (3) The number of target PSUs granted represents shares that would be earned based on achievement at 100% of target. The performance period is January 1, 2019 through December 31, 2021. Vesting occurs after the performance achievement has been certified by the Compensation Committee and the Company has received an unqualified signed opinion on the Company's financial statements for the year ending December 31, 2021 from its independent registered public accounting firm.

Vesting of PSUs Granted in 2017

In February 2017, the Compensation Committee granted PSUs with a performance period of January 1, 2017 through December 31, 2019 to our NEOs. The number of PSUs that could be earned ranged from 0% to 200% of the target award based on CAGR of operating income per share for the performance period, but no more than 100% of target could be earned unless the TSR on Verisign stock equaled or outperformed the TSR of the S&P 500 Index for the performance period. The threshold for the CAGR of operating income per share was 3.3% to earn awards of 10% of the PSUs granted. In order to receive an award of 100%, attainment of 7.3% CAGR of operating income per share was necessary. Attainment of at least 11.3% CAGR of operating income per share was necessary to earn awards of 200% of the PSUs granted. In February 2020, the Compensation Committee reviewed the extent of achievement against these performance goals for these PSUs. The CAGR of Operating Income per share for the performance period was 8.4% compared to the target of 7.3%. Verisign's 142.5% TSR for the performance period was greater than the S&P 500 Index's 50.1% TSR. This resulted in awards of 128% of target. The chart below shows the number of PSUs that were earned and vested in shares in February 2020 based on achievement of the performance goals for the performance period.

Name	Total PSUs Granted in 2017	Goal Achievement	Actual PSUs Earned and Vested in February 2020
D. James Bidzos	50,798	128%	65,021
Todd B. Strubbe	16,690	128%	21,363
George E. Kilguss, III	12,699	128%	16,254
Thomas C. Indelicarto	8,466	128%	10,836

VERISIGN PROXY

2020

Vesting of Special PSUs Granted in 2016

In October 2015, the Compensation Committee approved special PSUs with a January 4, 2016 grant date and a performance period of January 1, 2016 through December 31, 2019 to our NEOs other than Mr. Strubbe, who had then recently joined our company in April 2015. These one-time stock awards were designed to serve as a retention tool and in recognition of each executive's performance. The number of PSUs that could be earned ranged from 0% to 200% of the target award based on the extent to which Verisign's annualized TSR outperformed the S&P 500 Index's annualized TSR for the performance period. The minimum threshold for achievement was Verisign's annualized TSR equaling or exceeding the S&P 500 Index's TSR plus 1%, resulting in awards of 50% of the PSUs granted. In order to receive awards at 100% payout, Verisign's annualized TSR had to equal or exceed the S&P 500 Index's TSR plus 2%. The maximum for achievement was Verisign's annualized TSR equaling or exceeding the S&P 500 Index's TSR plus 4%, resulting in awards of 200% of the PSUs granted. In February 2020, the Compensation Committee reviewed the extent of achievement against this performance goal for these PSUs. Verisign's annualized TSR of 20.8% for the performance period exceeded the S&P 500 Index's annualized TSR plus 4%. This resulted in awards of 200% of target. The chart below shows the number of PSUs that were earned and vested in February 2020 based on achievement of the performance goal for the performance period.

Name	Total PSUs Granted in 2016	Goal Achievement	Actual PSUs Earned and Vested in February 2020
D. James Bidzos	29,779	200%	59,558
George E. Kilguss, III	5,955	200%	11,910
Thomas C. Indelicato	5,955	200%	11,910

Other Features of our Executive Compensation Program

Stock Retention Policy: Our stock retention policy applies to our employees at the Senior Vice President level and above, officers who are subject to the provisions of Section 16 of the Exchange Act ("Section 16 Officers"), and board members.

Ownership levels are set as a multiple of base salary or annual retainer and are as follows:

- Directors: 10x Annual Retainer
- CEO: 6x Base Salary
- Section 16 Officers, Executive Vice Presidents and Senior Vice Presidents, other than the CEO: 2x Base Salary

The stock retention policy requires participants to retain 50% of their shares received from equity awards (net of taxes) until they reach the required minimum ownership level, and that the required minimum number of shares must be held until six months after the participant ceases employment or board service with the Company. We believe requiring executives and board members to continue to retain stock after their service with the Company ceases aligns our executives' interests with the long-term interests of our stockholders.

Insider Trading Policy: Our Insider Trading Policy prohibits employees (including our executives) and directors from buying or selling derivative securities related to our common stock, such as puts or calls. We believe derivative securities diminish the alignment of incentives between our employees and stockholders. Additionally, under our policy, our executives and directors may only purchase and sell our common stock during approved trading windows and after our Compliance Officer has pre-approved the transaction.

No Shorting, Hedging or Pledging Allowed: Our Insider Trading Policy prohibits employees (including our executives) and directors from (i) trading in any interest or position relating to the future price of our securities, such as a put, call or short sale, other than a cashless exercise of an option through a broker, (ii) engaging in hedging or monetization transactions using our securities, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds, or (iii) holding our securities in a margin account or otherwise pledging our securities as collateral.

Recovery of Incentive Compensation: The Compensation Committee has adopted an executive incentive compensation recovery policy that applies to annual and long-term incentive awards. The policy applies when there is an inaccurate financial statement, including statements of earnings, revenues, or gains or any other materially inaccurate calculation of a performance metric criterion, regardless of whether such inaccuracy was the subject of financial statement restatement. If, as a result of such inaccurate financial statement or calculation, certain executives received materially more incentive compensation than they would have had the correct financial statement or calculation been prepared at the time of the compensation award, the Compensation Committee shall (subject to the exception noted below) seek recovery of this

overpayment. The recovery could occur either by limiting future awards or directly seeking repayment. The Compensation Committee may only determine not to seek recovery of such an overpayment if the direct costs of recovery are expected to exceed the amount of recovery. In the case of fraudulent, intentional, willful or grossly negligent misconduct by the recipient of an award, the Compensation Committee can attempt to recoup previous incentive awards paid regardless of when the awards were paid to the executive. If the inaccuracy is not the result of these circumstances, the Compensation Committee can only recover incentive awards that were incorrectly paid based on the inaccuracy if they were paid in the three years prior to the determination that the financial statement was inaccurate.

Equity Award Practices: The Compensation Committee approves all equity awards to our executives, the aggregate annual equity pool, employee grant guidelines, and all equity awards to eligible employees during the annual grant process, which generally takes place in February.

Benefits: We generally do not provide our executives with any benefits other than those provided to all of our other U.S.-based employees. All of our U.S.-based employees are eligible for medical, dental and vision insurance, life insurance, short and long-term disability, paid time off, an employee stock purchase plan, and a qualified 401(k) salary deferral plan. Although we do not generally provide perquisites to our executives, the Compensation Committee has approved the Company's payment of filing fees incurred in connection with filings made by Mr. Bidzos under the Hart-Scott-Rodino Act that are required as a result of the appreciation in the Company's stock price and the acquisition of shares under the Company's equity compensation plans. The Compensation Committee considered this payment to be appropriate as it encourages Mr. Bidzos to continue to retain and acquire shares in the Company to further align his interests with the long-term interests of our stockholders.

Severance or Employment Agreements: We generally do not enter into severance or employment agreements with our executives (except as described below), nor do we provide severance or other benefits following voluntary termination. However, the Compensation Committee may determine in special circumstances that providing such severance payments or benefits or entering into employment agreements is warranted in order to attract a potential executive or for other business considerations.

Change in Control and Retention Agreements: We have entered into change in control and retention agreements with our executives. These agreements provide for change in control severance benefits and payments in the event the executive's employment is terminated in connection with a change in control of the Company. These agreements are "double trigger" agreements which means the executives will only be eligible for payments under the agreements if both a change in control of the Company occurs and the executive's employment is terminated without cause (or by the executive for good reason) within 24 months of the change in control.

The Compensation Committee believes these agreements are necessary to attract and retain executive talent and to remove any potential conflicts of interests of our executives when making decisions related to potentially beneficial corporate transactions. Each year, the Compensation Committee reviews the provisions of these agreements with FW Cook and makes adjustments as necessary to ensure alignment of executives' interests with stockholders' interests. FW Cook advised the Compensation Committee that the agreements were consistent with best practices, which include double trigger benefits, severance multiples less than or equal to 2x base salary and target bonus, and have no tax-gross up provision. Based on FW Cook's analysis and the Compensation Committee's review, no changes were made to the benefits provided under the agreements in 2019. The CEO's change in control agreement provides for a severance payment of 2x his base salary and a bonus payment of 2x target bonus plus the cash equivalent of two years of continuation of health benefits if he participates in the Company's health plans at the date of his termination. The other terms of his change in control agreement are the same as other executives. Additional details about these agreements, including potential payments, may be found in the "Potential Payments Upon Termination or Change in Control" section and the "Termination and Change in Control Benefit Estimates as of December 31, 2019" table elsewhere in this Proxy Statement.

Risk Assessment: In 2019, we performed a comprehensive assessment of our compensation policies and program design to determine whether risks arising under them would be likely to have a material adverse effect on the Company. The Compensation Committee, based on input from FW Cook and management, considered each element of our compensation programs and policies in our risk assessment and determined that none of our compensation policies and programs creates a risk that is reasonably likely to have a material adverse effect on the Company.

Limitations on Tax Deductibility of Executive Compensation and the Annual Incentive Compensation Plan: Section 162(m) of the Internal Revenue Code generally imposes a \$1 million limit on the amount of compensation a publicly held company can deduct in any tax year on compensation paid to each NEO. Prior to the passage of the Tax Cuts and Jobs Act in 2017, there was an exception to this deductibility limitation if the compensation qualified as "performance-based" compensation under Section 162(m). In order to try to ensure that annual incentive bonuses paid to NEOs were considered performance-based compensation under Section 162(m), annual incentive bonuses paid to NEOs were

subject to a maximum bonus amount and a performance goal under the stockholder-approved Annual Incentive Compensation Plan (the “AICP”). With the enactment of the Tax Cuts and Jobs Act, the performance-based compensation exception to the deductibility limitation is generally no longer available. Nevertheless, for 2019, annual incentive bonuses paid to NEOs remained subject to a maximum bonus amount and a performance goal under the AICP. Under the AICP, for 2019, assuming the performance goal was met, each NEO could be awarded a maximum bonus of 300% of the NEO’s target bonus (but no more than \$5 million), subject to the Compensation Committee’s discretion to award bonuses in lesser amounts. The 2019 performance goal under the AICP was the Company’s achievement of non-GAAP operating income in excess of \$50 million. For 2019, this performance goal was achieved and the Compensation Committee exercised its discretion to award bonuses below the maximum amount permitted under the AICP as described above under *Annual Incentive Bonus*. The Compensation Committee retains the flexibility to award compensation that it determines to be consistent with the goals of our executive compensation program even if such compensation is not tax deductible.

Compensation Committee Report

The Compensation Committee has reviewed the Compensation Discussion and Analysis included in this Proxy Statement. Based on the review, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

This report is submitted by the Compensation Committee

Louis A. Simpson (Chairperson)

Thomas F. Frist III

Jamie S. Gorelick

Timothy Tomlinson

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during 2019 were Louis A. Simpson, Thomas F. Frist III, Jamie S. Gorelick and Timothy Tomlinson. All of the members of the Compensation Committee during 2019 were independent directors, and none of the members of the Compensation Committee during 2019 were employees or officers or former officers of Verisign during the prior three years, as required for director independence under the applicable Nasdaq rules. No executive officer of Verisign has served on the Compensation Committee (or other board committee performing equivalent functions, if any) or the board of directors of another entity, one of whose executive officers served as a member of the Compensation Committee of Verisign during 2019; and no executive officer of Verisign has served on the Compensation Committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a member of our Board during 2019.

Summary Compensation Table

The following table sets forth certain summary information concerning the compensation of our NEOs for 2019, 2018 and 2017.

SUMMARY COMPENSATION TABLE

Named Executive Officer and Principal Position	Year	Salary (\$)(1)	Stock Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
D. James Bidzos Executive Chairman and Chief Executive Officer	2019	925,000	6,999,915	1,098,438	720	9,024,073
	2018	913,461	6,999,855	1,248,750	45,720	9,207,786
	2017	842,308	6,999,937	1,105,000	7,068	8,954,313
Todd B. Strubbe President and Chief Operating Officer	2019	562,692	2,759,858	483,075	10,220	3,815,845
	2018	550,000	2,759,828	475,200	9,970	3,794,998
	2017	550,000	2,759,858	457,600	8,820	3,776,278
George E. Kilguss, III Executive Vice President, Chief Financial Officer	2019	521,154	2,299,768	405,000	10,220	3,236,142
	2018	496,154	2,199,900	405,000	9,964	3,111,018
	2017	475,000	2,099,907	400,000	8,784	2,983,691
Thomas C. Indelicarto Executive Vice President, General Counsel and Secretary	2019	450,000	1,399,710	360,000	648	2,210,358
	2018	446,154	1,399,816	400,000	642	2,246,612
	2017	425,000	1,399,938	350,000	7,068	2,182,006

- (1) Includes, where applicable, amounts electively contributed by each NEO under our 401(k) Plan.
- (2) Amounts shown represent the aggregate grant date fair value, which is based on the closing share price on the date of the grant. Amounts for PSUs, which are subject to performance and market conditions, are based upon the probable outcome of the performance conditions as of the grant date of the award. Amounts shown for 2019 include the following for PSUs: Mr. Bidzos, \$4,199,983; Mr. Strubbe, \$1,379,929; Mr. Kilguss, \$1,149,884; and Mr. Indelicarto, \$699,855. Grant date fair value for PSUs granted in 2019, at the maximum achievement level (i.e., 200% payout) would be 165% of the amounts for each executive, calculated using a Monte Carlo simulation model.
- (3) Amounts shown are for non-equity incentive plan compensation earned during the year indicated but paid in the following year.
- (4) Amounts in "All Other Compensation" for 2019 includes, where applicable, matching contributions made by the Company to the VeriSign, Inc. 401(k) Plan, wellness incentive payment, life insurance payments, and accidental death and dismemberment insurance payments.

Grants of Plan-Based Awards in 2019

The following table shows all plan-based awards granted to our NEOs for 2019 under annual and long-term plans.

GRANTS OF PLAN-BASED AWARDS IN 2019⁽¹⁾

Named Executive Officer	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) (3)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)(2)	Target (#)(2)	Maximum (#)(2)		
D. James Bidzos.....	N/A	289,063	1,156,250	3,468,750					
	2/11/2019				2,463	24,629	49,258		4,199,983
	2/11/2019							16,419	2,799,932
Todd B. Strubbe.....	N/A	127,125	508,500	1,525,500					
	2/11/2019				809	8,092	16,184		1,379,929
	2/11/2019							8,092	1,379,929
George E. Kilguss, III.....	N/A	105,000	420,000	1,260,000					
	2/11/2019				674	6,743	13,486		1,149,884
	2/11/2019							6,743	1,149,884
Thomas C. Indelicarto	N/A	90,000	360,000	1,080,000					
	2/11/2019				410	4,104	8,208		699,855
	2/11/2019							4,104	699,855

- (1) Each of our NEOs received an annual cash bonus under the AICP and VPP and received long-term incentive compensation under the 2006 Plan as described in "Compensation Discussion and Analysis" elsewhere in this Proxy Statement.
- (2) Each of our NEOs was awarded PSUs on February 11, 2019, to be earned based on Company performance and subject to a relative TSR achievement threshold in 2021 and determination to be made after the end of 2021.
- (3) The RSU awards vested 25% of the total award on February 15, 2020 and the remainder vests 6.25% of the total award each quarter thereafter, until fully vested.

Outstanding Equity Awards at 2019 Year-End

The following table shows all outstanding equity awards held by our NEOs at the end of 2019 granted under the 2006 Plan.

OUTSTANDING EQUITY AWARDS AT 2019 YEAR-END

Named Executive Officer	Grant Date	Stock Awards			
		Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested #(2)
D. James Bidzos.....	01/04/2016			59,558 (3)	11,475,635
	02/17/2016	1,995	384,397		
	02/14/2017	10,580	2,038,554		
	02/14/2017			65,021 (4)	12,528,246
	02/13/2018	14,243	2,744,341		
	02/13/2018			75,968 (5)	14,637,514
	02/11/2019	16,419	3,163,613		
	02/11/2019			24,629 (6)	4,745,516
Todd B. Strubbe.....	02/17/2016	1,059	204,048		
	02/14/2017	5,215	1,004,826		
	02/14/2017			21,363 (4)	4,116,223
	02/13/2018	7,020	1,352,614		
	02/13/2018			24,960 (5)	4,809,293
	02/11/2019	8,092	1,559,167		
	02/11/2019			8,092 (6)	1,559,167
George E. Kilguss, III.....	01/04/2016			11,910 (3)	2,294,819
	02/17/2016	805	155,107		
	02/14/2017	3,966	764,169		
	02/14/2017			16,254 (4)	3,131,821
	02/13/2018	5,594	1,077,852		
	02/13/2018			19,896 (5)	3,833,561
	02/11/2019	6,743	1,299,241		
	02/11/2019			6,743 (6)	1,299,241
Thomas C. Indelicarto	01/04/2016			11,910 (3)	2,294,819
	02/17/2016	537	103,469		
	02/14/2017	2,645	509,639		
	02/14/2017			10,836 (4)	2,087,880
	02/13/2018	3,559	685,748		
	02/13/2018			12,660 (5)	2,439,329
	02/11/2019	4,104	790,759		
	02/11/2019			4,104 (6)	790,759

- (1) The RSU award vests 25% of the total award on approximately the first anniversary of the date of grant and then vests 6.25% of the total award each quarter thereafter until fully vested.
- (2) The market value is calculated by multiplying the number of shares by the closing price of our common stock on December 31, 2019, which was \$192.68 per share.
- (3) Awards of PSUs were granted on January 4, 2016, to be earned based on achievement of specified levels of TSR of Verisign stock compared to the TSR of the S&P 500 Index over a four-year performance period. Performance criteria were achieved at the maximum 200% of target and as such, these PSUs vested on the date the Company received an unqualified signed opinion on the Company's financial statements from its independent registered public accounting firm, February 14, 2020.
- (4) Awards of PSUs were granted on February 14, 2017, to be earned based on Company performance in 2017, 2018 and 2019. Performance criteria were achieved at 128% of target and as such, these PSUs vested on the date the Company received an unqualified signed opinion on the Company's financial statements from its independent registered public accounting firm on February 14, 2020.
- (5) Awards of PSUs were granted on February 13, 2018, to be earned based on Company performance in 2018, 2019 and 2020 and determination to be made after the end of 2020. The number of shares shown reflects achievement of the maximum performance level based on Company performance and relative TSR of Verisign stock compared to the TSR of the S&P 500 for 2018 and 2019.
- (6) Awards of PSUs were granted on February 11, 2019, to be earned based on Company performance in 2019, 2020 and 2021 and determination to be made after the end of 2021. The number of shares shown reflects achievement of the target performance level based on Company performance and relative TSR of Verisign stock compared to the TSR of the S&P 500 for 2019.

Stock Vested in 2019

The following table shows all stock awards vested and the value realized upon vesting by our NEOs during 2019. No stock options were exercised by any of our NEOs during 2019.

STOCK VESTED IN 2019

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) (1)
D. James Bidzos	124,711	22,287,714
Todd B. Strubbe	49,211	8,860,012
George E. Kilguss, III	39,452	7,061,714
Thomas C. Indelicarto	26,239	4,703,625

(1) The value realized upon vesting is calculated by multiplying the number of shares that vested by the closing price of our common stock on the vesting date.

Potential Payments Upon Termination or Change in Control

Except as described below, we have no formal severance program for our NEOs, each of whom may be terminated at any time at the discretion of the Board.

Treatment of Equity Upon Death or Disability or Termination for any Other Reason

In the event of termination due to death or disability, outstanding equity awards will be treated as follows:

- Time-based RSUs – unvested RSUs shall accelerate in full according to the terms in the applicable award agreements; and
- PSUs – If such termination occurs during the applicable performance period and before the conclusion of such performance period, then such PSUs will accelerate based on the target achievement level; if such termination occurs after the conclusion of the applicable performance period and before the award for such performance period has been paid, then the PSUs will fully accelerate based upon the actual achievement level.

In the event of a termination for any other reason, all unvested equity awards are forfeited for no consideration.

Change in Control Agreements

Each of our executives is party to a change in control and retention agreement (the “CIC Agreements”). Under the CIC Agreements, each of the executives is entitled to receive severance benefits if, within the twenty-four months following a “change in control” (or under certain circumstances, during the six-month period preceding a change in control), the executive’s employment is terminated by the Company or its successor without “cause” or by the executive for “good reason” (referred to as a “qualified termination”). The terms and conditions of the CIC Agreements are described below.

Under the CIC Agreements, “*change in control*” means:

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

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

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

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

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

Under the CIC Agreements, "*cause*" means:

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

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

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

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

Under the CIC Agreements, "*good reason*" means:

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

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

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

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

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

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

(g) the failure of the Company to obtain the assumption of the agreement from any successor as provided in the agreement.

Under the CIC Agreements, "*incumbent director*" means: directors who either (i) are directors as of the date of the CIC Agreement, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the incumbent directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

If a change in control occurs and the executive officer experiences a qualifying termination and timely delivers a general release agreement, the CIC Agreements provide that Verisign will make the following payments and provide the following benefits to the executive officer (subject to a six month delay if and to the extent required by the deferred compensation rules set forth in and promulgated under Section 409A of the Internal Revenue Code):

- a lump sum equal to the pro rata target bonus for the year in which the executive officer was terminated;
- a lump sum equal to a specified multiple of the sum of (i) the executive officer's annual base salary plus (ii) the average of the executive officer's target annual bonus amount for the last three full fiscal years prior to a change in control, or, if the executive officer was employed by the Company for fewer than three full fiscal years preceding the fiscal year in which the change in control occurs, the average target bonus for the number of full fiscal years the executive officer was employed by the Company before the change in control or the target bonus for the fiscal year in which the change in control occurs if the executive officer was not eligible to receive a bonus from the Company during any of the prior three fiscal years; the applicable multiples are 200% of the annual base salary and bonus for the CEO and 100% of the annual base salary and bonus for other executive officer participants;

- if the executive elects to continue medical coverage under COBRA, reimbursement of the total cost of the executive's premiums that would be required to provide health insurance coverage, for 24 months for the CEO and for 12 months for all other executives;
- immediate acceleration of vesting of all of the executive officer's unvested stock options and RSUs; however, if the consideration to be received by stockholders of the Company in connection with the change in control consists of substantially all cash or if the stock options and RSUs held by the executive officer are not assumed in the change in control, then all of the executive officer's then-unvested and outstanding stock options and RSUs shall vest immediately prior to the change in control regardless of whether or not there is a termination of employment in connection therewith; and
- if PSUs are accelerated, and the performance period has not been completed, the amount payable is computed as if the performance has been satisfied at the target level.

In addition, the CIC Agreements include the following terms and conditions:

- to the extent any change in control payments or benefits are characterized as excess parachute payments within the meaning of Section 4999 of the Internal Revenue Code, and such characterization would subject the executive officer to a federal excise tax due to that characterization, the executive officer's termination benefits will be reduced to an amount so that none of the amounts payable constitute excess parachute payments if this would result in the executive officer's receipt, on an after-tax basis, of the greatest amount of termination and other benefits, after taking into account applicable federal, state and local taxes, including the excise tax under Section 4999 of the Internal Revenue Code;
- an initial term ending on August 24, 2012 and automatic renewal for one-year periods thereafter unless the Board terminates the CIC Agreement at least 90 days before the end of the then-current term, provided that such termination shall not be effective until the last day of the then-current term; and
- the executive officer is prohibited from soliciting employees of Verisign or competing against Verisign for a period of twelve months following termination.

The following table shows the equity awards that would have vested for our NEOs as of December 31, 2019, as well as the additional cash compensation payable to our NEOs, if any, under the change in control and termination scenarios described above. The value of the accelerated equity is based on the closing price of our common stock on December 31, 2019, which was \$192.68 per share.

Termination and Change in Control Benefit Estimates as of December 31, 2019

Named Executive Officer	Value of Cash and Continued Health Benefits \$(1)	Value of Accelerated Stock Awards (\$)
	Change in Control plus Qualifying Termination	Death, Disability or Change in Control plus Qualifying Termination(2) (3)
D. James Bidzos	5,267,159	35,920,754
Todd B. Strubbe	1,546,218	11,300,297
George E. Kilguss, III	1,343,558	10,106,644
Thomas C. Indelicarto	1,163,486	6,878,676

(1) To the extent any payments made or benefits provided upon termination of an executive officer's employment constitute deferred compensation subject to Section 409A of the Internal Revenue Code, payment of such amounts or provision of such benefits will be delayed for six months after the executive officer's separation from service if and to the extent required under Section 409A.

(2) If the equity awards held by the executive are not assumed upon a change in control or the consideration to be received by stockholders consists of substantially all cash, then all such equity awards shall have their vesting and exercisability accelerated in full immediately prior to the change in control regardless of whether there is a qualifying termination.

(3) All unvested PSUs included in the amounts accelerated are shown at the target achievement levels as achievement of the performance criteria had not been certified by the Compensation Committee as of December 31, 2019.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information about our common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans as of December 31, 2019.

Plan Category	Equity Compensation Plan Information		
	(A)	(B)	(C)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by stockholders (2)	876,534	\$ 0.00	11,218,189 (3)
Equity compensation plans not approved by stockholders	—	\$ —	—
Total	876,534	\$ 0.00	11,218,189

- (1) Only includes shares subject to RSUs outstanding as of December 31, 2019 that were issued under the 2006 Plan. Excludes purchase rights accruing under the 2007 Employee Stock Purchase Plan (the "2007 Purchase Plan"), which has a remaining stockholder-approved reserve of 3,139,655 shares as of December 31, 2019. There are no outstanding options or warrants.
- (2) Includes the 2006 Plan and the 2007 Purchase Plan.
- (3) Consists of shares available for future issuance under the 2006 Plan and the 2007 Purchase Plan. As of December 31, 2018, an aggregate of 8,078,534 shares and 3,139,655 shares of common stock were available for issuance under the 2006 Plan and the 2007 Purchase Plan, respectively, including 54,219 shares purchased under the 2007 Purchase Plan in January 2019. In addition to options and RSUs, shares can be granted under the 2006 Plan pursuant to stock appreciation rights, restricted stock awards, stock bonuses and performance shares.

CEO PAY RATIO

As required by Item 402(u) of Regulation S-K, we are providing the ratio of the annual total compensation of our CEO, Mr. Bidzos, to the annual total compensation of our median employee. For 2019, the annual total compensation of the median employee was \$180,475, and the annual total compensation of our CEO, as reported in the Summary Compensation Table in “Executive Compensation” elsewhere in this Proxy Statement, was \$9,024,073.

Based on this information for 2019, the ratio of our CEO’s annual total compensation to the annual total compensation of our median employee was 50:1. We believe this pay ratio is a reasonable estimate calculated in a manner consistent with applicable rules of the SEC using the data and assumptions summarized below. The SEC’s rules for identifying the median compensated employee and calculating the pay ratio based on that employee’s annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. Accordingly, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies have different employee populations and compensation practices and may use different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

The 2019 median employee was determined based on the total 2019 target direct compensation for all our employees (other than our CEO), who were employed as of December 31, 2019, consistent with the approach taken in the 2018 CEO Pay Ratio determination. For purposes of this pay ratio, we defined target direct compensation as the sum of annual base salary determined as of December 31, 2019, target annual bonus for the 2019 performance year, and the grant date value of annual equity grants in 2019. We applied our compensation measure consistently to all of our employees. Salaries for international employees were converted to U.S. dollars based on the applicable foreign exchange rates as of December 31, 2019. Once we identified our 2019 median employee, we then determined that employee’s annual total compensation in the same manner that we determine the total compensation of our NEOs for purposes of the Summary Compensation Table disclosed above. This annual total compensation amount for our median employee was then compared to the 2019 total compensation of our CEO as reported in the Summary Compensation Table to determine the pay ratio.

POLICIES AND PROCEDURES WITH RESPECT TO TRANSACTIONS WITH RELATED PERSONS

Our Audit Committee has approved a written *Policy for Entering into Transactions with Related Persons* (the “Related Person Transaction Policy”), which sets forth the requirements for review, approval or ratification of transactions between our company and “related persons,” as such term is defined under Item 404 of Regulation S-K.

The Related Person Transaction Policy requires the Audit Committee to review, approve or ratify the terms of any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (i) Verisign was or is to be a participant, (ii) the amount involved exceeds \$120,000, and (iii) a related person has or will have a direct or indirect material interest (“Related Person Transaction”), except for those transactions, arrangements or relationships specifically listed in the Related Person Transaction Policy as not requiring approval or ratification by the Audit Committee. In determining whether to approve or ratify a Related Person Transaction, the Audit Committee is required to take into account, among other factors it deems appropriate, whether the Related Person Transaction terms are no more favorable to the related person than terms generally available to an unaffiliated third-party under the same or similar circumstances and the materiality of the related person’s direct or indirect interest in the transaction. A related person who has a relationship with a company that engages in a transaction with Verisign is not deemed to have an indirect material interest in that transaction where the person’s only relationship is as a director or beneficial owner of less than 10% of that company’s equity interests.

The Related Person Transaction Policy requires prior approval of the Audit Committee for the following Related Person Transactions:

- Any Related Person Transaction to which a related person is a named party to the underlying agreement or arrangement, provided that certain agreements or arrangements between Verisign and a related person concerning employment and any compensation solely resulting from employment or concerning compensation as a member of the Board that have, in each case, been entered into or approved in accordance with policies of Verisign is not subject to prior approval of the Audit Committee;
- Any Related Person Transaction involving an indirect material interest of a related person where the terms of the agreement or arrangement are not negotiated on an arm’s length basis or where the Related Person Transaction is not a transaction in the ordinary course of business; and
- Any Related Person Transaction where the total transaction value exceeds \$1,000,000.

On a quarterly basis, the Audit Committee is required to review and, if determined by the Audit Committee to be appropriate, ratify any Related Person Transactions not requiring prior approval of the Audit Committee under the Related Person Transaction Policy.

In the event that Verisign proposes to enter into a transaction with a related person who is a member of the Audit Committee or an immediate family member of a member of the Audit Committee, prior approval by a majority of the disinterested members of the Board is required. No Audit Committee member nor his or her immediate family member, who is a party to a proposed transaction, may participate in any discussion or approval of such transaction, except to provide all material information concerning the Related Person Transaction.

The following Related Person Transactions do not require approval or ratification by the Audit Committee:

- Payment of compensation to executive officers in connection with their employment with Verisign, provided that the compensation has been approved in accordance with policies of Verisign.
- Remuneration to directors in connection with their service as a member of the Board, provided that the remuneration has been approved in accordance with policies of Verisign.
- Reimbursement of expenses incurred in exercising duties as an officer or director of Verisign, provided that the reimbursement has been approved in accordance with Verisign’s policies.
- Any transaction with a related person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.
- Any transaction involving a related person where the rates or charges involved are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- Any transaction where the related person’s interest arises solely from the ownership of Verisign’s common stock and all holders of Verisign’s common stock received the same benefit on a pro rata basis (e.g., dividends).

There are no transactions required to be reported under Item 404(a) of Regulation S-K where the Related Person Transaction Policy did not require review, approval or ratification, or where the Related Person Transaction Policy was not followed during 2019.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since January 1, 2019, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we or any of our subsidiaries are or were to be a party in which the amount involved exceeded or will exceed \$120,000 and in which any director, executive officer or beneficial holder of more than 5% of the common stock of Verisign or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

**PROPOSAL NO. 3
RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected KPMG LLP as our independent registered public accounting firm to perform the audit of our consolidated financial statements for the year ending December 31, 2020, and, as a matter of good corporate governance, our stockholders are being asked to ratify this selection. A representative of KPMG LLP is expected to be available at the Annual Meeting, will have the opportunity to make a statement at the Annual Meeting if he or she desires to do so and is expected to be available to respond to appropriate questions.

The Board Recommends a Vote FOR the Ratification of the Selection of KPMG LLP as our Independent Registered Public Accounting Firm for the Year Ending December 31, 2020.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table presents fees billed for professional services rendered by KPMG LLP for the audit of our annual consolidated financial statements for the years ended December 31, 2019 and December 31, 2018, and fees billed for other services provided by KPMG LLP, in each of the last two completed years.

	2019 Fees	2018 Fees
Audit fees(1)	\$ 1,630,734	\$ 1,634,002
Audit-related fees	—	—
Tax fees (2)	23,894	—
All other fees	—	—
Total Fees	\$ 1,654,628	\$ 1,634,002

(1) Audit fees consist of fees for the integrated audit of the Company's annual financial statements, the review of the interim financial statements included in the Company's Quarterly Reports on Form 10-Q and other professional services provided in connection with statutory and regulatory filings or engagements for those years.

(2) Tax fees consist principally of technical tax advice.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Per the Audit Committee's Charter, the Audit Committee, or a designated member of the Audit Committee, pre-approved all audit and permissible non-audit services provided by the independent registered public accounting firm. These services included audit services, audit-related services, tax services and other services. Any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date.

Report of the Audit Committee

The Audit Committee is composed of three directors who meet the independence and experience requirements of the listing rules of The Nasdaq Stock Market. The Audit Committee operates under a written charter adopted by the board of directors (the "Board") of VeriSign, Inc. ("Verisign"). The members of the Audit Committee are Messrs. Tomlinson (Chairperson), Ms. Cote, and Mr. Moore. The Audit Committee met five times during 2019.

Management is responsible for the preparation, presentation and integrity of Verisign's financial statements, accounting and financial reporting principles and internal controls and processes designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting standards and applicable laws and regulations (the "Internal Controls"). The independent registered public accounting firm, KPMG LLP ("KPMG"), is responsible for performing an independent audit of Verisign's consolidated financial statements and the effectiveness of Verisign's internal control over financial reporting in accordance with standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") and for issuing reports thereon.

The Audit Committee is responsible for oversight of Verisign's financial, accounting and reporting processes and its compliance with significant applicable legal and regulatory requirements. The Audit Committee is also responsible for the appointment, compensation and oversight of Verisign's independent registered public accounting firm, including (i) annually evaluating the independent registered public accounting firm's qualifications and performance, (ii) annually reviewing and confirming the independent registered public accounting firm's independence, (iii) reviewing and approving the planned scope of the annual audit, (iv) overseeing the audit work of the independent registered public accounting firm, (v) reviewing and pre-approving any non-audit services that may be performed by the independent registered public accounting firm, which are considered in the evaluation of the independent registered public accounting firm's independence, (vi) annually reviewing with management and the independent registered public accounting firm the adequacy of Verisign's Internal Controls, (vii) annually reviewing Verisign's critical accounting policies, and the application of accounting principles, and (viii) overseeing the conduct of the annual audit, including the oversight of the resolution of any issues identified by the independent registered public accounting firm. In evaluating the independent registered public accounting firm's qualifications and performance and considering the independent registered public accounting firm for appointment, the Audit Committee considers the firm's, as well as the engagement team's, quality of audit services (including its knowledge, skill and experience), its global capabilities and technical resources, the reasonableness of its

fees, its communications with the Audit Committee, its independence, objectivity and professional skepticism, its knowledge of Verisign and its tenure as Verisign's independent registered public accounting firm as well as regulatory reviews of the firm and the firm's responses thereto. As part of this evaluation, the Audit Committee considers information provided by the firm as well as from management, including from the Chief Financial Officer, Controller and Vice President of Internal Audit.

To ensure the independence of Verisign's independent registered public accountant, the Audit Committee has received from KPMG the written disclosures and the letter required by applicable requirements of the PCAOB regarding KPMG's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with KPMG their independence. In addition, we follow the applicable laws, rules and regulations regarding the rotation of audit partners, including Rule 2-01 of Regulation S-X. The Audit Committee is involved in the selection of the audit partner when a rotational change is required.

During 2019, the Audit Committee met privately with KPMG to discuss the results of the audit, evaluations by the independent registered public accounting firm of Verisign's Internal Controls, and the quality of Verisign's financial reporting. In addition, during its regularly scheduled meetings, the Audit Committee met privately with each of Verisign's Chief Financial Officer, General Counsel and Compliance Officer, and Vice President of Internal Audit to discuss various legal, accounting, auditing and internal control matters.

The Audit Committee has reviewed and discussed the audited consolidated financial statements contained in Verisign's Annual Report on Form 10-K for the year ended December 31, 2019 with management. This review included a discussion of the accounting principles, reasonableness of significant judgments, and clarity of disclosures in the consolidated financial statements. Management represented to the Audit Committee that Verisign's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and the Audit Committee has reviewed and discussed the consolidated financial statements with KPMG.

The Audit Committee has discussed with KPMG the matters required to be discussed by the applicable requirements of the PCAOB and the Securities and Exchange Commission (the "SEC").

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in Verisign's Annual Report on Form 10-K for the year ended December 31, 2019, for filing with the SEC.

This report is submitted by the Audit Committee

Timothy Tomlinson (Chairperson)

Kathleen A. Cote

Roger H. Moore

PROPOSAL NO. 4

STOCKHOLDER PROPOSAL TO PERMIT STOCKHOLDER ACTION BY WRITTEN CONSENT

John Chevedden has submitted a stockholder proposal for consideration at the Annual Meeting. Mr. Chevedden’s address is 2215 Nelson Avenue, No. 205, Redondo Beach, CA 90278. We have been notified that Mr. Chevedden has continuously owned no fewer than 200 shares of our common stock since October 1, 2018. If properly presented at the Annual Meeting, the Board unanimously recommends a vote “AGAINST” the following proposal. The affirmative vote of the holders of a majority of the shares of our common stock present or represented by proxy and entitled to vote at the Annual Meeting will be required to approve the stockholder proposal. Mr. Chevedden has requested that the proposal set forth in the box below be presented for a vote at the Annual Meeting:

Proposal 4 - Adopt a Mainstream Shareholder Right - Written Consent

Shareholders request that our board of directors take the steps necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. This written consent is to give shareholders the fullest power to act by written consent consistent with applicable law. This includes shareholder ability to initiate any appropriate topic for written consent.

Hundreds of major companies enable shareholder action by written consent. This proposal topic won majority shareholder support at 13 large companies in a single year. This included 67%-support at both Allstate and Sprint. This proposal topic also won 63%-support at Cigna Corp. (CI) in 2019. This proposal topic would have received higher votes than 63% to 67% at these companies if more shareholders had access to independent proxy voting advice.

Our high 25% threshold for shareholders to call a special meeting (25% threshold in a net long position held continuously for at least one year) has bureaucratic pitfalls. Such pitfalls can trigger minor shareholder errors that could mean that 70% of shares would need to ask for a special meeting in order to be sure of obtaining the 25% threshold after subtracting submissions with errors. One can be sure that management will have an eagle eye to spot any errors.

The right for shareholders to act by written consent is gaining acceptance as a more important right than the right to call a special meeting. This also seems to be the conclusion of the Intel Corporation (INTC) shareholder vote at the 2019 Intel annual meeting.

The directors at Intel apparently thought they could divert shareholder attention away from written consent by making it easier for shareholders to call a special meeting. However Intel shareholders responded with greater support for written consent in 2019 compared to 2018.

After a 45%-vote (less than a majority vote) for a written consent shareholder proposal The Bank of New York Mellon Corporation (BK) said it adopted written consent in 2019.

Perhaps BK is starting a new trend in recognizing that a 45%-vote represents a majority vote from the shares that have access to independent proxy voting advice.

Written consent won 44%-support at Capital One Financial Corporation (COF) in 2018 and this increased to 56% support in 2019. Written consent won 47%-support at United Rentals, Inc. (URI) in 2018 and this increased to 51%-support in 2019. Written consent won 43%-support at Flowserve Corporation (FLS) in 2018 and this increased to 51%-support in 2019.

Please vote yes:

Adopt a Mainstream Shareholder Right - Written Consent - Proposal 4

The Board recommends a vote “AGAINST” this proposal:

The Board is committed to sound corporate governance policies and practices, which allow stockholders the meaningful ability to voice their opinions, hold directors accountable, and promote long-term growth for shareholders. After carefully reviewing this proposal, the Board believes that adopting the proposal would not be in the best interest of our stockholders and recommends voting “AGAINST” this proposal.

Matters Requiring Stockholder Approval Should Be Presented To, and Voted On, By All Stockholders. In order to allow all stockholders equal time and opportunity to consider and act upon any matter requiring stockholder approval, the Board believes that all matters should be presented and considered at an annual or special meeting of stockholders. Unlike matters presented for a vote at a stockholder meeting, stockholder action by written consent may deprive stockholders of the opportunity to receive accurate and complete information about the subject of the action by written consent as written consent does not require communication to all stockholders. Written consent may therefore deny stockholders the ability to participate and deliberate transparently in major decisions affecting the Company and stockholders’ interests. A stockholder seeking action by written consent may attempt to solicit the fewest possible stockholders to take action, rather than seeking input from all stockholders, and may rely on consents obtained from some

stockholders before other stockholders have had the ability to evaluate a proposal, express their views, and vote. Action by written consent thereby can disenfranchise stockholders who do not have the opportunity to vote. In contrast, when stockholders act at a special or annual meeting of stockholders, all stockholders receive advance notice of the meeting and have clearly established times during which they can evaluate the issues, engage with the Company and other stockholders, communicate their views, and vote. Moreover, permitting stockholder action by written consent could create confusion and disruption, as multiple stockholders could solicit written consents at any time on a wide range of issues, which may duplicate or conflict with other proposals. Because of these concerns, approximately 70% of the 468 S&P 500 companies surveyed by FactSet either prohibit stockholders to act by written consent or only permit action by unanimous stockholder written consent.

Stockholders Owning 25% of Our Shares Have the Meaningful Ability to Call a Special Meeting of Stockholders Outside of the Annual Meeting Cycle. One or more stockholders owning 25% or more of our outstanding common stock already may call a special meeting of stockholders. A special meeting permits stockholders to vote on matters in between annual meetings. Unlike action by written consent, a special meeting of stockholders allows all stockholders to receive information about the proposed action in a transparent manner and to participate collectively in a single meeting. The ability of 25% of our outstanding shares to call a special meeting represents a significant right for our stockholders. Our 25% special meeting threshold is the same as, or more favorable to stockholders than, the special meeting rights at approximately 75% of the 468 S&P 500 companies surveyed by FactSet, as well as most of our peers. In addition, based on current public disclosures, the 25% special meeting threshold could be met by as few as three stockholders.

Stockholders Owning 3% of Our Shares Already Have the Ability to Nominate Director Candidates for Election to the Board Through Our Proxy Access Bylaw. In 2016, the Board adopted a market-standard proxy access Bylaw right. This provision allows stockholders owning 3% or more of our outstanding common stock for three years the right to nominate director candidates constituting up to 20% of our Board, and to have those nominees included in our proxy materials. This proxy access right complements the ability of stockholders to call a special meeting to voice their views in a way that is less onerous than the proposal's written consent, which would require proposed actions to be approved by holders of at least a majority (or higher if required by Delaware law or our certificate of incorporation) of our outstanding shares.

Our Other Governance Policies Empower Stockholders and Promote Board Accountability. The Board is committed to good corporate governance and has adopted policies and practices that provide our stockholders with additional opportunities to have their voices heard, hold directors accountable, and encourage effective, independent Board oversight of Company management:

- **Annual Election of Directors.** All directors are elected annually, and stockholders can remove directors with or without cause.
- **Majority Voting for Election of Directors.** We have adopted a majority voting standard for the election of directors in uncontested elections.
- **Stockholder Engagement with the Board.** Stockholders can communicate directly with the Board as a whole or with individual directors.
- **Independent Board Leadership.** All but one director on the Board are independent, as defined under Nasdaq's director independence standards. Independent directors thus compose 87.5% of the Board, well above the majority required by Nasdaq. In addition, we have a Lead Independent Director with robust duties.
- **Independent Board Committees.** All members of the Audit Committee, the Corporate Governance and Nominating Committee, and the Compensation Committee are independent directors. This entrusts oversight of critical matters to independent directors, such as the integrity of our financial statements, the evaluation of the Board and its committees, and the compensation of executive officers.

The Board Recommends a Vote AGAINST this Stockholder Proposal for the Reasons Discussed Above.

OTHER INFORMATION**Stockholder Proposals and Nominations for the 2021 Annual Meeting of Stockholders**

We strongly encourage any stockholder interested in submitting a stockholder proposal to contact our Secretary in advance of the applicable deadline described below to discuss the proposal. Our Corporate Governance and Nominating Committee reviews all stockholder proposals and makes recommendations to the Board for action on such proposals. For information on recommending individuals for consideration as director nominees, see “Corporate Governance—Corporate Governance and Nominating Committee” elsewhere in this Proxy Statement.

We engage in a continuous quality improvement approach to corporate governance practices. We monitor and evaluate trends and events in corporate governance and compare and evaluate new developments against our current practices; we understand that corporate governance is not in a static state with regard to numerous topic areas. We seek and receive input from stockholders and other commentators on our practices and policies, and our Board and our Corporate Governance and Nominating Committee consider this input when reviewing proposals to change practices or policies.

Proposals for Inclusion in Proxy Statement

Under Rule 14a-8 under the Exchange Act, some stockholder proposals may be eligible for inclusion in our proxy statement for our 2021 Annual Meeting of Stockholders (other than nominees for director). These stockholder proposals must comply with Rule 14a-8 and must be submitted, along with proof of ownership of our stock in accordance with Rule 14a-8, to our Secretary at VeriSign, Inc., 12061 Bluemont Way, Reston, Virginia 20190. Failure to deliver a proposal in accordance with this procedure may result in the proposal not being deemed timely received. We must receive all submissions no later than 6:00 p.m. Eastern Time on December 10, 2020. Submitting a stockholder proposal does not guarantee that we will include it in our proxy statement for our 2021 Annual Meeting of Stockholders.

Director Nominations for Inclusion in Proxy Statement (Proxy Access)

Our Bylaws permit a stockholder (or a group of up to 20 stockholders) that has continuously owned at least 3% of the outstanding shares of our common stock entitled to vote in the election of directors for at least three years, to nominate and include in our proxy statement for an annual meeting of stockholders up to the greater of two individuals or 20% of the number of the directors then in office so long as the nominating stockholder(s) and the nominee(s) satisfy the eligibility, procedural and disclosure requirements in our Bylaws. For our proxy statement for our 2021 Annual Meeting of Stockholders, notice of a proxy access nomination must be delivered to our Secretary at VeriSign, Inc., 12061 Bluemont Way, Reston, Virginia 20190 no earlier than 6:00 p.m. Eastern Time on November 10, 2020 and no later than 6:00 p.m. Eastern Time on December 10, 2020. The notice must include the information required by our Bylaws, including information concerning the nominee and information about the stockholder’s ownership of and agreements related to our common stock. If our 2021 Annual Meeting of Stockholders is held more than 30 days before or after the anniversary of our 2020 Annual Meeting of Stockholders, a stockholder seeking to nominate a candidate for election to the Board pursuant to the proxy access provisions of our Bylaws must submit notice of any such nomination no earlier than 6:00 p.m. Eastern Time on the 150th day prior to our 2021 Annual Meeting of Stockholders and no later than 6:00 p.m. Eastern Time on the later of the 120th day prior to our 2021 Annual Meeting of Stockholders or the 10th day following the day on which the date of our 2021 Annual Meeting of Stockholders is first publicly announced by us.

Other Proposals and Nominations

Our Bylaws govern the submission of nominations for director or other business proposals that a stockholder wishes to have considered at a meeting of our stockholders, but which are not included in our proxy statement for that meeting. Under the advance notice provisions of our Bylaws, written notice of any such nominations for directors or other business proposals must be delivered to our Secretary at VeriSign, Inc., 12061 Bluemont Way, Reston, Virginia 20190, no earlier than 6:00 p.m. Eastern Time on January 21, 2021 and no later than 6:00 p.m. Eastern Time on February 20, 2021. The notice must include the information required by these advance notice provisions. If our 2021 Annual Meeting of Stockholders is held more than 30 days before or more than 60 days after the anniversary of our 2020 Annual Meeting of Stockholders, a stockholder seeking to nominate a candidate for election to the Board or propose any business at our 2021 Annual Meeting of Stockholders, pursuant to these advance notice provisions, must submit notice of any such nomination or proposed business no earlier than 6:00 p.m. Eastern Time on the 120th day prior to our 2021 Annual Meeting of Stockholders and no later than 6:00 p.m. Eastern Time on the later of the 90th day prior to our 2021 Annual Meeting of Stockholders or the 10th day following the day on which the date of our 2021 Annual Meeting of Stockholders is first publicly announced by us. These advance notice provisions are separate from the requirements that a stockholder must meet in order to have a nominee or proposal included in the proxy statement.

Other Business

The Board does not presently intend to bring any other business before the Annual Meeting, and, so far as is known to the Board, no matters are to be brought before the Annual Meeting except as specified in the Notice of the Annual Meeting. As to any business that may properly come before the Annual Meeting, the proxies received will be voted in accordance with the best judgment of the persons voting such proxies.

Whether or not you expect to attend the virtual-only Annual Meeting, please complete the proxy electronically as described on the Notice Regarding the Availability of Proxy Materials and under “Internet and Telephone Voting” in this Proxy Statement, or alternatively, if you have received paper copies of our proxy materials, please complete, date, sign and promptly return the proxy in the enclosed postage paid envelope or cast your vote by phone so that your shares may be represented at the Annual Meeting.

Communicating with Verisign

We have, from time to time, received calls from stockholders inquiring about the available means of communication with Verisign. We thought that it would be helpful to describe those arrangements that are available for your use.

- If you would like to receive information about Verisign, you may use one of these convenient methods:
 1. To receive information such as our latest Annual Report on Form 10-K or Quarterly Report on Form 10-Q mailed to you, please email our Investor Relations Department at ir@verisign.com, and specify your mailing address, or call our Investor Relations Department at 1-800-922-4917 (U.S.) or 1-703-948-3447 (international).
 2. To view our website on the internet, please use our internet address at www.verisign.com. Our home page gives you access to product, marketing and financial data, and an on-line version of this Proxy Statement, our Annual Report on Form 10-K and other filings with the SEC. The information available on, or accessible through, this website is not incorporated by reference into this Proxy Statement.
- If you would like to write to us, please send your correspondence to the following address:

VeriSign, Inc.
Attention: Investor Relations
12061 Bluemont Way
Reston, Virginia 20190
or via email at ir@verisign.com.
- If you would like to inquire about stock transfer requirements, lost certificates and change of stockholder address, please call our transfer agent, Computershare, at 1-877-255-1918. If you are a foreign stockholder, please call 1-201-680-6578. You may also visit their website at <http://www.computershare.com/investor> for step-by-step transfer instructions.

WE WILL PROVIDE, WITHOUT CHARGE, UPON THE WRITTEN REQUEST OF ANY STOCKHOLDER, A COPY OF OUR 2019 ANNUAL REPORT ON FORM 10-K, INCLUDING THE FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENT SCHEDULES REQUIRED TO BE FILED WITH THE SEC PURSUANT TO RULE 13A-1. STOCKHOLDERS SHOULD DIRECT SUCH REQUESTS TO INVESTOR RELATIONS AT 12061 BLUEMONT WAY, RESTON, VIRGINIA, OR BY EMAIL AT IR@VERISIGN.COM.

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BOARD OF DIRECTORS

D. James Bidzos

Chairman of the Board of Directors,
Executive Chairman,
and Chief Executive Officer

Thomas F. Frist III

Principal
Frist Capital, LLC

Louis A. Simpson

Former Chairman
SQ Advisors, LLC

Ari Buchalter

Chief Executive Officer
Intersection Holdings, LLC

Jamie S. Gorelick

Partner
Wilmer Cutler Pickering Hale and Dorr LLP

Timothy Tomlinson

Former General Counsel
Portola Minerals Company

Kathleen A. Cote

Former Chief Executive Officer
Worldport Communications Company

Roger H. Moore

Former President and Chief Executive Officer
Illuminet Holdings, Inc.

EXECUTIVE OFFICERS

D. James Bidzos

Chairman of the Board of Directors,
Executive Chairman,
and Chief Executive Officer

George E. Kilguss, III

Executive Vice President
and Chief Financial Officer

Todd B. Strubbe

President and
Chief Operating Officer

Thomas C. Indelicarto

Executive Vice President,
General Counsel, and Secretary

INVESTOR INFO

Quarterly earnings releases, corporate news releases, and Securities and Exchange Commission filings are available by contacting Verisign Investor Relations or through our website at <https://investor.verisign.com>. **A copy of Verisign's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, containing additional information of possible interest to stockholders will be sent without charge to any stockholder who requests it. Please direct your request to Verisign Investor Relations at the address at right.**

VERISIGN INVESTOR RELATIONS

12061 Bluemont Way
Reston, VA 20190
Phone: + 1 800 922 4917
Int'l: + 1 703 948 3447
Email: ir@verisign.com
<https://investor.verisign.com/>

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
8350 Broad Street, Suite 900
McLean, VA 22102

TRANSFER AGENT

If you have questions concerning stock certificates, change of address, consolidation of accounts, transfer of ownership, or other stock account matters, please contact Verisign's transfer agent:

Computershare Inc.

P.O. Box 505000
Louisville, KY 40233
Phone: + 1 877 255 1918
Int'l: + 1 201 680 6578
<https://www.computershare.com/us>

STOCK EXCHANGE LISTING

Nasdaq Stock Market
Ticker Symbol: VRSN

VRSN
Nasdaq Listed

ABOUT VERISIGN

Verisign, a global provider of domain registry services and internet infrastructure, enables internet navigation for many of the world's most recognized domain names. Verisign enables the security, stability, and resiliency of key internet infrastructure and services, including providing root zone maintainer services, operating two of the 13 global internet root servers, and providing registration services and authoritative resolution for the .com and .net top-level domains, which support the majority of global e-commerce. To learn more about what it means to be Powered by Verisign, please visit Verisign.com.

WORLDWIDE

UNITED STATES:

Verisign Headquarters
12061 Bluemont Way
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Switzerland
Phone: + 41 (0) 26 408 7778

ASIA:

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807-A, Park Centra
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Gurgaon, Haryana
India
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Verisign Internet Technology Services
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Verisign.com

