

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

**SCHEDULE TO  
(Rule 13e-4)**

**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**VERISIGN, INC.**

*(Name of Subject Company (Issuer) and Filing Person (Offeror))*

**Options to Purchase Shares of Common Stock, Par Value \$0.001 Per Share**  
*(Title of Class of Securities)*

**92343E102**  
*(CUSIP Number of Class of Securities)  
(Underlying Common Stock)*

**William A. Roper, Jr.**  
**President and Chief Executive Officer**  
**VeriSign, Inc.**  
**487 East Middlefield Road**  
**Mountain View, California 94043**  
**(650) 961-7500**

*(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing person)*

**Copies to:**

**Richard H. Goshorn**  
**Senior Vice President, General Counsel**  
**VeriSign, Inc.**  
**487 East Middlefield Road**  
**Mountain View, California 94043**  
**(650) 961-7500**

**Jeffrey R. Vetter, Esq.**  
**Fenwick & West LLP**  
**801 California Street**  
**Mountain View, California 94041**  
**(650) 335-7160**

**CALCULATION OF FILING FEE**

**Transaction valuation\***

\$29,763,814.36

**Amount of filing fee\*\***

\$913.75

\* Calculated solely for purposes of determining the filing fee. The "transaction valuation" set forth above is based on the Black-Scholes option valuation model, and assumes that all outstanding options eligible for tender covering an aggregate of 2,134,881 shares of common stock of VeriSign, Inc. will be amended pursuant to this offer, which may not occur.

\*\* The amount of the filing fee, calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, as modified by Fee Advisory No. 6 for fiscal year 2007, equals \$30.70 per \$1,000,000 of transaction valuation. The transaction valuation set forth above was calculated for the sole purpose of determining the filing fee, and should not be used or relied upon for any other purpose.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:  
Form or Registration No.:  
Filing party:  
Date filed:

Not applicable.  
Not applicable.  
Not applicable.  
Not applicable.

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third party tender offer subject to Rule 14d-1.  
 issuer tender offer subject to Rule 13e-4.  
 going-private transaction subject to Rule 13e-3.  
 amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

**ITEM 1. SUMMARY TERM SHEET.**

The information set forth under “Summary Term Sheet” in the Offer to Amend or Replace Eligible Options, dated July 27, 2007 (the “*Offer to Amend or Replace*”), attached hereto as Exhibit 99.(a)(1)(A), is incorporated herein by reference.

**ITEM 2. SUBJECT COMPANY INFORMATION.**

(a) The name of the issuer is VeriSign, Inc., a Delaware corporation (the “*Company*”); the address of its principal executive offices is 487 E. Middlefield Road, Mountain View, California 94043; and its telephone number is (650) 961-7500. The information set forth in the Offer to Amend or Replace under Section 11 (“*Information Concerning VeriSign*”) is incorporated herein by reference.

(b) This Tender Offer Statement on Schedule TO relates to an offer by the Company to amend or replace outstanding “Eligible Options” (as defined in the Offer to Amend or Replace attached hereto as Exhibit 99.(a)(1)(A)) held by current employees of the Company subject to taxation in the United States so that those options will not be subject to adverse tax consequences under Internal Revenue Code Section 409A (“*Section 409A*”). Each eligible participant may elect to amend his or her Eligible Options to increase the exercise price per share of the Company’s common stock, par value \$0.001 per share, purchasable thereunder and become eligible to receive a special Cash Bonus (as defined in the Offer to Amend or Replace) from the Company, all upon the terms and subject to the conditions set forth in the Offer to Amend or Replace and the related Election Form attached hereto as Exhibit 99.(a)(1)(E) and (P) (the “*Election Form*”) and the Stock Option Amendment and Bonus Agreement attached hereto as Exhibit 99.(a)(1)(L) (the “*Amendment Agreement*”) and, together with the Offer to Amend or Replace and the Election Form, as they may each be amended or supplemented from time to time, the “*Offer*”). Alternatively, certain tendered Eligible Options may, in lieu of such amendment, be canceled and replaced with new options under the Company’s 2006 Equity Incentive Plan that will have exactly the same terms as the canceled options but will have a new grant date and avoid adverse tax consequences under Section 409A. The Offer is currently set to expire at 11:59 p.m. Pacific Time on August 23, 2007 but may be extended (the “*Expiration Date*”). As of July 27, 2007, Eligible Options to purchase 2,567,997 shares of the Company’s common stock were outstanding.

The information set forth in the Offer to Amend or Replace on the introductory pages and under “The Offer,” Section 1 (“Eligible Optionees; Eligible Options; Amendment of Eligible Options and Cash Bonus; New Options; Expiration Date; Additional Considerations”), Section 3 (“Status of Eligible Options Not Amended or Replaced”), Section 6 (“Acceptance of Eligible Options for Amendment or Replacement and Commitment to Pay Cash Bonus With Respect to Amended Options”) and Section 9 (“Source and Amount of Consideration; Terms of Amended Options or New Options”) is incorporated herein by reference.

(c) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 8 (“Price Range of Common Stock Underlying the Options”) is incorporated herein by reference.

**ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.**

(a) The Company is the filing person. The information set forth under Item 2(a) above is incorporated herein by reference. The information set forth in Schedule I to the Offer to Amend or Replace (“Information Concerning the Directors and Executive Officers of VeriSign, Inc.”) is incorporated herein by reference.

**ITEM 4. TERMS OF THE TRANSACTION.**

(a) The information set forth in the Offer to Amend or Replace on the introductory pages and under “The Offer,” Section 1 (“Eligible Optionees; Eligible Options; Amendment of Eligible Options and Cash Bonus; New Options; Expiration Date; Additional Considerations”), Section 3 (“Status of Eligible Options Not Amended or Replaced”), Section 4 (“Procedures for Tendering Eligible Options”), Section 5 (“Withdrawal Rights”), Section 6 (“Acceptance of Eligible Options for Amendment or Replacement and Commitment to Pay Cash Bonus With Respect to Amended Options”), Section 7 (“Conditions of this Offer”), Section 9 (“Source and Amount of Consideration; Terms of Amended Options or New Options”), Section 10 (“Amended Options and New Options Will Not Differ From Eligible Options”), Section 13 (“Status of Options Accepted by us in this Offer; Accounting Consequences of this Offer”), Section 14 (“Legal Matters; Regulatory Approvals”), Section 15 (“Material U.S. Federal Income Tax Consequences”), Section 16 (“Extension of this Offer; Termination; Amendment”) and Section 19 (“Forward-Looking Statements; Miscellaneous”) is incorporated herein by reference.

(b) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 12 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options; and Material Agreements with Directors and Officers”) is incorporated herein by reference.

**ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND ARRANGEMENTS.**

(e) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 12 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options; and Material Agreements with Directors and Officers”) is incorporated herein by reference. The VeriSign, Inc. 1998 Equity Incentive Plan and the VeriSign, Inc. 2001 Stock Incentive Plan, pursuant to which the Eligible Options have been granted are attached hereto as Exhibits 99.(d)(1)(A) and (C), respectively, and contain information regarding the subject securities.

**ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.**

(a) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 2 (“Purpose of this Offer”) is incorporated herein by reference.

(b) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 6 (“Acceptance of Eligible Options for Amendment or Replacement and Commitment to Pay Cash Bonus With Respect to Amended Options”) and Section 13 (“Status of Options Accepted by VeriSign in this Offer; Accounting Consequences of this Offer”) is incorporated herein by reference.

(c) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 1 (“Eligible Optionees; Eligible Options; Amendment of Eligible Options and Cash Bonus; New Options; Expiration Date; Additional Considerations”) is incorporated herein by reference.

**ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.**

(a) The information set forth in this Offer to Amend or Replace under “The Offer,” Section 9 (“Source and Amount of Consideration; Terms of Amended Options or New Options”) and Section 17 (“Fees and Expenses”) is incorporated herein by reference.

(b) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 7 (“Conditions of this Offer”) is incorporated herein by reference.

(d) Not applicable.

**ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.**

(a) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 12 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options; and Material Agreements with Directors and Officers”) is incorporated herein by reference.

(b) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 12 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options; and Material Agreements with Directors and Officers”) is incorporated herein by reference.

**ITEM 9. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.**

(a) Not applicable.

**ITEM 10. FINANCIAL STATEMENTS.**

(a) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 11 (“Information Concerning VeriSign”) and Section 18 (“Additional Information”) is incorporated herein by reference. Item 8 (“Financial Statements and Supplementary Data”) of the Company’s Annual Report on Form 10-K for its fiscal year ended December 31, 2006 is incorporated herein by reference. Item 1 (“Financial Statements (Unaudited)”) of the Company’s Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2007 is incorporated herein by reference.

(b) Not applicable.

**ITEM 11. ADDITIONAL INFORMATION.**

(a) The information set forth in the Offer to Amend or Replace under “The Offer,” Section 12 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options; and Material Agreements with Directors and Officers”) and Section 14 (“Legal Matters; Regulatory Approvals”) is incorporated herein by reference.

(b) Not applicable.

**ITEM 12. EXHIBITS.**

The Exhibit Index included in this Schedule TO is incorporated herein by reference.

**ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3.**

Not applicable.

**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule TO is true, complete and correct.

**VERISIGN, INC.**

By: /s/ Richard H. Goshorn

**Richard H. Goshorn**  
**Senior Vice President, General Counsel**

Date: July 27, 2007

**INDEX OF EXHIBITS**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
99.(a)(1)(A)	Offer to Amend or Replace, dated July 27, 2007.
99.(a)(1)(B)	Email Announcement of Offer to Amend or Replace, dated July 27, 2007.
99.(a)(1)(C)	Screenshot of Login Page to Offer website at <a href="https://vrsn.equitybenefits.com">https://vrsn.equitybenefits.com</a> .
99.(a)(1)(D)	Screenshots of Welcome Page to Offer website at <a href="https://vrsn.equitybenefits.com">https://vrsn.equitybenefits.com</a> .
99.(a)(1)(E)	Screenshots of Electronic Election Form.
99.(a)(1)(F)	Screenshot of Election Amendment Review.
99.(a)(1)(G)	Screenshots of Agreement to Terms of Election.
99.(a)(1)(H)	Screenshots of Print Confirmation.
99.(a)(1)(I)	E-mail of Election Confirmation Statement.
99.(a)(1)(J)	[Reserved]
99.(a)(1)(K)	Instructions to Electronic Election Form.
99.(a)(1)(L)	Form of Stock Option Amendment and Bonus Agreement.
99.(a)(1)(M)	Form of Acknowledgement of Receipt of Withdrawal Form.
99.(a)(1)(N)	Form of Withdrawal Form (to withdraw via facsimile or mail).
99.(a)(1)(O)	Form of E-mail Reminder of Expiration Date.
99.(a)(1)(P)	Form of Election Form (to submit via facsimile).
99.(a)(1)(Q)	Form of Notice of Expiration of Offer, Amendment of Eligible Option and Commitment to Pay Cash Bonus.
99.(a)(1)(R)	Form of E-mail to Individuals Choosing not to Tender Eligible Options.
99.(a)(1)(S)	Material Income Tax Consequences for Eligible Optionees Resident Outside the United States.
99.(a)(1)(T)	VeriSign, Inc. Annual Report on Form 10-K for the year ended December 31, 2006, filed with the Securities and Exchange Commission (the “SEC”) on July 12, 2007 is incorporated herein by reference.
99.(a)(1)(U)	VeriSign, Inc. Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2007, filed with the SEC on July 16, 2007, is incorporated herein by reference.
99.(a)(1)(V)	PowerPoint Employee Presentation Materials, dated July 27, 2007.
99.(b)	Not applicable.
99.(d)(1)(A)	VeriSign, Inc. 1998 Equity Incentive Plan is incorporated herein by reference from Exhibit 10.04 to Form 10-K, filed with the SEC on March 16, 2005.
99.(d)(1)(B)	VeriSign, Inc. 1998 Equity Incentive Plan Form of Stock Option Agreement is incorporated herein by reference from Exhibit 10.09 to Form S-1/A, filed with the SEC on January 1, 1998.
99.(d)(1)(C)	VeriSign, Inc. 2001 Stock Incentive Plan, is incorporated herein by reference from Exhibit 10.08 to Form 10-K, filed with the SEC on March 31, 2003.
99.(d)(1)(D)	VeriSign, Inc. 2001 Stock Incentive Plan Form of Stock Option Agreement is incorporated herein by reference from Exhibit 4.05 to Form S-8, filed with the SEC on September 21, 2001.
99.(g)	Not applicable.
99.(h)	Not applicable.



VERISIGN, INC.  
OFFER TO AMEND OR REPLACE ELIGIBLE OPTIONS

July 27, 2007

**THE OFFER AND WITHDRAWAL RIGHTS EXPIRE  
AT 11:59 P.M., PACIFIC TIME, ON AUGUST 23, 2007, UNLESS THE OFFER IS EXTENDED**

VeriSign, Inc. (“**VeriSign**”, “**us**” or “**we**”) is making an offer set forth in this document and the related Election Form and Stock Option Amendment and Bonus Agreement (collectively, as they may each be amended or supplemented from time to time, constitute the “**Offer**”) to certain individuals to amend or replace certain outstanding options to purchase VeriSign common stock previously granted to them under the following equity plans (collectively, the “**Plans**”):

- 1998 Equity Incentive Plan, and
- 2001 Stock Incentive Plan.

An option will be subject to this Offer only to the extent that option meets each of the following conditions:

- (i) The option was granted under one of the Plans.
- (ii) The option was retroactively priced in that the exercise price per share currently in effect for that option is based on the closing selling price (the “**Fair Market Value**”) per share of VeriSign common stock on a date earlier than the date on which the option was actually granted.
- (iii) The Fair Market Value per share of VeriSign common stock on the date the option was actually granted is higher than the exercise price per share currently in effect for the option.
- (iv) The option was unvested as of December 31, 2004.
- (v) The option is held by an individual who is, on the expiration of this Offer, a current employee of VeriSign or an affiliated company (such as a subsidiary or joint venture entity) and subject to income taxation in the United States with respect to that option.
- (vi) The option is outstanding on the expiration date of this Offer.

An option that satisfies each of the foregoing six conditions is designated an “**Eligible Option**,” and a holder of an Eligible Option is designated an “**Eligible Optionee**,” for purposes of this Offer. If only a portion of the option meets the conditions set forth above, then only that portion will be an Eligible Option, and the balance of that option will not be eligible for amendment or replacement pursuant to this Offer. That portion of the option that does not meet the conditions set forth above will retain its current exercise price and we believe will not be subject to adverse tax consequences under Section 409A of the Internal Revenue Code of 1986, as amended (“**Section 409A**”).

An option with a current exercise price that is greater than or equal to the Fair Market Value per share of VeriSign common stock on the date on which the option was actually granted is not included in this Offer because the holder of such option will not be subject to adverse tax consequences under Section 409A and there is no requirement to evidence the remedial action under Section 409A with respect to such option.

Unless remedial action is taken to adjust the exercise price of an Eligible Option, that option may be subject to adverse tax consequences under Section 409A. Accordingly, VeriSign is making this Offer so that each Eligible Optionee holding one or more Eligible Options will have the opportunity to amend or replace his or her Eligible Options to the extent necessary to avoid such adverse taxation. The amendment will increase the exercise price per share currently in effect for the Eligible Option to the lower of (i) the Fair Market Value per share of VeriSign

common stock on the actual grant date of that option or (ii) the closing selling price per share of VeriSign common stock on the date on which the option is amended. The new exercise price per share will be designated the “**Adjusted Exercise Price**” and will become effective on the first business day following the expiration of the offer (the “**Amendment Date**”). The option with the Adjusted Exercise Price will be designated an “**Amended Option**.”

However, if the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended is (i) lower than the Fair Market Value per share of VeriSign common stock on the actual grant date of the Eligible Option and (ii) the same or lower than the exercise price per share currently in effect for the Eligible Option, then that Eligible Option will, on the Amendment Date, be canceled and immediately replaced with a new option under VeriSign’s 2006 Equity Incentive Plan that is exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date of the option term, but with a new grant date. That replacement option will be designated a “**New Option**.” Such cancellation and re-grant is necessary to evidence the remedial action required under Section 409A with respect to an Eligible Option whose current exercise price is not increased.

Each Eligible Optionee whose Eligible Option is amended to increase the exercise price pursuant to this Offer will become entitled to a special cash bonus (the “**Cash Bonus**”) with respect to that Eligible Option. The amount of the Cash Bonus payable with respect to each Eligible Option that is amended to increase the exercise price to the Adjusted Exercise Price will be determined by multiplying:

The amount by which the Adjusted Exercise Price exceeds the exercise price per share currently in effect for that Eligible Option	X	The number of shares of VeriSign common stock purchasable under that option at the Adjusted Exercise Price	=	Cash Bonus
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The Cash Bonus will be paid on the Company’s first regularly scheduled payroll date after January 1, 2008, which is scheduled to be January 4, 2008. Such a delayed payment is required by applicable U.S. Treasury Department (“**Treasury Department**”) regulations. The payment when made will be subject to VeriSign’s applicable withholding taxes and other amounts required to be withheld by VeriSign. The Cash Bonus will also be paid whether or not you continue in VeriSign’s employ through the payment date.

If you are not in the employ of VeriSign or any affiliated entity on the expiration date of this Offer, then none of your tendered Eligible Options will be amended or replaced, and you will not become entitled to any Cash Bonus with respect to those options. The tendered options will be returned to you and will remain exercisable in accordance with the terms in effect for them at the time of tender, including the current exercise price per share. You will receive a separate communication from VeriSign regarding your tax situation and any financial assistance or other financial or other arrangements VeriSign may provide with respect to the Section 409A tax penalties you may subsequently incur in connection with the exercise of those options.

This Offer will expire on the expiration date, currently set for August 23, 2007, unless extended (the “**Expiration Date**”).

If you are an Eligible Optionee, then you will receive on the commencement of the Offer an e-mail announcing the Offer and containing a hyperlink to the “Offer Website.” Once you have logged onto the Offer Website and clicked on the “MAKE AN ELECTION” button, you will be directed to your Election Form that contains personalized information with respect to each Eligible Option you hold:

- the grant date indicated for that Eligible Option on the applicable option agreement or grant notice,
- the current exercise price per share in effect for that Eligible Option,
- the number of shares of VeriSign common stock purchasable under that Eligible Option,
- the actual grant date of that Eligible Option, and
- the Fair Market Value per share of VeriSign common stock on the actual grant date.

The exercise price per share for the tendered Eligible Option may be increased to the Adjusted Exercise Price on the Amendment Date. Subject to satisfaction of the conditions to the Offer, we currently intend to accept on the Expiration Date all Eligible Options tendered by Eligible Optionees who accept the Offer. An amendment



will result in a new exercise price per share equal to the Adjusted Exercise Price. No other changes will be made to the terms of the Amended Options. Accordingly, each Amended Option will continue to be subject to the same vesting schedule, exercise period, option term and other terms and conditions as in effect for that option immediately before the amendment. However, if the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended is (i) lower than the Fair Market Value per share of VeriSign common stock on the actual grant date of the Eligible Option and (ii) the same or lower than the exercise price per share currently in effect for the Eligible Option, then that Eligible Option will, on the Amendment Date, be canceled and immediately replaced with a New Option under VeriSign's 2006 Equity Incentive Plan that is exactly the same as the canceled option, including the same exercise price per share and with no loss of vesting or change to the expiration date of the option term, but the option will have a new grant date. Such cancellation and re-grant is necessary to evidence the remedial action required under Section 409A with respect to an Eligible Option whose current exercise price is not increased.

We are making this Offer upon the terms and subject to the conditions set forth in this Offer, including the conditions described in Section 7 set forth below. You are not required to accept the Offer. The Offer is not conditioned upon the acceptance of the Offer with respect to a minimum number of Eligible Options.

**ALTHOUGH OUR BOARD OF DIRECTORS HAS APPROVED THIS OFFER, NEITHER WE NOR OUR BOARD OF DIRECTORS WILL MAKE ANY RECOMMENDATION AS TO WHETHER YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS FOR AMENDMENT OR REPLACEMENT. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR ELIGIBLE OPTIONS AFTER TAKING INTO ACCOUNT YOUR OWN PERSONAL CIRCUMSTANCES AND PREFERENCES. YOU SHOULD BE AWARE THAT ADVERSE TAX CONSEQUENCES UNDER SECTION 409A MAY APPLY TO YOUR ELIGIBLE OPTIONS IF THEY ARE NOT AMENDED OR REPLACED PURSUANT TO THIS OFFER, AND YOU WILL BE SOLELY RESPONSIBLE FOR ANY TAXES, INTEREST OR PENALTIES YOU MAY INCUR UNDER SECTION 409A. FOR THAT REASON, WE RECOMMEND THAT YOU CONSULT WITH YOUR PERSONAL TAX ADVISOR TO DETERMINE THE CONSEQUENCES OF ACCEPTING OR DECLINING THE OFFER.**

Shares of our common stock are quoted on the Nasdaq Global Select Market under the symbol "VRSN." On July 26, 2007, the last reported sale price of our common stock on the Nasdaq Global Select Market was \$30.79 per share. The Adjusted Exercise Price to be in effect for each Eligible Option amended pursuant to the Offer will represent the lower of (i) the Fair Market Value of VeriSign common stock on the actual date on which that option was granted and (ii) the closing selling price of VeriSign common stock on the Amendment Date. If the closing selling price per share of VeriSign common stock on the date on which the option is amended would otherwise be the same or lower than the exercise price per share currently in effect for a tendered Eligible Option, then that Eligible Option will be replaced with a New Option under VeriSign's 2006 Equity Incentive Plan. Neither the exercise price currently in effect for each Eligible Option nor the Adjusted Exercise Price for each such option is meant to reflect our view of what the trading price of our common stock will be in the short, medium or long-term.

You should direct questions about this Offer or requests for assistance or for additional copies of this document, the related Tender Offer Statement on Schedule TO or the Election Form and accompanying Stock Option Amendment and Bonus Agreement to the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling from California or 1-800-424-2234 if calling outside of California, or via e-mail at 409A-admin@verisign.com.

We have not authorized anyone to give you any information or to make any representation in connection with this Offer other than the information and representations contained in this document, the related Tender Offer Statement on Schedule TO or in the related Election Form and Stock Option Amendment and Bonus Agreement. If anyone makes any representation or gives you any information that is different from the representations and information contained in this Offer, the related Tender Offer Statement on Schedule TO or in the related Election Form and Stock Option Amendment and Bonus Agreement, you must not rely upon that representation or information as having been authorized by us. We have not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your Eligible Options pursuant to this Offer. If anyone makes any recommendation to you, you must not rely upon that recommendation as having been authorized by us. You should rely only on the representations and information contained in this document, the related Tender Offer Statement on Schedule TO and in the related Election Form and Stock Option Amendment and Bonus Agreement or to which we have referred you.

THE OFFER HAS NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE OR FOREIGN SECURITIES COMMISSION NOR HAS THE SEC OR ANY STATE OR FOREIGN SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. WE RECOMMEND THAT YOU CONSULT WITH YOUR TAX ADVISOR TO DETERMINE THE TAX CONSEQUENCES OF ELECTING OR NOT ELECTING TO PARTICIPATE IN THE OFFER.

## **IMPORTANT INFORMATION**

If you wish to tender one or more of your Eligible Options for amendment or replacement, you must properly complete and sign the Election Form in accordance with the applicable instructions for that form. You can complete this process by accessing the Offer Website at <https://vrsn.equitybenefits.com>.

As soon as administratively practicable following the Amendment Date, we will return to you a final and complete Stock Option Amendment and Bonus Agreement in which the Adjusted Exercise Price for each of your Amended Options and the related Cash Bonus will be set forth in Schedule I to that agreement. Alternatively, you will receive at that time a stock option agreement for any New Option granted to you in replacement of the tendered Eligible Option with an exercise price per share that is the same as the current exercise price per share for the Eligible Option. The stock option agreement will have the same terms as the option agreement for the Eligible Option that is canceled, including the same exercise price per share, vesting schedule and expiration date, but will have a new grant date.

**The key dates to remember in connection with the Offer are as follows:**

- (i) The commencement date of the Offer is **July 27, 2007**.
- (ii) The Offer will expire at 11:59 pm Pacific Time on **August 23, 2007** (unless we extend it).
- (iii) The Eligible Options will be amended or replaced on **August 24, 2007** (unless we extend the Offer). Please be aware that your option account with E-Trade may not accurately reflect the amendment or replacement for one to two business days following the Amendment Date.
- (iv) The Cash Bonus, if applicable, will be paid on VeriSign's first regularly scheduled payroll date after January 1, 2008, which is scheduled to be January 4, 2008.

We are not making the Offer to, nor will we accept any tender of Eligible Options on behalf of, option holders in any jurisdiction in which the Offer or the acceptance of any option tender would not be in compliance with the laws of such jurisdiction. However, we may, at our discretion, take any actions necessary for us to legally make the Offer to option holders in any such jurisdiction.

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## SUMMARY TERM SHEET

The following are answers to some of the questions that you may have about the Offer. We urge you to read carefully the remainder of this document and the accompanying Election Form and Stock Option Amendment and Bonus Agreement (which when taken together, as they may each be amended or supplemented from time to time, constitute the “*Offer*”) because the information in this summary term sheet and in the introductory pages preceding this summary is not complete and may not contain all of the information that is important to you. Additional important information is contained in the remainder of this document and the Election Form and accompanying Stock Option Amendment and Bonus Agreement. We have included page references to the relevant sections of the document where you can find a more complete description of the topics in this summary term sheet.

### 1. WHAT OPTIONS ARE ELIGIBLE FOR AMENDMENT OR REPLACEMENT PURSUANT TO THE OFFER?

Section 409A of the Internal Revenue Code of 1986, as amended (“*Section 409A*”), provides that an option granted with a below-market exercise price, to the extent it was not vested as of December 31, 2004, will be subject to adverse income taxation (as described below), unless that option is brought into compliance with Section 409A before exercise. VeriSign has decided to offer eligible persons holding such options the opportunity to amend or replace each such option to avoid adverse taxation under Section 409A.

An outstanding option to purchase shares of VeriSign common stock will be eligible for amendment or replacement pursuant to the Offer if that option meets each of the following conditions:

- (i) The option was granted under one of the following equity plans of VeriSign (the “*Plans*”):
  - 1998 Equity Incentive Plan, and
  - 2001 Stock Incentive Plan.
- (ii) The option was retroactively priced in that the exercise price per share currently in effect for that option is based on the closing selling price (“*Fair Market Value*”) per share of VeriSign common stock on a date earlier than the date on which the option was actually granted.
- (iii) The Fair Market Value per share of VeriSign common stock on the date the option was actually granted is higher than the exercise price per share currently in effect for the option.
- (iv) The option was unvested as of December 31, 2004.
- (v) The option is held by an individual who is, on the expiration of this Offer, an Eligible Optionee (as defined below).
- (vi) The option is outstanding on the expiration date of this Offer.

An option that meets each of the six foregoing conditions will constitute an “*Eligible Option*” for purposes of the Offer. If only a portion of the option meets those conditions, then only that portion will be an Eligible Option, and the balance of that option will not be eligible for amendment pursuant to this Offer. (See page *Offer-1*.)

### 2. WHAT OTHER DEFINED TERMS ARE IMPORTANT TO UNDERSTAND THE OFFER?

For purposes of this Offer, you also should be familiar with the following additional definitions.

“*Adjusted Exercise Price*” is the new exercise price per share that will be in effect for any tendered Eligible Option that is increased pursuant to the Offer and will be equal to the lower of (i) the Fair Market Value per share of VeriSign common stock on the actual date on which that option was granted and (ii) the closing selling price per share of such common stock on the date on which the option is amended.

However, if the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended is (i) lower than the Fair Market Value per share of VeriSign common stock on the actual grant date of the Eligible Option and (ii) the same or lower than the exercise price per share currently in effect for the

Eligible Option, then that Eligible Option will, on the Amendment Date, be canceled and immediately replaced with a new option under VeriSign's 2006 Equity Incentive Plan that is exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date of the option term, but with a new grant date.

Accordingly, the exercise price for a tendered Eligible Option that we amend or replace pursuant to the Offer will be determined by the following:

<p>1. Which is <b>lower</b>:</p> <p>(1) the Fair Market Value per share of VeriSign common stock on the actual date on which that option was granted; or</p> <p>(2) the closing selling price per share of VeriSign common stock on the date on which the option is amended?</p>		<p>If #1 applies, then: _</p>		<p>If #2 applies, then: _</p>	
<p>2. Is the Fair Market Value per share of VeriSign common stock on the actual date on which the Eligible Option was granted <b>higher or lower than or equal to</b> the current exercise price of the Eligible Option?</p>		<p>2. Is the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended <b>higher or lower than or equal to</b> the current exercise price of the Eligible Option?</p>		<p>2. Is the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended <b>higher or lower than or equal to</b> the current exercise price of the Eligible Option?</p>	
<p>If higher, then: _</p>	<p>If lower or equal to, then: _</p>	<p>If higher, then: _</p>	<p>If lower or equal to, then: _</p>	<p>If higher, then: _</p>	<p>If lower or equal to, then: _</p>
<p>3. The current exercise price of the Eligible Option will be <b>changed</b> to the Fair Market Value per share of VeriSign common stock on the actual date on which that Eligible Option was granted.</p>	<p>3. The option is not an Eligible Option and is not subject to this Offer.</p>	<p>3. The exercise price of the Eligible Option will be <b>changed</b> to the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended.</p>	<p>3. The exercise price of the Eligible Option will <b>remain as-is</b>.</p>	<p>3. The exercise price of the Eligible Option will be <b>changed</b> to the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended.</p>	<p>3. The exercise price of the Eligible Option will <b>remain as-is</b>.</p>
<p>If the current exercise price of Eligible Option is changed, then: _</p>	<p>—</p>	<p>If the current exercise price of Eligible Option is changed, then: _</p>	<p>If current exercise price of Eligible Option remains as-is, then: _</p>	<p>If the current exercise price of Eligible Option is changed, then: _</p>	<p>If current exercise price of Eligible Option remains as-is, then: _</p>
<p>4. Eligible Optionee will become entitled to receive a special cash bonus.</p>	<p>4. Not applicable.</p>	<p>4. Eligible Optionee will become entitled to receive a special cash bonus.</p>	<p>4. Eligible Optionee will not be entitled to receive a special cash bonus. Instead, the Eligible Option will be cancelled and replaced on the Amendment Date with a new option with same terms, but with a new grant date.</p>	<p>4. Eligible Optionee will become entitled to receive a special cash bonus.</p>	<p>4. Eligible Optionee will not be entitled to receive a special cash bonus. Instead, the Eligible Option will be cancelled and replaced on the Amendment Date with a new option with same terms, but with a new grant date.</p>

“**Amended Option**” will mean an Eligible Option that has been amended pursuant to the Offer to increase the exercise price per share for the VeriSign common stock purchasable under that option to the Adjusted Exercise Price determined for such Eligible Option.

“**Amendment Agreement**” will mean the Stock Option Amendment and Bonus Agreement that will document the Adjusted Exercise Price for each of your Amended Options and set forth the terms of the Cash Bonus payable with respect to those Amended Options.

“**Amendment Date**” will mean the date on which each Eligible Option is amended to increase the exercise price of that option to the Adjusted Exercise Price and will be August 24, 2007 or, if the Offer is extended, the first business day following the extended expiration date of the Offer.

“**Cash Bonus**” is the special cash bonus to which each Eligible Optionee will become entitled to if the current exercise price of one or more of his or her Eligible Options is increased pursuant to the Offer.

“**Election Form**” is the form that the Eligible Optionee must use to notify VeriSign as to the particular Eligible Options he or she has elected to tender for amendment or replacement pursuant to the terms of the Offer.

“**Eligible Optionee**” is each person who is, on the expiration date of the Offer, a current employee of VeriSign or any affiliated entity (such as a subsidiary or joint venture entity) and subject to income taxation in the United States with respect to his or her tendered Eligible Options. None of VeriSign’s current or former executive officers and non-employee members of VeriSign’s Board of Directors are eligible to participate in this Offer.

“**Fair Market Value**” per share of VeriSign common stock on any relevant date will be deemed to be equal to the closing selling price per share of such stock on that date on the Nasdaq Global Select Market.

“**New Option**” will mean the option granted on the Amendment Date in replacement of a tendered Eligible Option with a current exercise price per share at or above the closing selling price per share of our common stock on the Amendment Date. The New Option will be exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date of the option term, but will have a new grant date. The New Option will be evidenced by a new option agreement that replaces the option agreement in effect for the canceled option.

### 3. WHY IS VERISIGN MAKING THE OFFER?

We are making this Offer to amend or replace the Eligible Options because of potential adverse tax consequences that may apply to those options. As a result of a thorough investigation of VeriSign’s past option grant practices, VeriSign has determined that each Eligible Option was retroactively priced in that the exercise price per share currently in effect for that option was based on the Fair Market Value per share of VeriSign common stock on a date earlier than the date on which that option was actually granted.

Section 409A provides that an option granted with a below-market exercise price, to the extent unvested as of December 31, 2004, will be subject to adverse income taxation unless that option is brought into compliance pursuant to Section 409A. VeriSign has decided to provide an opportunity to bring the Eligible Options into compliance either by (i) amending the exercise price per share to the Adjusted Exercise Price determined for each such option or (ii) replacing that option with a New Option. By taking such remedial action, Eligible Optionees can avoid the adverse tax consequences summarized in Section 2 of the Offer. (See Page Offer-7.)

Your individualized Eligible Option chart in the Election Form that accompanies the Offer will also set forth the actual grant date for each Eligible Option you hold, the Fair Market Value per share of our common stock on that date and the number of shares of common stock subject to each Eligible Option. The following chart provides information concerning the grant date indicated for each Eligible Option and the exercise price per share currently in effect for that option.

<u>Indicated Grant Date</u>	<u>Current Exercise Price Per Share</u>
3/15/01	\$ 34.44
9/6/01	\$ 34.16
10/31/01	\$ 38.71
2/21/02	\$ 22.71
2/28/02	\$ 22.73
3/20/02	\$ 26.42
4/30/02	\$ 9.25
7/31/02	\$ 6.40
8/15/02	\$ 6.06
9/16/02	\$ 7.22
9/30/02	\$ 5.05
9/26/03	\$ 12.88
10/01/03	\$ 13.57
8/31/04	\$ 17.36



#### 4. ARE VERISIGN EXECUTIVE OFFICERS AND NON-EMPLOYEE DIRECTORS ELIGIBLE TO PARTICIPATE IN THE OFFER?

No. VeriSign's executive officers and non-employee members of our Board of Directors are not eligible to participate in the Offer.

#### 5. ARE OPTIONEES WHO ARE RESIDENTS OUTSIDE THE UNITED STATES ELIGIBLE TO PARTICIPATE IN THE OFFER?

Yes. If you are a current employee of VeriSign or an affiliated entity holding an Eligible Option and subject to taxation in the United States with respect to that option, then you are eligible to participate in the Offer even if you are not currently residing in the United States. (See Page Offer-4.)

#### 6. WHAT ARE THE COMPONENTS OF THE OFFER?

If an Eligible Option is amended pursuant to the Offer, then the exercise price of that option will be increased to the lower of:

- (i) the Fair Market Value per share on the date on which that option was actually granted; and
- (ii) the closing selling price per share of VeriSign common stock on the Amendment Date.

The new exercise price in effect for each tendered Eligible Option will be designated the "**Adjusted Exercise Price.**"

In addition, if the exercise price of the Eligible Option is increased, the Eligible Optionee will become entitled to a special cash bonus from VeriSign (the "**Cash Bonus**"). The amount of the Cash Bonus payable with respect to each Amended Option will be determined by multiplying (i) the amount by which the Adjusted Exercise Price exceeds the exercise price per share currently in effect for that Eligible Option by (ii) the number of shares of VeriSign common stock purchasable under that option at the Adjusted Exercise Price. The Cash Bonus will be paid on VeriSign's first regularly scheduled payroll date after January 1, 2008, which is scheduled to be January 4, 2008. Such a delayed payment is required by applicable Treasury Department regulations. The payment when made will be subject to the VeriSign's collection of all applicable withholding taxes and other payments required to be withheld by VeriSign. Such Cash Bonus will be paid whether or not you continue in VeriSign's employ through the payment date. (See Page Offer-13.)

However, if the closing selling price per share of VeriSign common stock on the date on which the option is amended for any tendered Eligible Option (i) is lower than the Fair Market Value per share of VeriSign common stock on the actual grant date of that Eligible Option and (ii) is the same or lower than the exercise price per share currently in effect for that Eligible Option, then that Eligible Option will, on the Amendment Date, be canceled and immediately replaced with a New Option under VeriSign's 2006 Equity Incentive Plan that is exactly the same as the canceled option, including the same exercise price per share, vesting and expiration date of the option term, but with a new grant date. Such cancellation and regrant is necessary to evidence the remedial action required under Section 409A with respect to an Eligible Option whose current exercise price is not increased. (See Page Offer-8.)

#### 7. WHAT HAPPENS IF I AM NOT A CURRENT EMPLOYEE ON THE EXPIRATION DATE?

If you are not in the employ of VeriSign or any affiliated entity on the Expiration Date, then none of your tendered Eligible Options will be amended or replaced, and you will not be entitled to any Cash Bonus with respect to those options. The tendered options will be returned to you and will remain exercisable in accordance with the terms in effect for them at the time of tender, including the current exercise price per share. You will receive a separate communication from VeriSign regarding your tax situation and any financial assistance or other financial or other arrangements VeriSign may provide with respect to the Section 409A tax penalties you may subsequently incur in connection with the exercise of those options. (See Page Offer-6.)

## 8. WHAT ARE THE TAX CONSEQUENCES OF AN OPTION SUBJECT TO SECTION 409A?

Section 409A was added to the Internal Revenue Code of 1986, as amended, by the American Jobs Creation Act of 2004. The Treasury Department and IRS have to date provided guidance and issued final regulations with respect to certain items of compensation under Section 409A. That guidance and the final regulations indicate that a stock option granted with an exercise price per share below the Fair Market Value of the underlying shares on the grant date will, to the extent that option was not vested as of December 31, 2004, be subject to the adverse tax consequences of Section 409A. Unless remedial action is taken to bring that option into compliance before exercise, we believe, on the basis of our understanding and interpretation of the applicable guidance and final regulations, that the option will trigger adverse U.S. federal tax consequences under Section 409A as indicated below, although it is not entirely clear at present how that option will actually be taxed under Section 409A.

**Taxation in Year of Vesting.** To the extent a Section 409A-covered option vested as to one or more shares during the 2005 calendar year, the optionee would normally recognize taxable income for that year in an amount equal to the Fair Market Value of those shares on December 31, 2005 less the exercise price payable for those shares. The optionee would have to report that income in an amended tax return filed for the 2005 taxable year. To the extent the options vested as to one or more shares during 2006 and future years, the optionee would recognize additional taxable income. For 2006, the taxable income is equal to the Fair Market Value of shares vesting in 2006 on December 31, 2006 less the aggregate exercise price payable for the shares, and VeriSign would have to collect the applicable withholding taxes on that income. Taxation would occur in this manner even though the options remain unexercised.

*Note: The IRS has recently extended the effective date of these rules until 2008 for unexercised options subject to Section 409A.*

**Tax Penalty.** In addition to normal income taxes payable on the spread in effect under each of your options on the applicable tax measurement date, the optionee would also be subject to an additional tax penalty equal to 20% of that spread.

*Note: Certain states, including California, have adopted provisions similar to Section 409A under their tax laws, and for optionees subject to income taxation in such states, the total penalty tax could be up to 40% (a 20% federal penalty tax and up to a 20% state penalty tax).*

**Continued Taxation.** It is likely, but not certain, that the optionee would be subject to additional income taxation, penalty taxes and withholding taxes on any subsequent increases to the year-end value of the vested option shares. Such taxation will continue until the options are exercised. For the option shares that vested in the 2005 calendar year and remained unexercised at the end of the 2006 or 2007 calendar years, the additional income subject to such taxation would be based on the amount by which the Fair Market Value per share of VeriSign common stock on a subsequent tax measurement date exceeds the Fair Market Value on a prior tax measurement date.

**Interest Penalty.** The optionee will also be subject to interest penalties for failure to pay on a timely basis the taxes attributable to the vesting of the options in the 2005 and 2006 calendar years. The optionee may incur additional interest penalties if he or she does not pay on a timely basis the taxes attributable to the Section 409A income for the 2007 calendar year.

If you exercise an Eligible Option in the 2007 calendar year without first bringing that option into compliance with Section 409A, then it is possible that the 20% penalty tax under Section 409A may be based solely on the amount by which the Fair Market Value of the purchased shares at the time of exercise exceeds the current exercise price, and the interest penalties may be based on the spread (the excess of the Fair Market Value per share over the exercise price) which existed on the vested option shares at the close of the 2005 and 2006 calendar years. However, the applicable IRS guidance to date is not entirely clear on this point.

## **9. WHAT ARE THE TAX CONSEQUENCES IF I ACCEPT THE OFFER?**

If you tender your Eligible Options, you will not recognize any taxable income for U.S. federal income tax purposes at the time of the tender or at the time your Eligible Options are amended to adjust the exercise price or replaced with a New Option.

By amending the exercise prices of your Eligible Options to the applicable Adjusted Exercise Prices or replacing those options with New Options, you will also avoid the adverse taxation of those options under Section 409A. Accordingly, as your Amended Options or New Options vest in one or more installments, you will not recognize taxable income with respect to the option shares that vest each year, and you will not be subject to any 20% penalty tax or any interest penalty under Section 409A. You will only be taxed with respect to your Amended Options or New Options when you exercise those options. You will also recognize taxable income when you receive the Cash Bonus paid with respect to your Amended Options. (See Page *Offer-8*.)

If you are subject to the tax laws of other jurisdictions in addition to the United States, there may be additional consequences of participation in the Offer. We will distribute short summaries of some of those consequences with respect to some of the countries where Eligible Optionees are located. If you are subject to the tax laws of jurisdictions outside of the United States, you should also review the summary applicable to such foreign jurisdiction.

All Eligible Optionees, including those who are subject to taxation in foreign jurisdictions, should consult with their own personal tax advisor as to the tax consequences of accepting the Offer.

## **10. HOW WILL MY CASH BONUS BE TAXED?**

You will be taxed upon your receipt of the Cash Bonus. The payment will constitute wages for tax withholding purposes. Accordingly, VeriSign must withhold all applicable U.S. federal, state and local income and employment withholding taxes as well as all applicable foreign taxes and payments required to be withheld with respect to such payment. You will receive only the portion of the payment remaining after all those taxes and payments have been withheld. (See Page *Offer-22*.)

If your Eligible Options are not amended pursuant to the Offer, you will not receive any Cash Bonus with respect to those options. No Cash Bonus will be paid with respect to a New Option because the exercise price for that option will be the same as the exercise price in effect for the tendered Eligible Option it replaces. (See Page *Offer-11*.)

## **11. WHAT ARE THE TAX CONSEQUENCES IF I DO NOT ACCEPT THE OFFER?**

If you choose not to tender your Eligible Options and take no other action to bring those options into compliance with Section 409A, then you may be subject to the adverse taxation under Section 409A in the manner discussed above. You will be solely responsible for any taxes, penalties or interest you may incur under Section 409A. An example illustrating the applicable tax consequences may be found on Page *Offer-10*.

## **12. WHAT SECURITIES ARE SUBJECT TO THE OFFER?**

The Offer covers only Eligible Options. Your Election Form accessible on the Offer Website at <https://vrsn.equitybenefits.com> will contain a personal summary of the Eligible Options that you currently hold, including information relating to the number of shares subject to each Eligible Option, the current exercise price per share in effect for that option, the actual grant date for each Eligible Option and the Fair Market Value per share of VeriSign common stock on that date. (See Page *Offer-10*.)

### 13. AM I REQUIRED TO PARTICIPATE IN THE OFFER?

No. Participation in the Offer is voluntary. You may choose either to tender your Eligible Options for amendment or replacement pursuant to the Offer or to retain those options. If you decide to accept the Offer, you must submit a properly completed Election Form for your tendered Eligible Options. (See Page *Offer-12*.)

If you choose not to tender your Eligible Options, then you will be subject to the adverse taxation under Section 409A. You will be solely responsible for any taxes, penalties or interest payable under Section 409A. (See Pages *Offer-5*, 9, 10)

### 14. DO I HAVE TO ACCEPT THE OFFER WITH RESPECT TO ALL OF MY ELIGIBLE OPTIONS OR MAY I DECIDE TO ACCEPT THE OFFER WITH RESPECT TO ONLY A PORTION OF THE ELIGIBLE OPTIONS?

If you wish to accept this Offer with respect to a particular Eligible Option, you must tender all of that option for amendment or replacement.

If you hold more than one Eligible Option, then you may elect to tender one or more of those options and retain the balance.

Please remember that not all of a particular outstanding option grant may be an Eligible Option. Only the portion of that grant that was not vested as of December 31, 2004 may constitute an Eligible Option. (See Page *Offer-1*.)

### 15. WILL THE TERMS AND CONDITIONS OF MY AMENDED OPTIONS OR NEW OPTIONS BE THE SAME AS THOSE CURRENTLY IN EFFECT FOR MY ELIGIBLE OPTIONS?

Except for the adjustment to the exercise price per share, each Eligible Option that is amended pursuant to this Offer will continue to remain subject to the same terms and conditions as in effect for such option immediately before the amendment. Accordingly, each Amended Option will vest in accordance with the same vesting schedule measured from the same vesting commencement date and will have the same exercise period, option term and other conditions currently in effect for that option. No change to the vesting schedule or other terms will occur by reason of the amendment. (See Pages *Offer-4*, 17.)

Each New Option granted pursuant to this Offer will be exactly the same as the tendered Eligible Option it replaces, including the same exercise price per share, vesting and expiration date of the option term, but with a new grant date. (See Pages *Offer-4*, 17.)

### 16. WHEN WILL MY ELIGIBLE OPTIONS BE AMENDED OR REPLACED?

The exercise price for each Eligible Option tendered pursuant to this Offer will be amended to the applicable Adjusted Exercise Price on August 24, 2007, or if the Offer is extended, the first business day following the extended expiration date.

The date the exercise price for an Eligible Option is increased to the applicable Adjusted Exercise Price will constitute the Amendment Date, and each Eligible Option that is so amended will be designated an "**Amended Option**." However, tendered Eligible Options canceled on the Amendment Date and immediately replaced with a new option that is exactly the same as the canceled option, including the same exercise price per share, vesting and expiration date of the option term, but with a new grant; will be designated a "**New Option**."

As soon as administratively practicable after the Amendment Date, we will deliver to you a final and complete Amendment Agreement that will reflect the increase to the exercise price of each of your Amended Options and VeriSign's unconditional obligation to pay you on its first regularly scheduled payroll date after January 1, 2008, the Cash Bonus calculated for each Amended Option. Alternatively, you will also receive a new

stock option agreement for any New Option granted in replacement of a tendered Eligible Option with an exercise price per share that is the same as the exercise price of the tendered Eligible Option. (See Page *Offer-12*.)

**17. WHAT HAPPENS IF THE CLOSING SELLING PRICE PER SHARE OF THE VERISIGN COMMON STOCK ON THE AMENDMENT DATE IS LOWER THAN THE FAIR MARKET VALUE PER SHARE OF SUCH COMMON STOCK ON THE ACTUAL GRANT DATE OF THE ELIGIBLE OPTION?**

If the closing selling price per share of VeriSign common stock on the Amendment Date is (i) lower than the Fair Market Value of such common stock on the actual grant date for the Eligible Option and (ii) higher than the current exercise price of the Eligible Option, then the Adjusted Exercise Price for that option will be increased to the closing selling price per share of VeriSign common stock on the Amendment Date. However, if the closing selling price per share of VeriSign common stock on the Amendment Date is (i) lower than the Fair Market Value of such common stock on the actual grant date for the Eligible Option and (ii) lower than or equal to the current exercise price of the Eligible Option, then that option will, on the Amendment Date, be canceled and immediately replaced with a New Option with the same exercise price as the canceled option. (See Page *Offer-2*.)

**18. WHEN CAN I EXERCISE MY AMENDED OPTIONS OR NEW OPTIONS?**

You may exercise an Amended Option for vested option shares at any time following its amendment to the Adjusted Exercise Price and before its termination. You may exercise a New Option for vested option shares at any time after grant and before termination. Neither an Amended Option nor a New Option may be exercised for more than the number of vested shares for which it is at the time exercisable.

**19. CAN I EXERCISE MY ELIGIBLE OPTIONS AFTER I ACCEPT THE OFFER BUT BEFORE AMENDMENT OR REPLACEMENT?**

You cannot exercise your Eligible Options before the Amendment Date without voiding your acceptance of the Offer. You may exercise your Eligible Options before the Amendment Date, provided such exercise complies with the existing terms of your Eligible Options, VeriSign's insider trading policy and any interim blackout periods during which cashless exercises and sales to cover are prohibited. However, if you exercise your Eligible Options before the Amendment Date, any election you have made to accept the Offer as to the exercised options will be null and void. Consequently, you may personally incur adverse tax consequences under Section 409A with respect to any Eligible Options you exercise before the Amendment Date on which they are amended or replaced pursuant to the Offer. You will be solely responsible for any taxes, penalties or interest payable under Section 409A.

**20. WILL MY AMENDED OPTIONS OR NEW OPTIONS BE INCENTIVE STOCK OPTIONS OR NON-STATUTORY OPTIONS?**

Because your Eligible Options were granted with exercise prices below the Fair Market Value of the option shares on the actual dates on which those options were granted, the options are non-statutory options under the U.S. federal income tax laws, and they will remain non-statutory options after the amendment to the applicable Adjusted Exercise Prices. Therefore, when you subsequently exercise your Amended Options, you will recognize immediate taxable income equal to the excess of (i) the Fair Market Value of the purchased shares at the time of exercise over (ii) the Adjusted Exercise Price paid for those shares, and VeriSign must collect the applicable withholding taxes with respect to such income. All New Options will also be taxable as non-statutory options. (See Pages *Offer-17, 22*.)

If you are subject to the tax laws of other jurisdictions in addition to the United States, there may be additional or different consequences in that jurisdiction of exercising your options. We will distribute short summaries of some of those consequences with respect to some of the countries where Eligible Optionees are located. If you are subject to the tax laws of jurisdictions outside of the United States, you should also review the summary applicable to such foreign jurisdictions.

**21. WHEN MAY I EXERCISE THE PORTION OF MY OPTIONS THAT WAS VESTED AS OF DECEMBER 31, 2004?**

You may exercise the portion of each of your options that was vested as of December 31, 2004 at any time before the termination or expiration of that option. Such portion is not subject to the Offer and will not be subject to adverse taxation under Section 409A.

**22. WHAT ARE THE CONDITIONS TO THE OFFER?**

The Offer is subject to a number of conditions, including the conditions described in Section 7 of the Offer. The Offer is not conditioned upon the tender of a minimum number of Eligible Options for amendment. (See Page *Offer-1*.)

**23. WHEN DOES THE OFFER EXPIRE? CAN THE OFFER BE EXTENDED, AND IF SO, HOW WILL I BE NOTIFIED IF IT IS EXTENDED?**

The Offer will expire on August 23, 2007, at 11:59 p.m. Pacific Time, unless we extend the Offer.

Although we do not currently intend to do so, we may, in our discretion, extend the Offer at any time. If the Offer is extended, we will send you an e-mail or other communication informing you of the extension no later than 9:00 a.m. Pacific Time on the next business day following the previously scheduled expiration of the Offer period. (See Pages *Offer-6*, 23.)

**24. HOW AND WHEN DO I TENDER MY ELIGIBLE OPTIONS?**

In order to tender one or more of your Eligible Options for amendment or replacement pursuant to the Offer, you must log on to the Offer Website at <https://vrsn.equitybenefits.com> and click on the MAKE AN ELECTION button to proceed with your election where you will be redirected to the first webpage of the Election Form or send via facsimile a completed Election Form.

In the Offer Website, you will need to check the appropriate boxes next to each of your Eligible Options to indicate whether you elect to tender your Eligible Options in accordance with the terms of the Offer. After completing the Election Form, you will be allowed to review your elections you have made with respect to your Eligible Options. If you are satisfied with your elections, you will proceed to the Agreement to Terms of Election webpage. Only after you agree to the Agreement to the Terms of Election will you be directed to the confirmation webpage. Please print and keep a copy of your confirmation for your records. You will then be deemed to have completed the election process for tendering your Eligible Options.

If you are not able to submit your election electronically via the Offer Website as a result of technical failures inherent to the website, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer Website for any reason (including lack of internet services), you must complete a paper Election Form and return it to VeriSign via facsimile to Jeffrey K. Bergmann at (650) 426-3403. To obtain a paper Election Form, please call the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside California or email to 409A-admin@verisign.com.

You must complete the tender and election process in the foregoing manner by 11:59 p.m. Pacific Time on August 23, 2007. If we extend the Offer beyond August 23, 2007, you must complete the process before the extended expiration date of the Offer.

**WE WILL NOT ACCEPT DELIVERY OF ANY ELECTION FORM AFTER EXPIRATION OF THE OFFER. IF WE DO NOT RECEIVE A PROPERLY COMPLETED AND DULY EXECUTED ELECTION FORM FROM YOU BEFORE THE EXPIRATION OF THE OFFER, WE WILL NOT ACCEPT YOUR ELIGIBLE OPTIONS FOR AMENDMENT OR REPLACEMENT. THOSE OPTIONS WILL NOT BE AMENDED OR REPLACED PURSUANT TO THIS OFFER, AND NO CASH BONUS, IF APPLICABLE WILL BE PAID WITH RESPECT TO THOSE OPTIONS.**

We reserve the right to reject any or all tenders of Eligible Options that we determine are not in appropriate form or that we determine are unlawful to accept. Otherwise, we intend to accept all properly and timely tendered Eligible Options that are not validly withdrawn. Subject to our rights to extend, terminate or amend the Offer, we currently expect that we will accept all properly tendered Eligible Options upon the expiration of the Offer, and we will amend or replace those options on the next business day thereafter. (See Page *Offer-12*.)

**25. DURING WHAT PERIOD OF TIME MAY I CHANGE MY ELECTION WITH RESPECT TO MY ELIGIBLE OPTIONS?**

You may change your previously submitted election at any time before 11:59 p.m. Pacific Time on August 23, 2007 (or any extended expiration date of the Offer). If you would like to change your election, you must log on to the Offer Website at <https://vrsn.equitybenefits.com> and complete and submit a new Election Form. You should print a copy of your revised Election Form and updated confirmation and keep those documents with your other records for this Offer. Alternatively, you may change your existing election by completing a new paper Election Form and returning it to VeriSign via facsimile to Jeffrey K. Bergmann at (650) 426-3403. To obtain a paper Election Form, please call the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California or email 409A-admin@verisign.com. You may change your previously submitted elections as many times as you would like before the expiration of the Offer. (See Page *Offer-12*.)

**26. WHAT DOES VERISIGN THINK OF THE OFFER?**

Although our Board of Directors has approved the Offer, neither we nor our Board of Directors make any recommendation as to whether you should tender or refrain from tendering your Eligible Options for amendment or replacement. You must make your own decision whether to tender your Eligible Options, after taking into account your own personal circumstances and preferences. VeriSign recommends that you consult with your personal tax advisor when deciding whether or not you should tender your Eligible Options.

**27. WHAT ARE SOME OF THE KEY DATES TO REMEMBER?**

The commencement date of the Offer is July 27, 2007.

The Offer will expire at 11:59 pm Pacific Time on August 23, 2007 (unless we extend it).

The Eligible Options will be amended or replaced on August 24, 2007 (unless we extend the Offer). Please be aware that your option account at your broker may not accurately reflect the amendment or replacement for one to two business days following the Amendment Date.

The Cash Bonus will be paid on VeriSign's first regularly scheduled payroll date after January 1, 2008, which is currently scheduled to be January 4, 2008.

**28. TO WHOM CAN I TALK IF I HAVE QUESTIONS ABOUT THE OFFER?**

For additional information or assistance, you should contact the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if you calling from California, or 1-800-424-2234 if calling outside of California or 409A-admin@verisign.com.

## CERTAIN RISKS OF PARTICIPATING IN THE OFFER

Participating in the Offer involves risks discussed in this Offer and described below. In addition, information concerning risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2006 is incorporated by reference herein and may be inspected at, and copies may be obtained from, the places and in the manner described in the section titled "Additional Information" thereto.

**YOU SHOULD CAREFULLY CONSIDER THESE RISKS AND ARE ENCOURAGED TO CONSULT YOUR INVESTMENT, TAX AND LEGAL ADVISOR BEFORE DECIDING TO PARTICIPATE IN THE OFFER.**

### ***Tax-Related Risks***

**Expected Section 409A Tax Consequences.** As described above and in Section 2 below, based on the current guidance and final regulations with respect to certain items of compensation under Section 409A, your Eligible Options may be subject to adverse tax consequences under Section 409A, unless they are brought into compliance with Section 409A before December 31, 2007 or any earlier exercise of those options. We believe that we have complied in good faith with the current guidance and final regulations with respect to certain items of compensation under Section 409A in structuring the Offer in a manner which you will provide you with the opportunity to avoid the taxation of your Eligible Options under Section 409A.

**Tax-related Risks for Residents of Multiple Countries.** If you are subject to the tax laws in more than one jurisdiction, you should be aware that tax consequences of more than one country may apply to you as a result of your participation in the Offer. You should be certain to consult your personal tax advisor to discuss these consequences. We will distribute short summaries of some of those consequences with respect to some of the countries where Eligible Optionees are located. If you are subject to the tax laws of jurisdictions outside of the United States, you should also review the summary applicable to such foreign jurisdiction.

**State and Local Taxes.** The discussion in Section 2 and Section 15 of the Offer describes the material U.S. federal income tax consequences if you participate in the Offer or if you elect not to participate. State and local laws may provide different tax treatment. In addition, certain states, including California, have adopted provisions similar to Section 409A. If you are subject to income taxation in those states, you may incur additional taxes, interest and penalties under such provisions if you do not bring your Eligible Options into compliance.

**ELIGIBLE OPTIONEES SHOULD CONSULT WITH THEIR OWN PERSONAL TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR PARTICIPATION IN THE OFFER.**

### ***Procedural Risks***

You are responsible for making sure that your initial Election Form and any subsequent changes to your Election Form pursuant to which you withdraw or re-tender your Eligible Options are received by us before the Expiration Date. We intend to confirm the receipt of your initial Election Form and any subsequent changes to your Election Form by e-mailing an Election Confirmation Statement to your VeriSign e-mail address within one business day after receipt. If you have not received an Election Confirmation Statement in the timeframe prescribed, it is your responsibility to confirm that we have received your complete submission by sending via facsimile a copy of the Election Form and confirmation statement that you will have printed from the Offer Website at the time you submit your Election Form online.

### ***Business-Related Risks***

In addition to those risks discussed above, you are encouraged to read the risk factors outlined in our periodic and other reports filed with the SEC, including those in our Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on July 12, 2007, which is incorporated herein by reference. Copies of these reports may be obtained from the places and in the manner described in Section 18 of the Offer set forth below. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may



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impair our business operations. If any of the risks actually occur, our business could be harmed. In that event, the trading price of our common stock could decline.

Certain Risks of Participating in the Offer - 2

## THE OFFER

### **1. ELIGIBLE OPTIONEES; ELIGIBLE OPTIONS; AMENDMENT OF ELIGIBLE OPTIONS AND CASH BONUS; NEW OPTIONS; EXPIRATION DATE; ADDITIONAL CONSIDERATIONS.**

Section 409A to the Internal Revenue Code of 1986, as amended (“**Section 409A**”), provides that an option granted with a below-market exercise price, to the extent it was not vested as of December 31, 2004, will be subject to adverse income taxation (as described below), unless that option is brought into compliance with Section 409A before exercise. VeriSign, Inc. (“**VeriSign**,” the “**Company**,” “**we**” or “**us**”) has decided to offer Eligible Optionees (as defined below) holding Eligible Options (as defined below) the opportunity to amend or replace such option and thereby avoid Section 409A taxation (this “**Offer**”).

#### **Eligible Options**

An outstanding option to purchase shares of VeriSign common stock will be eligible for amendment or replacement pursuant to this Offer if that option meets each of the following conditions:

- (i) The option was granted under one of the following equity plans of VeriSign (collectively, the “**Plans**”):
  - 1998 Equity Incentive Plan, and
  - 2001 Stock Incentive Plan.
- (ii) The option was retroactively priced in that the exercise price per share currently in effect for that option is based on the closing selling price (the “**Fair Market Value**”) per share of VeriSign common stock on a date earlier than the date on which the option was actually granted.
- (iii) The Fair Market Value per share of VeriSign common stock on the date on which the option was actually granted is higher than the exercise price per share currently in effect for the option.
- (iv) The option was unvested as of December 31, 2004.
- (v) The option is held by an individual who is, on the expiration of this Offer, a current employee of VeriSign or an affiliated company (such as a subsidiary or joint venture entity) and subject to income taxation in the United States with respect to that option (an “**Eligible Optionee**”).
- (vi) The option is outstanding on the Expiration Date (as defined below) of this Offer.

An option that meets each of the six foregoing conditions will constitute an “**Eligible Option**” for purposes of this Offer. If only a portion of the option meets those conditions, then only that portion will be an Eligible Option, and the balance of that option will not be eligible for amendment pursuant to this Offer. None of our current or former executive officers and non-employee members of our Board of Directors are eligible to participate in this Offer.

An option with a current exercise price that is greater than or equal to the Fair Market Value per share of VeriSign common stock on the date on which the option was actually granted is not included in this Offer because the holder of such option will not be subject to adverse tax consequences under Section 409A and there is no requirement to evidence the remedial action under Section 409A with respect to such option.

Your individualized Eligible Option chart in the Election Form that accompanies this Offer will also set forth the actual grant date for each Eligible Option you hold, the Fair Market Value per share of our common stock on that date and the number of shares of common stock subject to each Eligible Option. The following chart provides information concerning the grant date indicated for each Eligible Option and the exercise price per share currently in effect for that option.

Indicated Grant Date	Current Exercise Price Per Share
3/15/01	\$ 34.44
9/6/01	\$ 34.16
10/31/01	\$ 38.71
2/21/02	\$ 22.71
2/28/02	\$ 22.73
3/20/02	\$ 26.42
4/30/02	\$ 9.25
7/31/02	\$ 6.40
8/15/02	\$ 6.06
9/16/02	\$ 7.22
9/30/02	\$ 5.05
9/26/03	\$ 12.88
10/01/03	\$ 13.57
8/31/04	\$ 17.36

**Additional Definitions**

You should also be familiar with the following additional definitions that are important to the understanding of the terms of this Offer.

“**Adjusted Exercise Price**” is the new exercise price per share that will be in effect for any tendered Eligible Option that is increased pursuant to this Offer and will be equal to the lower of: (i) the Fair Market Value per share of VeriSign common stock on the actual date on which that option was granted and (ii) the closing selling price per share of such common stock on the date on which the option is amended. However, if the closing selling price per share of VeriSign common stock on the date on which the option is amended would be the same or lower than the exercise price per share currently in effect for the Eligible Option, then that option will, on the Amendment Date (as defined below), be canceled and immediately replaced with a new option under VeriSign’s 2006 Equity Incentive Plan that is exactly the same as the canceled option including the same exercise price per share and with no loss of vesting or change to the expiration date of the option term, but with a new grant date.

Accordingly, the exercise price for a tendered Eligible Option that we amend or replace pursuant to this Offer will be determined by the following:

1. Which is lower: (1) the Fair Market Value per share of VeriSign common stock on the actual date on which that option was granted; or (2) the closing selling price per share of VeriSign common stock on the date on which the option is amended?			
If #1 applies, then:		If #2 applies, then:	
2. Is the Fair Market Value per share of VeriSign common stock on the actual date on which the Eligible Option was granted <b>higher or lower than or equal to</b> the current exercise price of the Eligible Option?		2. Is the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended <b>higher or lower than or equal to</b> the current exercise price of the Eligible Option?	
If higher, then:	If lower or equal to, then:	If higher, then:	If lower or equal to, then:
3. The current exercise price of the Eligible Option will be <b>changed</b> to the Fair Market Value per share of VeriSign common stock on the actual date on which that Eligible Option was granted.	3. The option is not an Eligible Option and is not subject to this Offer.	3. The exercise price of the Eligible Option will be <b>changed</b> to the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended.	3. The exercise price of the Eligible Option will <b>remain as-is</b> .
If the current exercise price of Eligible Option is changed, then:	—	If the current exercise price of Eligible Option is changed, then:	If current exercise price of Eligible Option remains as-is, then:
4. Eligible Optionee will become entitled to receive a special cash bonus.	4. Not applicable.	4. Eligible Optionee will become entitled to receive a special cash bonus.	4. Eligible Optionee will not be entitled to receive a special cash bonus. Instead, the Eligible Option will be cancelled and replaced on the Amendment Date with a new option with same terms, but with a new grant date.

For example, if the current exercise price of a tendered Eligible Option is \$25.00 per share, the Fair Market Value per share of VeriSign common stock on the actual grant date of that option was \$32.00 per share and the closing selling price per share of VeriSign common stock on the Amendment Date is \$34.00, then the Adjusted Exercise Price for that option would be fully increased to \$32.00. However, if the current exercise price of a tendered Eligible Option is \$25.00 per share, the Fair Market Value per share of VeriSign common stock on the actual grant date of that option was \$32.00 per share and the closing selling price per share of VeriSign common stock on the Amendment Date is \$30.00, then the Adjusted Exercise Price would be increased to \$30.00. If the current exercise price of a tendered Eligible Option is \$25.00 per share, the Fair Market Value per share of VeriSign common stock on the actual grant date of that option was \$26.00 and the closing selling price per share of VeriSign common stock on the Amendment Date is \$22.00, then that Eligible Option would be canceled on the Amendment Date and the New Option would be immediately granted with the same terms as the canceled option, including the current \$25.00 exercise price, but with the Amendment Date as the new grant date.

**“Amended Option”** will mean an Eligible Option that has been amended pursuant to this Offer to increase the exercise price per share for the VeriSign common stock purchasable under that option to the Adjusted Exercise Price determined for such option.

**“Amendment Agreement”** will mean the Stock Option Amendment and Bonus Agreement that will evidence the Adjusted Exercise Price for each Amended Option and will set forth the terms of the Cash Bonus payable with respect to the Amended Options. A form of the Amendment Agreement is filed as an exhibit to this Offer and is available for review on the Offer Website.

**“Amendment Date”** will mean the date on which the Eligible Options is amended to increase the exercise price of that option to the Adjusted Exercise Price and will be August 24, 2007 or, if this Offer is extended, the first business day following the extended expiration date of this Offer.

**“Cash Bonus”** is the special cash bonus to which each Eligible Optionee will become entitled if the current exercise price of one or more of his or her Eligible Options is increased pursuant to this Offer.

**“Election Form”** is the form that the Eligible Optionee must use to notify VeriSign as to the particular Eligible Options he or she has elected to tender for amendment or replacement pursuant to the terms of this Offer.

**“Fair Market Value”** per share of VeriSign common stock on any relevant date will be deemed to be equal to the closing selling price per share of such stock on that date on the Nasdaq Global Select Market.

**“New Option”** will mean the option granted on the Amendment Date in replacement of a tendered Eligible Option with a current exercise price per share at or above the closing selling price per share of our common stock on the Amendment Date. The New Option will be exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date of the option term, but will have a new grant date. The New Option will be evidenced by a new option agreement that replaces the option documentation in effect for the canceled option.

Upon the terms and subject to the conditions of this Offer, we will amend or replace all Eligible Options tendered by Eligible Optionees in accordance with Section 4 below that are not otherwise validly withdrawn in accordance with Section 5 below before the Expiration Date. For each Amended Option, the exercise price per share will be increased to the applicable Adjusted Exercise Price (as defined below), and that Eligible Option will thereby avoid taxation under Section 409A. If the tendered Eligible Option is canceled and replaced with a New Option, the New Option will not be not subject to taxation under Section 409A.

**Eligible Optionees**

Individuals to whom Eligible Options have been granted by VeriSign will be “*Eligible Optionees*” for purposes of this Offer if they are, on the expiration date of this Offer, a current employee of VeriSign or any affiliated entity (such as a subsidiary or joint venture) and subject to income taxation in the United States with respect to those options.

None of VeriSign’s current or former executive officers and non-employee members of VeriSign’s Board of Directors are eligible to participate in this Offer.

**Amendment of Eligible Options and Cash Bonus**

Upon the terms and subject to the conditions of this Offer, we will amend or replace each Eligible Option that is properly tendered by an Eligible Optionee in accordance with Section 4 below, and not validly withdrawn in accordance with Section 5 below, before the Expiration Date (as defined below).

The exercise price of each Eligible Option that is amended pursuant to this Offer will be increased to the Adjusted Exercise Price determined for that option. The Adjusted Exercise Price would not be in effect for the portion of a retroactively-priced option that vested as of December 31, 2004. The Adjusted Exercise Price will apply only to the portion of a retroactively-priced option that was not vested as of December 31, 2004, and that portion thereby qualifies as an Eligible Option.

Each Amended Option will continue to vest in accordance with the same vesting schedule measured from the same vesting commencement date currently in effect for that option. No change to the vesting schedule will occur by reason of the amendment. In addition, except for the Adjusted Exercise Price, the other terms and provisions of each Amended Option will be identical to the terms and provisions in effect for each such Eligible Option immediately before the amendment to the exercise price.

Each Eligible Optionee whose Eligible Options are amended pursuant to this Offer will become entitled to a special Cash Bonus from VeriSign. (No Cash Bonus will be paid with respect to a New Option because the exercise price for that option will be the same as the exercise price in effect for the tendered Eligible Option it replaces.) The amount of the Cash Bonus payable with respect to each Amended Option will be determined by multiplying:

The amount by which the Adjusted Exercise Price exceeds the exercise price per share currently in effect for that Eligible Option	X	The number of shares of VeriSign common stock purchasable under that option at the Adjusted Exercise Price	=	Cash Bonus
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The Cash Bonus will be paid on VeriSign’s regularly scheduled payroll date after January 1, 2008, which is scheduled to be January 4, 2008, and will be subject to VeriSign’s collection of all applicable withholding taxes. Such a delayed payment is required by applicable Internal Revenue Service (“*IRS*”) regulations. The Cash Bonus will be paid whether or not the Eligible Optionee continues in VeriSign’s employ through the payment date.

**Example 1:** Assume that (i) you were granted an option to purchase 2,000 shares that had a recorded grant date of September 26, 2003 and an exercise price per share of \$12.88, (ii) that option vests 25% after the first year and then 6.25% each quarter thereafter for three years measured from September 26, 2003, so there were 1,375 shares unvested as of December 30,

2004, and (iii) it was determined that the actual grant date of that option was October 22, 2003 when the fair market value per share was \$14.93. Further assume that the fair market value of VeriSign common stock on the Amendment Date is \$30.00 per share.

**Example 2:** Assume that (i) you were also granted an option to purchase 3,000 shares that had a recorded grant date of August 31, 2004 and an exercise price per share of \$17.36, (ii) that option vests 25% after the first year and 6.25% each quarter thereafter for three years measured from August 31, 2004, so there were all 3,000 shares unvested as of December 30, 2004, and (iii) it was determined that the actual grant date of that option was September 29, 2004 when the fair market value per share was \$19.82. Further assume that the fair market value of VeriSign common stock on the Amendment Date is \$30.00 per share.

The portions of your September 26, 2003 and August 31, 2004 grants that were unvested as of December 31, 2004 constitute Eligible Options for purposes of this Offer. No other portions of those options may be tendered pursuant to this Offer. If you tender the portions constituting your Eligible Options, then those Eligible Options will be amended to increase the exercise prices to \$14.93 per share for the 1,375 shares eligible under the September 26, 2003 grant and to \$19.82 per share for the 3,000 shares eligible under the August 31, 2004 grant. No other changes will be made to your September 26, 2003 and August 31, 2004 options. In addition, you will be eligible to receive a Cash Bonus in an amount of \$10,198.75 determined as follows:

- multiplying (i) the 1,375 shares eligible under the September 26, 2003 option by (ii) \$2.05 (the amount by which the \$14.93 Adjusted Exercise Price for that option exceeds the \$12.88 per share exercise price previously in effect for that option), yielding \$2,818.75; and
- multiplying (i) the 3,000 shares eligible under the August 31, 2004 option by (ii) \$2.46 (the amount by which the \$19.82 Adjusted Exercise Price for that option exceeds the \$17.36 per share exercise price previously in effect for that option), yielding \$7,380.00.

#### **Cancellation of Eligible Options and Grant of New Options**

If the closing selling price per share of VeriSign common stock on the date on which the option is amended for any tendered Eligible Option is (i) lower than the Fair Market Value per share of VeriSign common stock on the actual grant date of the Eligible Option and (ii) the same or lower than the exercise price per share currently in effect for the Eligible Option, then that Eligible Option will, on the Amendment Date, be canceled and immediately replaced with a new option under VeriSign's 2006 Equity Incentive Plan that is exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date of the option term, but with a new grant date. Such cancellation and re-grant is necessary to evidence the remedial action required under Section 409A with respect to an Eligible Option whose current exercise price is not increased. No Cash Bonus will be paid with respect to a New Option because there will be no change to the exercise price.

**Example 1:** Assume that (i) you were granted an option to purchase 1,000 shares that had an indicated grant date of March 15, 2001 and an exercise price per share of \$34.44, (ii) that option vests 25% after year one and 6.25% each quarter thereafter for three years measured from March 15, 2001, so there were 62 shares unvested as of December 30, 2004, and (iii) it was determined that the actual grant date of that option was March 30, 2001 when the fair market value per share was \$35.44. Further assume that the fair market value of VeriSign common stock on the Amendment Date is \$30.00 per share.

**Example 2:** Assume that (i) you were also granted an option to purchase 2,000 shares that had an indicated grant date of September 6, 2001 and an exercise price per share of \$34.16, (ii) that option vests 25% after the first year and 6.25% each quarter thereafter for three years measured from September 6, 2001, so there were 125 shares unvested as of December 30, 2004, and (iii) it was determined that the actual grant date of that option was September 21, 2001 when the fair

market value per share was \$38.30. Further assume that the fair market value of VeriSign common stock on the Amendment Date is \$30.00 per share.

The portions of your March 15, 2001 and September 6, 2001 grants that were unvested as of December 31, 2004 constitute Eligible Options for purposes of this Offer. No other portions of those options may be tendered pursuant to this Offer. If you tender the portions constituting your Eligible Options then your tendered Eligible Options will be canceled on the Amendment Date, and you will be immediately issued two New Options: one New Option with an exercise price of \$34.44 per share for the 62 shares eligible under the March 15, 2001 grant; and a second New Option with an exercise price of \$34.16 per share for the 250 shares eligible under the September 6, 2001 grant. Except for the new grant date, each of the New Options will be the same as the canceled Eligible Option it replaces, with no loss of vesting or change to the expiration date of the option term. Since the exercise prices under the New Options will be the same as under the canceled options, no Cash Bonus will be payable to you with respect to your New Options.

#### **Former Employees**

If you are not in the employ of VeriSign or any affiliated entity on the Expiration Date (as defined below), then none of your tendered Eligible Options will be amended or replaced pursuant to this Offer, and you will not be entitled to any Cash Bonus with respect to those options. The tendered options will be returned to you and will remain exercisable in accordance with the terms in effect for them at the time of tender, including the current exercise price per share. You will receive a separate communication from VeriSign regarding your tax situation and any financial assistance or other financial or other arrangements VeriSign may provide with respect to the Section 409A tax penalties you may subsequently incur in connection with the exercise of those options.

#### **Expiration Date**

The term "**Expiration Date**" means 11:59 p.m. Pacific Time on August 23, 2007, unless we decide to extend the period of time during which this Offer will remain open, in which event the term Expiration Date will refer to the latest time and date at which this Offer, as so extended, expires. See Section 16 below for a description of our rights to extend, delay, terminate and amend this Offer, and Section 7 below for a description of conditions to this Offer.

#### **Additional Considerations**

In deciding whether to tender one or more Eligible Options pursuant to this Offer, you should know that VeriSign continually evaluates and explores strategic opportunities as they arise, including business combination transactions, strategic partnerships, capital infusions and the purchase or sale of assets. At any given time, we may be engaged in discussions or negotiations with respect to various corporate transactions. We also grant options, restricted stock units and other equity awards in the ordinary course of business to our current and new employees, including our executive officers. Our employees, including our executive officers, from time to time acquire or dispose of our securities. Subject to the foregoing, and except as otherwise disclosed in this Offer or in our filings with the Securities and Exchange Commission (the "**SEC**"), we presently have no plans or proposals that relate to or would result in:

- (a) any extraordinary corporate transaction, such as a material merger, reorganization or liquidation, involving us or any of our subsidiaries;
- (b) any purchase, sale or transfer of a material amount of our assets or the assets of any of our subsidiaries;
- (c) any material change in our present dividend policy or our indebtedness or capitalization;
- (d) any change in our present Board of Directors or executive management team, including any plans to

change the number or term of our directors or to fill any existing board vacancies or to change the material terms of any executive officer's employment, other than the election of John Roach to the Board of Directors, effective July 19, 2007;

- (e) any other material change in our corporate structure or business;
- (f) our common stock not being authorized for quotation in an automated quotation system operated by a national securities association;
- (g) our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act;
- (h) the suspension of our obligation to file reports pursuant to Section 15(d) of the Securities Exchange Act;
- (i) the acquisition by any person of any of our securities or the disposition of any of our securities, other than in the ordinary course or pursuant to existing options or other rights; or
- (j) any change in our certificate of incorporation or bylaws, other than the proposed amendment and restatement to our certificate of incorporation to provide for the declassification of the Board of Directors, which is conditional upon the approval of VeriSign's stockholders at the 2007 Annual Meeting of Stockholders, or any actions that may impede the acquisition of control of us by any person.

## **2. PURPOSE OF THIS OFFER.**

We are making this Offer to amend or replace the Eligible Options because of potential adverse tax consequences that may apply. As a result of a thorough investigation of VeriSign's past option grant practices, we have determined that each Eligible Option was retroactively priced in that the exercise price per share currently in effect for that option was based on the Fair Market Value per share of our common stock on a date earlier than the date on which that option was actually granted.

Section 409A was added to the Internal Revenue Code of 1986, as amended, by the American Jobs Creation Act of 2004. The Treasury Department and IRS provided guidance and issued final regulations with respect to certain items of compensation under Section 409A. Section 409A provides that an option unvested as of December 31, 2004 and granted with a below-market exercise price will be subject to adverse income taxation unless that option is brought into compliance with Section 409A. Unless remedial action is taken to bring that option into compliance, we believe, on the basis of our understanding and interpretation of the applicable guidance and final regulations, that the option will trigger adverse U.S. federal tax consequences under Section 409A as indicated below, although it is not entirely clear at present how that option will actually be taxed under Section 409A. As a result, VeriSign has decided to provide Eligible Optionees with the opportunity to bring the Eligible Options into compliance either by amending the exercise price per share to the Adjusted Exercise Price determined for each such option or by replacing that option with a New Option.

### **Taxation in Year of Vesting**

To the extent the a Section 409A-covered option vested as to one or more shares during the 2005 calendar year, the optionee would recognize taxable income for that year in an amount equal to the Fair Market Value of those shares on December 31, 2005 less the aggregate exercise price payable for those shares. The optionee would have to report that income in an amended tax return filed for the 2005 taxable year. To the extent the options vested as to one or more shares during 2006 and future years, the optionee would recognize taxable income. For 2006, this taxable income is equal to the Fair Market Value of shares vesting in 2006 on December 31, 2006 less the aggregate exercise price payable for the shares, and VeriSign would have to collect the applicable withholding taxes on that income. Taxation would occur in this manner even though the options remain unexercised.



*Note: The Treasury Department has not yet provided any guidance as to how the additional taxable income is to be measured over the period the options remain outstanding after the 2006 calendar year.*

#### **Tax Penalty**

In addition to normal income taxes payable on the spread in effect under each of your options on the applicable tax measurement date, the optionee would also be subject to an additional tax penalty equal to 20% of that spread.

*Note: Certain states, including California, have adopted provisions similar to Section 409A under their tax laws, and for optionees subject to income taxation in such states, the total penalty tax could be up to 40% (a 20% federal penalty tax and up to a 20% state penalty tax).*

#### **Continued Taxation**

It is likely, but not certain that the optionee would be subject to additional income taxation, penalty taxes and withholding taxes on any subsequent increases to the year-end value of the vested option shares. Such taxation will continue until the options are exercised. For the option shares that vested in the 2005 calendar year and remain unexercised at the end of the 2006 or 2007 calendar years, the additional income subject to such taxation would be based on the amount by which the Fair Market Value per share of VeriSign common stock on a subsequent tax measurement date exceeds the Fair Market Value.

#### **Interest Penalty**

The optionee will also be subject to interest penalties for failure to pay on a timely basis the taxes attributable to the vesting of the options in the 2005 or 2006 calendar years. The optionee may incur additional interest penalties if he or she does not pay on a timely basis the taxes attributable to the Section 409A income for the 2007 calendar year.

The following is an example of the adverse U.S. federal income taxes that may occur under Section 409A if remedial action is not taken to bring the below-market options into compliance with Section 409A:

**Example 1:** Assume that (i) an optionee was granted an option to purchase 2,000 shares that had a recorded grant date of August 15, 2002 with an exercise price per share of \$6.06, (ii) that option vests 25% after the first year and 6.25% each quarter thereafter for three years measured from August 15, 2002, and (iii) it was determined that the actual grant date of that option was September 20, 2002 when the fair market value per share was \$6.37. Unless remedial action under Section 409A is taken before December 31, 2007 (or before any earlier exercise of the option for the shares vesting after December 31, 2004), the option shares vesting after December 31, 2004 would be taxed as follows under Section 409A:

**Taxation in Year of Vesting for the Shares Vesting in 2005:** For the 500 shares that vested during the 2005 calendar year, the optionee would recognize taxable income in that year equal to the amount by which the fair market value of those shares on December 31, 2005 (\$21.90 per share) exceeded the exercise price payable for those shares \$6.06. Therefore, the optionee would have recognized \$7,920 of taxable wages [500 x (\$21.90—\$6.06)] in 2005. In addition to ordinary income taxes on this amount, the optionee would have incurred a 20% penalty tax in the amount of \$1,584 for federal tax purposes. There would also be an interest charge assessed for late payment of those 2005 taxes.

**Taxation in Year of Vesting for the Shares Vesting in 2006:** For the 375 shares that vested during the 2006 calendar year, the optionee would recognize taxable income in that year equal to the amount by which the fair market value of those shares on December 31, 2006 (\$24.05 per share) exceeded the exercise price payable for those shares (\$6.06). Therefore, the optionee would have recognized \$6,746.25 of taxable wages [375 x (\$24.05—\$6.06)] in 2006. In addition to

ordinary income taxes on this amount, the optionee would have incurred a 20% penalty tax in the amount of \$1,349.25 for federal tax purposes. If these taxes are not paid on a timely basis in connection with the optionee's 2006 tax return, there also would be an interest charge for late payment of those taxes.

The optionee may also be subject to tax penalties under the tax laws of the State in which he or she resides. For example, if the optionee resides in California, there would be additional tax penalties for both the 2005 and 2006 calendar years equal to the federal tax penalties imposed for those years under Section 409A.

**Continued Taxation of Shares Vested in 2005:** If the option continues to remain outstanding, then there will be additional taxation in the manner explained above (normal taxable income, the 20% penalty tax and potential interest penalties) on any appreciation in value of the vested shares over their previous year-end value. For the 500 shares that vested in 2005, the additional income subject to such taxation in the 2006 taxable year would be in the amount of \$1,075.00 [500 x (\$24.05—\$21.90)]. No guidance has yet been issued as to when or how often in each taxable year after 2006 the appreciation is to be measured and what impact a decline in value of the shares will have upon the taxation of those shares.

**Continued Taxation of Shares Vested in 2005 and 2006:** Current IRS guidance would defer the reporting and payment of 409A taxes related to unexercised 409A affected options until 2008.

If you elect not to amend your Eligible Options pursuant to this Offer, then you will be solely responsible for any taxes, penalties or interest payable under Section 409A and comparable state tax laws. If you exercise an Eligible Option in the 2007 calendar year without first bringing that option into compliance with Section 409A, then it is possible that the 20% penalty tax under Section 409A with respect to that exercised option may be based solely on the amount by which the Fair Market Value of the purchased shares at the time of exercise exceeds the current exercise price, and the interest penalties may be based on the spread (the excess of the Fair Market Value per share over the exercise price) which existed on the vested option shares at the close of the 2005 and 2006 calendar years. However, the applicable Treasury Department guidance to date is not entirely clear on this point.

Section 409A applies only to below-market options that were not vested as of December 31, 2004. The portion of any below-market option granted before October 4, 2004 that was vested as of December 31, 2004 is grandfathered and is therefore not subject to Section 409A.

Pursuant to the transitional relief that the Treasury Department provided under Section 409A, if you exercised the portion of your stock options that vested in the 2005 calendar year before the end of that year, you would have avoided any 20% penalty tax (and likely California 20% penalty tax) under Section 409A with respect to that portion. To avoid any adverse tax consequences under Section 409A with respect to the portion of your stock options that vested after December 31, 2004 (but were not exercised in 2005), you must take remedial action to bring that portion of your options (the "**409A Portion**") into compliance with the requirements of Section 409A. VeriSign is now offering you the opportunity to bring the 409A Portion of your stock options into compliance with Section 409A as follows:

The 409A Portion of each of your stock options would be amended to increase the exercise price to the Adjusted Exercise Price determined for that portion. Such an amendment to the exercise price would bring the 409A Portion of each option into compliance with Section 409A, and you could exercise that 409A-compliant portion as you choose, subject only to the existing exercise provisions and option term in effect for each such option. A New Option granted in replacement of the 409A Portion of an option with a current exercise price at or above the closing selling price per share of our common stock on the Amendment Date of the underlying shares on the new grant date will also avoid taxation under Section 409A.

Accordingly, pursuant to this Offer, you may tender each of your Eligible Options to VeriSign for amendment or replacement. The exercise price per share for each Amended Option will be increased to the Adjusted Exercise Price determined for that option, and that Amended Option would not be subject to adverse tax

consequences under Section 409A described above. Each New Option granted in replacement of a tendered Eligible Option with a current exercise price at or above the closing selling price per share of our common stock on the Amendment Date will also avoid taxation under Section 409A.

If you are subject to the tax laws in more than one jurisdiction, you should be aware that tax consequences of more than one country may apply to you as a result of your participation in this Offer. You should be certain to consult your personal tax advisor to discuss these consequences. We will distribute short summaries of some of those consequences with respect to some of the countries where Eligible Optionees are located. If you are subject to the tax laws of jurisdictions outside of the United States, you should also review the summary applicable to such foreign jurisdiction.

**NEITHER WE NOR OUR BOARD OF DIRECTORS WILL MAKE ANY RECOMMENDATION AS TO WHETHER YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS FOR AMENDMENT OR REPLACEMENT, NOR HAVE WE AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR ELIGIBLE OPTIONS, AFTER TAKING INTO ACCOUNT YOUR OWN PERSONAL CIRCUMSTANCES AND PREFERENCES. YOU SHOULD BE AWARE THAT ADVERSE TAX CONSEQUENCES UNDER SECTION 409A MAY APPLY TO YOUR ELIGIBLE OPTIONS IF THEY ARE NOT AMENDED OR REPLACED PURSUANT TO THIS OFFER, AND YOU WILL BE SOLELY RESPONSIBLE FOR ANY TAXES, INTEREST OR PENALTIES YOU MAY INCUR UNDER SECTION 409A. YOU ARE URGED TO EVALUATE CAREFULLY ALL OF THE INFORMATION IN THIS OFFER, AND WE RECOMMEND THAT YOU CONSULT YOUR OWN TAX ADVISOR.**

### **3. STATUS OF ELIGIBLE OPTIONS NOT AMENDED OR REPLACED.**

If you choose not to tender your Eligible Options for amendment or replacement, those options will continue to remain outstanding in accordance with their existing terms, including the below-market exercise price component that violates Section 409A. Accordingly, if you take no other action to bring those options into compliance with Section 409A, you may be subject to the adverse U.S. federal tax consequences described in Section 2 above. You will be solely responsible for any taxes, penalties or interest you may incur under Section 409A.

### **4. PROCEDURES FOR TENDERING ELIGIBLE OPTIONS.**

If you are an Eligible Optionee, you will receive on the commencement of this Offer an e-mail announcing this Offer with a hyperlink to the Offer Website. Once you have logged onto the Offer Website and clicked on the MAKE AN ELECTION button, you will be directed to your Election Form that contains the following personalized information with respect to each Eligible Option you hold:

- the grant date indicated for that Eligible Option on the applicable option agreement or grant notice,
- the current exercise price per share in effect for that Eligible Option,
- the number of shares of VeriSign common stock purchasable under that Eligible Option,
- the actual grant date of that Eligible Option, and
- the Fair Market Value per share of VeriSign common stock on the actual grant date.

You will need to check the appropriate box next to each of your Eligible Options to indicate whether you elect to tender that option for amendment or replacement in accordance with the terms of this Offer. After completing the Election Form, you will be allowed to review the elections you have made with respect to your Eligible Options. If you are satisfied with your elections you will proceed to the Agreement to Terms of Election webpage. Only after you agree to the Agreement to the Terms of Election will you be directed to the confirmation webpage. Please print and keep a copy of your confirmation for your records. You will then be deemed to have completed the election process.

If you are not able to submit your election electronically via the Offer Website as a result of technical failures inherent to the website, such as the website being unavailable or the website not accepting your election, or

if you do not otherwise have access to the Offer Website for any reason (including lack of internet services), you must complete a paper Election Form and return it to VeriSign via facsimile to Jeffrey K. Bergmann at (650) 426-3403. To obtain a paper Election Form, please call the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California or email to 409A-admin@verisign.com.

If you decide to accept this Offer with respect to your Eligible Options, you must properly complete and submit the Election Form by logging onto the Offer Website at <https://vrsn.equitybenefits.com> by **11:59 p.m. Pacific Time on August 23, 2007**. If we extend this Offer beyond August 23, 2007, you must deliver those documents before the extended expiration date of this Offer.

**WE WILL NOT ACCEPT ANY ELECTION FORM AFTER THE EXPIRATION OF THIS OFFER.**

If you do not complete and submit the Election Form on the Offer Website or via facsimile before the expiration of this Offer, your Eligible Options will not be amended or replaced pursuant to this Offer, and you will not be eligible for any Cash Bonus.

You cannot tender only a portion of an Eligible Option, and we will not accept such a partial tender for amendment or replacement. If you hold more than one Eligible Option, then you may elect to tender one or more of those options and retain the remaining options. Please remember that not all of a particular option grant may be an Eligible Option. Only the portion of that grant that was not vested as of December 31, 2004 may constitute an Eligible Option.

**IF YOUR ELECTION FORM INCLUDES ANY OPTION THAT IS NOT AN ELIGIBLE OPTION OR INCLUDES ONLY A PORTION OF YOUR OUTSTANDING ELIGIBLE OPTION, THEN WE WILL NOT ACCEPT THE TENDERED OPTION OR PORTION FOR AMENDMENT OR REPLACEMENT, BUT WE DO INTEND TO ACCEPT FOR AMENDMENT OR REPLACEMENT EACH ELIGIBLE OPTION PROPERLY DESIGNATED FOR TENDER IN THE ELECTION FORM.**

**Determination of Validity; Rejection of Option Shares; Waiver of Defects; No Obligation to Give Notice of Defects**

We will determine, in our discretion, all questions as to form of documents and the validity, form, eligibility (including time of receipt), and acceptance of any option tender, and we will decide, in our sole discretion, all questions as to (i) the portion of each outstanding option that comprises an Eligible Option for purposes of this Offer; (ii) the Adjusted Exercise Price to be in effect under each Amended Option, (iii) the number of shares of our common stock purchasable under the Amended Option at the Adjusted Exercise Price, (iv) the amount of the Cash Bonus payable with respect to each Amended Option, and (v) the cancellation of tendered Eligible Options with exercise prices at or above the closing selling price per share of our common stock on the Amendment Date of our common stock on the Amendment Date and the replacement of those canceled options with New Options. Our determination as to those matters will be final and binding on all parties. We reserve the right to reject any or all option tenders that we determine do not comply with the conditions of this Offer, that we determine are not in appropriate form or that we determine are unlawful to accept. Otherwise, we intend to accept for amendment or replacement each properly and timely tendered Eligible Option that is not validly withdrawn. We also reserve the right to waive any of the conditions of this Offer or any defect or irregularity in any tender with respect to any particular Eligible Option or any particular Eligible Optionee. No tender of an Eligible Option will be deemed to have been properly made until all defects or irregularities have been cured by the tendering Eligible Optionee or waived by us. Neither we nor any other person is obligated to give notice of any defects or irregularities in tenders, nor will anyone incur any liability for failure to give any such notice.

**Our Acceptance Constitutes an Agreement**

Your tender of an Eligible Option pursuant to the procedures described above constitutes your acceptance of the terms and conditions of this Offer. Subject to our rights to extend, terminate or amend this Offer, we currently expect that we will, promptly upon the expiration of this Offer, accept for amendment all properly tendered Eligible Options that have not been validly withdrawn, and on the next business day we will increase the exercise price per share to the Adjusted Exercise Price determined for that option.

However, if the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended is (i) lower than the Fair Market Value per share of VeriSign common stock on the actual grant date of the Eligible Option and (ii) the same or lower than the exercise price per share currently in effect for the Eligible Option, then that Eligible Option will, on the Amendment Date, be canceled and immediately replaced with a New Option under VeriSign's 2006 Equity Incentive Plan that is exactly the same as the canceled option, including the same exercise price per share and with no loss of vesting or change to the expiration date of the option term, but the option will have a new grant date.

Our acceptance of your tendered Eligible Options for amendment or replacement pursuant to this Offer will constitute a binding agreement between us and you upon the terms and subject to the conditions of this Offer. Accordingly, as soon as administratively practicable after the Amendment Date, we will deliver to you a final and complete Amendment Agreement, a form of which is filed as an exhibit to this Offer and is available for review on the Offer Website. Schedule I to that agreement will indicate the Adjusted Exercise Price in effect for each of your Amended Options and VeriSign's unconditional obligation to pay you on its first regularly scheduled payroll date after January 1, 2008 the Cash Bonus calculated for each Amended Option. Alternatively, you will also receive at that time a new stock option agreement for any New Option granted in replacement of a tendered Eligible Option with a current exercise price per share at or above the closing selling price per share of our common stock on the Amendment Date per share of our common stock on the Amendment Date.

## 5. WITHDRAWAL RIGHTS.

You may only withdraw your tendered Eligible Options in accordance with the provisions of this Section 5.

- (i) You may withdraw your tendered Eligible Options at any time before 11:59 p.m., Pacific Time, on the Expiration Date of this Offer. In addition, unless we accept and amend or replace your Eligible Options before 12:00 midnight, Pacific Time, on September 24, 2007 (the 40th business day after the July 27, 2007 commencement date of this Offer), you may withdraw your tendered options at any time thereafter.
- (ii) To validly withdraw your tendered Eligible Options, you must use the Offer Website at <https://vrsn.equitybenefits.com> to revise your Election Form to indicate the Eligible Options that you no longer wish to tender for amendment or replacement. Alternatively, you may change your existing election by completing a new paper Election Form and returning it to VeriSign via facsimile to Jeffrey K. Bergmann at (650) 426-3403. To obtain a paper Election Form, please call the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California or email to 409A-admin@verisign.com.

You may only revise your Election Form to withdraw your Eligible Options from this Offer while you still have the right to withdraw the tendered options in accordance with the subparagraph (i) above.

**YOU MAY NOT WITHDRAW ONLY A PORTION OF A TENDERED ELIGIBLE OPTION. IF YOU CHOOSE TO WITHDRAW A TENDERED ELIGIBLE OPTION, YOU MUST WITHDRAW THE ENTIRE OPTION.**

Any Eligible Option you withdraw will no longer be deemed tendered for amendment or replacement pursuant to this Offer, unless you properly re-tender that option before the Expiration Date by following the election and tender procedures described in Section 4 above.

Neither VeriSign nor any other person is obligated to give notice of any defects or irregularities in any revised Election Form submitted to us for purposes of withdrawing tendered Eligible Options from this Offer, nor will anyone incur any liability for failure to give any such notice. We will determine, in our sole discretion, all questions as to the form and validity, including time of receipt, of revised Election Forms purporting to withdraw tendered Eligible Options from this Offer. Our determination of these matters will be final and binding.

## 6. ACCEPTANCE OF ELIGIBLE OPTIONS FOR AMENDMENT OR REPLACEMENT AND COMMITMENT TO PAY CASH BONUS WITH RESPECT TO AMENDED OPTIONS.

Upon the terms and subject to the conditions of this Offer, we will on the Expiration Date accept for amendment or replacement all Eligible Options that have been properly tendered and not validly withdrawn before the Expiration Date. For each Amended Option, we will increase the exercise price per share to the applicable Adjusted Exercise Price on the next business day, currently scheduled to be August 24, 2007. For each tendered Eligible Option that is canceled pursuant to this Offer, we will grant a New Option in replacement on August 24, 2007. If we extend the Expiration Date, then the accepted Eligible Option will be amended or replaced as soon as practicable after the extended Expiration Date.

We will provide written or electronic notice of our acceptance to each Eligible Optionee whose tendered Eligible Options we have accepted for amendment or replacement. Such notice may be by e-mail, press release or other means. In addition, we will, as soon as administratively practicable after the Amendment Date, deliver electronically a final and complete Amendment Agreement to each Eligible Optionee whose Eligible Options have been amended pursuant to this Offer. Schedule I to that agreement will reflect the increases to the exercise prices of the Amended Options and VeriSign's unconditional obligation to pay such Eligible Optionee the applicable Cash Bonus for each the Amended Options on its first regularly scheduled payroll date after January 1, 2008, which is scheduled to be January 4, 2008. Such Cash Bonus will be paid whether or not an Eligible Optionee continues in VeriSign's employ through the payment date. For each New Option to which a tendering Eligible Optionee becomes entitled, we will deliver a new stock option agreement to that person as soon as administratively practicable after the grant date.

However, if you are not in the employ of VeriSign or any affiliated entity on the Expiration Date, then none of your tendered Eligible Options will be amended or replaced, and you will not be entitled to any Cash Bonus with respect to those options. The tendered options will be returned to you and will remain exercisable in accordance with the terms in effect for them at the time of tender, including the current exercise price per share. You will receive a separate communication from VeriSign regarding your tax situation and any financial assistance or other financial arrangement VeriSign may provide with respect to the Section 409A tax penalties you may subsequently incur in connection with the exercise of those options.

## 7. CONDITIONS OF THIS OFFER.

We will not accept any Eligible Options tendered to us for amendment or replacement, and we may terminate or amend this Offer or postpone our acceptance of any Eligible Options tendered to us for amendment or replacement, in each case, subject to Rule 13e-4(f)(5) under the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), if at any time on or after July 27, 2007, and before the Expiration Date, any of the following events has occurred, or has been reasonably determined by us to have occurred and, in our reasonable judgment in any such case and regardless of the circumstances giving rise thereto (including any action or omission by us), the occurrence of such event or events makes it inadvisable for us to proceed with this Offer or with our acceptance of the Eligible Options tendered to us for amendment or replacement:

- (a) there shall have been threatened or instituted or be pending any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or by any other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly challenges the making of this Offer, the amendment of the existing exercise price in effect for some or all of the tendered Eligible Options pursuant to this Offer, the payment of the applicable Cash Bonuses, the cancellation of tendered options and the grant of New Options in replacement or otherwise relates in any manner to this Offer or that, in our judgment, could materially and adversely affect our business, condition (financial or other), operating results, operations or prospects, or otherwise materially impair in any way the contemplated future conduct of VeriSign's business or the business of any of its subsidiaries or materially impair the contemplated benefits of this Offer to VeriSign;
- (b) we shall have been unable to obtain exemptive relief from the prompt payment provisions of Rules 13e-4(f)(5) and 14e-1(c) under the 1934 Act, as they may apply to the scheduled payment of the Cash Bonuses on VeriSign's first regularly scheduled payroll date following January 1, 2008;

- (c) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to this Offer or VeriSign or any of its subsidiaries or other affiliated entities, by any court or any authority, agency or tribunal that, in our reasonable judgment, would or might directly or indirectly:
- make the amendment of the tendered Eligible Options or payment of the Cash Bonuses or the
  - cancellation of tendered options and the grant of New Options in replacement thereof illegal or otherwise restrict or prohibit consummation of this Offer or otherwise relates in any manner to this Offer;
  - delay or restrict our ability, or render us unable, to accept for amendment or replacement some or all of the tendered Eligible Options;
  - materially impair the benefits we hope to convey as a result of this Offer, that we believe would
  - occur only as a result of further changes to Section 409A, the regulations thereunder or other tax laws that would affect this Offer or the Eligible Options; or
  - materially and adversely affect our business, condition (financial or other), operating results, operations or prospects or otherwise materially impair in any way the contemplated future conduct of our business or the business of any of our subsidiaries;
- (d) there shall have occurred:
- any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market;
  - any significant change in the market price of the shares of our common stock or any change in the general political, market, economic or financial conditions in the United States or abroad that could, in our reasonable judgment, have a material adverse effect on our business, condition (financial or other), operating results, operations or prospects or on the trading in our common stock, or that, in our reasonable judgment, makes it inadvisable to proceed with this Offer;
  - in the case of any of the foregoing existing at the time of the commencement of this Offer, a material acceleration or worsening thereof; or
  - any decline in either the Dow Jones Industrial Average, the Nasdaq Global Select Market or the Standard and Poor's Index of 500 Companies by an amount in excess of 10% measured during any time period after the close of business on July 27, 2007;
- (e) there shall have occurred any change in generally accepted accounting standards or the application or interpretation thereof that could or would require us for financial reporting purposes to record compensation expenses against our operating results in connection with this Offer that would be in excess of any compensation expenses that we would be required to record under generally accepted accounting standards in effect at the time we commence this Offer;
- (f) a tender or exchange offer with respect to some or all of our outstanding common stock, or a merger or acquisition proposal for us, shall have been proposed, announced or made by another person or entity or shall have been publicly disclosed, or we shall have learned that:
- any person, entity or "group," within the meaning of Section 13(d)(3) of the 1934 Act, shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding shares of VeriSign common stock, or any new group shall have been formed that beneficially owns more than 5% of the outstanding shares of VeriSign common stock, other than any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC before July 27, 2007;
  - any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC

before July 27, 2007 shall have acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding shares of VeriSign common stock; or

- any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of the assets or securities of us or any of our subsidiaries;
- (g) any change or changes shall have occurred in our business, condition (financial or other), assets, operating results, operations, prospects or stock ownership or that of our subsidiaries that, in our judgment, is or may be material to us or our subsidiaries or other affiliated entities or otherwise makes it inadvisable for us to proceed with this Offer; or
- (h) any rules, regulations or actions by any governmental authority, the Nasdaq Global Select Market, or other regulatory or administrative authority of any national securities exchange have been enacted, enforced or deemed applicable to VeriSign that makes it inadvisable for us to proceed with this Offer.

The conditions to this Offer are for our benefit. We may assert them in our discretion regardless of the circumstances giving rise to them before the Expiration Date. We may waive them, in whole or in part, at any time and from time to time before the Expiration Date, in our discretion, whether or not we waive any other condition to this Offer. Our failure at any time to exercise any of these rights will not be deemed a waiver of any such rights. The waiver of any of these rights with respect to particular facts and circumstances will not be deemed a waiver with respect to any other facts and circumstances. Any determination we make concerning the events described in this Section 7 will be final and binding upon all persons.

#### 8. PRICE RANGE OF COMMON STOCK UNDERLYING THE OPTIONS.

There is no established trading market for the Eligible Options or any other options granted under our Plans.

Our common stock is quoted on the Nasdaq Global Select Market under the symbol "VRSN." The following table shows, for the periods indicated, the high and low sales prices per share of our common stock on the Nasdaq Global Select Market.

	<u>HIGH</u>	<u>LOW</u>
<b>Year ended December 31, 2007:</b>		
Third Quarter (through July 26, 2007)	\$ 34.68	\$ 30.22
Second Quarter	\$ 32.12	\$ 24.83
First Quarter	\$ 26.78	\$ 22.92
<b>Year ended December 31, 2006:</b>		
Fourth Quarter	\$ 26.77	\$ 19.90
Third Quarter	\$ 23.27	\$ 15.95
Second Quarter	\$ 25.45	\$ 20.91
First Quarter	\$ 25.00	\$ 20.75
<b>Year ended December 31, 2005:</b>		
Fourth Quarter	\$ 24.48	\$ 19.01
Third Quarter	\$ 30.00	\$ 20.29
Second Quarter	\$ 33.36	\$ 24.65
First Quarter	\$ 33.67	\$ 24.48

On July 26, 2007 the last reported sale price of our common stock on the Nasdaq Global Select Market was \$30.79 per share.



The price of our common stock has been, and in the future may be, volatile and could decline. The trading price of our common stock has fluctuated in the past and is expected to continue to do so in the future, as a result of a number of factors, many of which are outside our control. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market prices of many companies, and that have often been unrelated or disproportionate to the operating performance of these companies.

## **9. SOURCE AND AMOUNT OF CONSIDERATION; TERMS OF AMENDED OPTIONS OR NEW OPTIONS.**

### **Consideration**

If we accept the tender of your Eligible Options for amendment, the exercise price per share will be increased to the Adjusted Exercise Price determined for each such option. Except for such Adjusted Exercise Price, all the terms and provisions in effect for the Eligible Option at the time of tender will continue in effect after the amendment. Accordingly, each Amended Option will continue to vest in accordance with the same vesting schedule measured from the same vesting commencement date currently in effect for each such option, and the exercise period and expiration date for each option will also remain unchanged.

However, if the closing selling price per share of VeriSign common stock on the date on which the Eligible Option is amended is lower than the Fair Market Value per share of VeriSign common stock on the actual grant date of the Eligible Option and is the same or lower than the exercise price per share currently in effect for the Eligible Option, then that Eligible Option will, on the Amendment Date, be canceled and immediately replaced with a New Option under VeriSign's 2006 Equity Incentive Plan that is exactly the same as the canceled option, including the same exercise price per share and with no loss of vesting or change to the expiration date of the option term, but the option will have a new grant date.

If you are not in the employ of VeriSign or any affiliated entity on the Amendment Date, then none of your tendered Eligible Options will be accepted for amendment or replacement. The tendered options will be returned to you and will remain exercisable in accordance with the terms in effect for them at the time of tender, including the current exercise price per share. You will receive a separate communication from VeriSign regarding your tax situation and any financial assistance or other financial arrangement VeriSign may provide with respect to the 409A tax penalties you may subsequently incur in connection with the exercise of those options.

Should you accept this Offer, then with respect to each of your Eligible Options that is amended to increase the exercise price per share to the Adjusted Exercise Price determined for that option, you will be eligible to receive the special Cash Bonus. The Cash Bonus will be paid from VeriSign's general assets on its first regularly scheduled payroll date after January 1, 2008, which is scheduled to be January 4, 2008, and you will be a general creditor of VeriSign with respect to the Cash Bonus. The Cash Bonus will also be subject to all applicable federal, state and local income and employment withholding taxes. No Cash Bonuses will be paid with respect to New Options granted in replacement of tendered Eligible Options, because the exercise price will be the same as in effect for the canceled option it replaces.

If all Eligible Options tendered pursuant to this Offer are amended, then the resulting Amended Options and New Options will cover approximately 2.5 million shares of our common stock in the aggregate, which represents approximately 2.5% of the total number of shares of our common stock outstanding as of June 30, 2007. The Cash Bonuses payable pursuant to this Offer will be in the total maximum dollar amount of approximately \$7 million, assuming the exercise price of each tendered Eligible Option is increased to the Fair Market Value per share on the actual grant date of that option.

### **Terms of Amended Options or New Options**

The amendment or replacement of the tendered Eligible Options pursuant to this Offer will not create any contractual or other right of the tendering Eligible Optionees to receive any future grants of stock options, restricted stock units or other stock-based compensation. This Offer does not change the "at-will" nature of an Eligible Optionee's employment with us, and an Eligible Optionee's employment may be terminated by us or by the

optionee at any time, for any reason, with or without cause. The employment of Eligible Optionees outside the United States may be terminated subject to the requirements of local law and the terms of any employment agreement.

The Eligible Options have all been granted pursuant to the Plans. Each Amended Option will continue to remain outstanding under the Plan under which it was originally granted, and each Eligible Option canceled under the 1998 Equity Incentive Plan or 2001 Stock Incentive Plan will be re-granted as New Options under VeriSign's 2006 Equity Incentive Plan.

Information about the Plans, which are filed as exhibits to the Schedule TO, are available at [www.sec.gov](http://www.sec.gov) and are incorporated herein by reference, and in the S-8 Registration Statements and the related Prospectuses prepared in connection with each Plan. Please call the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California or email to [409A-admin@verisign.com](mailto:409A-admin@verisign.com) to request copies of the Plans and the related Prospectuses. Copies will be provided promptly and at our expense. You should carefully read the current terms of your Eligible Options, as well as the applicable Plans.

#### **Taxation of Non-Statutory Stock Options**

An optionee will not recognize taxable income for U.S. federal income tax purposes upon the grant of a non-statutory option. In general, an optionee will recognize ordinary income, in the year in which the option is exercised, equal to the excess of the Fair Market Value of the purchased shares on the exercise date over the exercise price paid for the shares, and the optionee will be required to satisfy the tax withholding requirements applicable to such income.

We will be entitled to an income tax deduction equal to the amount of ordinary income recognized by the optionee with respect to the exercised non-statutory option. The deduction will in general be allowed for our taxable year in which ends the calendar year in which such ordinary income is recognized by the optionee.

If you are subject to the tax laws in more than one jurisdiction, you should be aware that consequences of more than one country may apply to you as a result of your receipt, vesting or exercise of a VeriSign option grant. You should be certain to consult your personal tax advisor to discuss these consequences. We will distribute short summaries of some of those consequences with respect to some of the countries where Eligible Optionees are located. If you are subject to the tax laws of jurisdictions outside of the United States, you should also review the summary applicable to such foreign jurisdiction.

#### **Accounting Treatment**

In accordance with the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 123R (revised 2004) ("**FAS 123R**"), effective with our January 1, 2007 fiscal year, the stock options that we grant to our employees under the Plans must be valued, under an appropriate valuation formula, at their fair value as of the grant date, and that fair value must then be charged as a direct compensation expense against our reported earnings over the designated vesting period of the award. Similar option expensing will be required for any unvested options that were outstanding on the July 1, 2006 effective date of FAS 123R, with the grant date fair value of those unvested options to be expensed against our earnings over the remaining vesting period.

Please see Section 13 below for a discussion of the accounting treatment of this Offer.

#### **10. AMENDED OPTIONS AND NEW OPTIONS WILL NOT DIFFER FROM ELIGIBLE OPTIONS.**

Except for the Adjusted Exercise Price, all the terms and provisions in effect for the Eligible Option at the time of tender will continue in effect if that option is amended pursuant to this Offer. Accordingly, each Amended Option will continue to vest in accordance with the vesting schedule currently in effect for that option at the time of the amendment, and the exercise period and option term for that Amended Option will also remain unchanged.

Each New Option will be exactly the same as the canceled Eligible Option it replaces, including the current exercise price for the canceled option and no loss of vesting or change to the expiration date of the option term, but it will have a new grant date.

## **11. INFORMATION CONCERNING VERISIGN.**

We operate intelligent infrastructure services that enable and protect billions of interactions every day across the world's voice and data networks. We offer a variety of Internet and communications-related services which are marketed through Web site sales, direct field sales, channel sales, telesales, and member organizations in our global affiliate network.

In 2006, we were organized into two service-based lines of business: the Internet Services Group and the Communications Services Group. The Internet Services Group consisted of the Security Services business and the Information Services business. The Security Services business provides products and services that protect online and network interactions, enabling companies to manage reputational, operational and compliance risks. The Information Services business is the authoritative directory provider of all *.com*, *.net*, *.cc* and *.tv* domain names, and also provided other value added services, including intelligent supply chain services, real-time publisher services and digital brand management services. The Communications Services Group provides communications services, such as connectivity and interoperability services and intelligent database services; commerce services, such as billing and operational support system services, mobile commerce, self care and analytics services; and content services, such as digital content and messaging services.

In January 2007, we announced a new functional business structure that reorganizes the Internet Services Group and the Communications Services Group to deliver an integrated portfolio of products and services through a unified sales and services team across multiple industries. Our two main functional units are Sales and Consulting Services and Products and Marketing. The Sales and Consulting Services group combined our multiple sales and consulting functions into one organization, focusing on global accounts, strategic partnerships and worldwide channel relationships. This group is aligned by vertical industry to focus on specialized customer needs and solutions delivery, and includes our in-market consulting services, business development and global channels teams. The Products and Marketing group is responsible for the development, marketing, delivery and support of all our products and solutions to businesses of all sizes. This group includes all facets of product management, product development, marketing and customer support, as well as a new innovation team chartered with looking at longer term product line synergies and emerging market trends.

We were incorporated in Delaware on April 12, 1995. Our principal executive offices are located at 487 E. Middlefield, Mountain View, California 94043, and our telephone number at that address is (650) 961-7500. Our website can be found at [www.verisign.com](http://www.verisign.com).

Information about us and our business should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed with the SEC on July 12, 2007 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 filed with the SEC on July 16, 2007.

### **Financial Information**

The following selected financial data for VeriSign is derived from our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 that have been audited by KPMG LLP, our independent registered public accounting firm, and our Quarterly Report on Form 10-Q for the period ended March 31, 2007. The selected financial data should be read in conjunction with the consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed with the SEC on July 12, 2007. All amounts are in thousands, except per share data.

	Year Ended December 31,		Three Months Ended
	2006	2005	March 31,
		As Restated (1)	2007
(in thousands, except share data)			
<b>Consolidated Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 501,184	\$ 476,826	\$ 533,024
Goodwill	1,449,493	1,068,963	1,262,351
Total assets	3,974,253	3,180,721	3,625,422
Total liabilities	1,549,677	1,115,794	1,077,255
Accumulated deficit	(20,929,497)	(21,308,512)	(20,829,745)
Total stockholders' equity	2,376,860	2,023,442	2,499,017

	Year Ended December 31,		Three Months Ended	
	2006	2005	2007	2006
		As Restated (1)		As Restated (1)
(in thousands, except share data)				
<b>Consolidated Statement of Income Data:</b>				
Revenues	1,575,249	1,612,574	373,049	370,109
Net income	379,015	428,978	61,753	16,486
Basic net income per share from:				
Continuing operations	\$ 1.55	\$ 0.63	\$ 0.24	\$ 0.06
Discontinued operations	—	1.04	0.01	0.01
Net income	\$ 1.55	\$ 1.67	0.25	0.07
Diluted net income per share from:				
Continuing operations	\$ 1.53	\$ 0.62	\$ 0.24	\$ 0.06
Discontinued operations	—	1.01	0.01	0.01
Net income	\$ 1.53	\$ 1.63	0.25	0.07
Shares used in per share computation:				
Basic	244,421	257,368	243,852	245,603
Diluted	247,073	263,689	248,357	248,083

(1) See Note 2, "Restatement of Consolidated Financial Statements" of the Notes to Consolidated Financial Statements in VeriSign's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

**12. INTERESTS OF DIRECTORS AND OFFICERS; TRANSACTIONS AND ARRANGEMENTS CONCERNING THE OPTIONS; AND MATERIAL AGREEMENTS WITH DIRECTORS AND OFFICERS.**

A list of the current members of our Board of Directors and executive officers is attached as Schedule I to this document. As of June 30, 2007 our current executive officers and directors as a group beneficially owned outstanding options under our various stock option plans to purchase a total of 2,705,677 shares of our common stock and restricted stock units under those plans covering an additional 161,495 shares of our common stock in the aggregate. That number represented approximately 8.4% of the shares of our common stock subject to all options and restricted stock units outstanding under our various stock option plans as of that date.

None of VeriSign's current and former executive officers and non-employee directors of VeriSign's Board of Directors are eligible to participate in this Offer.

Two current executive officers, two former executive officers and one current director hold certain stock options that would have been Eligible Options but for the fact that the exercise prices for those options were amended on December 31, 2006 to increase the exercise price to the Fair Market Value of VeriSign common stock on the date of grant. Treasury Department regulations required those particular options to be so amended before January 1, 2007 because they were granted to an individual who was an executive officer at the time of grant and the remedial period for those options ended on December 31, 2006. The Company has not made a determination whether compensation will be paid to any of these individuals in connection with this election. The following chart sets forth the options that were so amended:

Name	Grant Date	Number of Affected Option Shares	Prior Exercise Price	Increased Exercise Price	Total Increase in Exercise Price
D. James Bidzos	7/25/02	3,125	\$ 5.25	\$ 6.70	\$ 4,531.25
	7/25/03	6,250	\$ 12.46	\$ 12.88	\$ 2,625.00
	7/25/05	12,500	\$ 25.79	\$ 25.99	\$ 2,500.00
Robert Korzeniewski	3/15/01	1,458	\$ 34.44	\$ 42.26	\$ 11,401.56
	9/6/01	11,250	\$ 34.16	\$ 38.30	\$ 46,575.00
	4/10/02	31,250	\$ 22.71	\$ 23.74	\$ 32,187.50
Mark McLaughlin	9/26/03	28,187	\$ 12.88	\$ 14.93	\$ 57,783.35
	8/31/04	67,499	\$ 17.36	\$ 19.82	\$ 166,047.54
Dana Evan (former Executive Vice President, Finance and Administration and Chief Financial Officer)	3/15/01	1,667	\$ 34.44	\$ 42.26	\$ 13,035.94
	9/6/01	11,250	\$ 34.16	\$ 38.30	\$ 46,575.00
	2/21/02	31,250	\$ 22.71	\$ 23.74	\$ 32,187.50
Judy Lin (former Executive Vice President and General Manager, Security Services)	9/30/03	37,812	\$ 13.46	\$ 14.93	\$ 55,583.64

Schedule II attached to this document sets forth a table indicating the beneficial ownership of our common stock by our executive officers and non-employee members of our Board of Directors as of June 30, 2006.

During the 60-day period ended July 26, 2007:

- we granted options under all of our various stock plans to purchase 188,983 shares of our common stock, of which options to purchase 110,000 shares were granted to our directors and executive officers;
- individuals exercised options to acquire 4,036,771 shares of our common stock with exercise prices per share ranging from \$0.0935 to \$30.08, of which none of the shares were acquired by our directors and executive officers;
- options to purchase an aggregate of 995,083 shares of common stock under all of our various stock plans were canceled, of which none of the options were held by our directors and executive officers; and
- our directors and executive officers sold none of the shares of our common stock.

The following non-employee Board members and executive officers were parties to the foregoing transactions involving VeriSign common stock conducted during the 60-day period ended July 26, 2007:

- On June 15, 2007, Richard H. Goshorn, our Senior Vice President, General Counsel, was granted options to purchase 110,000 shares of our common stock at an exercise price of \$29.32 per share.

There are no other persons controlling VeriSign.

Except as otherwise described above and other than stock option grants, restricted stock unit awards and other stock-based awards in the ordinary course to employees who are not executive officers, there have been no transactions in any outstanding options to purchase our common stock or in our common stock that were effected during the 60-day period ended July 26, 2007 by VeriSign or by any current executive officer, director, affiliate or subsidiary of VeriSign.

### **13. STATUS OF OPTIONS ACCEPTED BY VERISIGN IN THIS OFFER; ACCOUNTING CONSEQUENCES OF THIS OFFER.**

The terms and provisions of each Amended Option will not differ from the terms and provisions in effect for that option at the time of tender, except that the Amended Option will have an exercise price equal to the Adjusted Exercise Price determined for that option. Accordingly, each Amended Option will continue to remain an outstanding option under the particular Plan under which it was originally granted. Each New Option will be exactly the same as the canceled Eligible Option it replaces, including the current exercise price for the canceled option and no loss of vesting or change to the expiration date of the option term, but will have a new grant date.

Pursuant to the accounting standards in effect under FAS 123R, we will not recognize a compensation expense for financial reporting purposes with respect to the amendment of the Eligible Options to increase the exercise price per share to the applicable Adjusted Exercise Prices. We will recognize a compensation expense for financial reporting purposes in the amount of the Cash Bonuses that become payable pursuant to the terms of this Offer. That expense will be accrued for the fiscal quarter in which we accept the tendered Eligible Options for amendment. We will not recognize any additional compensation expense for financial reporting purposes with respect to the cancellation of tendered Eligible Options and the grant of New Options in replacement.

### **14. LEGAL MATTERS; REGULATORY APPROVALS.**

Except as noted in the paragraph below, we are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our increasing the exercise prices of the Eligible Options to the applicable Adjusted Exercise Prices, paying the applicable Cash Bonuses or canceling tendered options and granting New Options in replacement, or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for such amendment to those options, the payment of the Cash Bonuses or the cancellation of tendered options and grant of New Options as contemplated herein. Should any such approval or other action be required, we presently

contemplate that we will seek such approval or take such other action. We are unable to predict whether we may determine that we are required to delay the acceptance of the tendered Eligible Options for amendment or replacement or the payment of the applicable Cash Bonuses pending the outcome of any such matter. We cannot assure you that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Our obligation to amend or replace Eligible Options is subject to certain conditions, including the conditions described in Section 7 above.

#### **15. MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES.**

The following is a general summary of the material U.S. federal income tax consequences applicable to the amendment of the Eligible Options and the payment of the Cash Bonuses or the cancellation of tendered options and the grant of New Options in replacement. Foreign, state and local tax consequences are not addressed.

##### **Acceptance of Offer**

If you tender your Eligible Options, you will not recognize any taxable income for U.S. federal income tax purposes at the time of your tender.

##### **Amendment of Option**

The amendment of your Eligible Option to increase the exercise price per share to the Adjusted Exercise Price determined for that option is not a taxable event for U.S. federal income tax purposes.

##### **Cancellation and Grant of New Options**

The cancellation of a tendered Eligible Option and the grant of a New Option in replacement will not be a taxable event for U.S. federal income tax purposes.

##### **Exercise of Amended Option or New Option**

Your Amended Option or New Option will be taxable as a non-statutory stock option for U.S. federal income tax purposes. Accordingly, upon each exercise of such option, you will recognize immediate taxable income equal to the excess of (i) the Fair Market Value of the purchased shares at the time of exercise over (ii) the exercise price paid for those shares, and VeriSign must collect the applicable withholding taxes with respect to such income.

##### **Sale of Acquired Shares**

The subsequent sale of the shares acquired upon the exercise of your Amended Option or New Option will give rise to a capital gain to the extent the amount realized upon that sale exceeds the sum of the (i) exercise price paid for the shares plus (ii) the taxable income recognized in connection with the exercise of such option for those shares. A capital loss will result to the extent the amount realized upon such sale is less than such sum. The gain or loss will be long-term if the shares are not sold until more than one (1) year after the date the Amended Option or New Option is exercised for those shares.

##### **Cash Bonus**

You will be immediately taxed upon receipt of the Cash Bonus. The payment will constitute wages for tax withholding purposes. Accordingly, VeriSign must withhold all applicable federal, state and local income and employment withholding taxes, and you will receive only the portion of the payment remaining after those taxes have been withheld.

## **Foreign Taxation**

If you are subject to the tax laws of jurisdictions in addition to the United States, you should be aware that tax consequences of more than one country may apply to you as a result of your receipt, vesting or exercise of a VeriSign option grant and/or your participation in this Offer. You should consult your personal tax advisor to discuss these consequences. We will distribute short summaries of some of those consequences with respect to some of the countries where Eligible Optionees are located. If you are subject to the tax laws of jurisdictions outside of the United States, you should review the summary applicable to such foreign jurisdiction.

**WE RECOMMEND THAT YOU CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE FOREIGN AND U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF PARTICIPATING IN THIS OFFER.**

## **16. EXTENSION OF THIS OFFER; TERMINATION; AMENDMENT.**

We expressly reserve the right, in our discretion, at any time and from time to time, and regardless of whether or not any event set forth in Section 7 above has occurred or is deemed by us to have occurred, to extend the period of time during which this Offer is open and thereby delay the acceptance of any Eligible Options for amendment or replacement by giving notice of such extension to the tendering Eligible Optionees and making a public announcement thereof.

We also expressly reserve the right, in our judgment, at any time before the Expiration Date, to terminate or amend this Offer and to postpone our acceptance of any tendered Eligible Options for amendment or replacement upon the occurrence of any of the conditions specified in Section 7 above, by giving written or electronic notice of such termination or postponement to the tendering Eligible Optionees and making a public announcement thereof. Our reservation of the right to delay our acceptance of the tendered Eligible Options for amendment or replacement is limited by Rule 13e-4(f)(5) promulgated under the 1934 Act, which requires that we must pay the consideration offered or return the tendered Eligible Options promptly after termination or withdrawal of this Offer.

Amendments to this Offer may be made at any time and from time to time by public announcement of the amendment. In the case of an extension, the amendment will be issued no later than 9:00 a.m. Pacific Time on the next business day after the last previously scheduled or announced Expiration Date. Any public announcement made pursuant to this Offer will be disseminated promptly to Eligible Optionees in a manner reasonably designated to inform option holders of such change.

If we materially change the terms of this Offer or the information concerning this Offer, or if we waive a material condition of this Offer, we will extend this Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the 1934 Act. Those rules require that the minimum period during which an Offer must remain open following material changes in the terms of this Offer or information concerning this Offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances, including the relative materiality of such terms or information.

If we decide to take any of the following actions, we will give notice of such action and keep this Offer open for at least ten business days after the date of such notification:

- (i) we increase or decrease the amount of consideration offered for the Eligible Options, or
- (ii) we decrease the number of Eligible Options eligible to be tendered in this Offer.

## **17. FEES AND EXPENSES.**

We will not pay any fees or commissions to any broker, dealer or other person for soliciting submissions of Eligible Options for amendment or replacement pursuant to this Offer.

## **18. ADDITIONAL INFORMATION.**

We have filed with the SEC a Tender Offer Statement on Schedule TO, of which this document is a part, with respect to this Offer. This document does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. We recommend that you review the Schedule TO, including its exhibits, and the



following materials that we have filed with the SEC before making a decision on whether to tender your Eligible Options for amendment or replacement:

- (i) our Annual Report on Form 10-K for our fiscal year ended December 31, 2006, filed with the SEC on July 12, 2007;
- (ii) our Quarterly Report on Form 10-Q for our fiscal quarter ended March 31, 2007 filed with the SEC on July 16, 2007;
- (iii) our Registration Statement on Form S-8, filed with the SEC on January 30, 1998;
- (iv) our Registration Statement on Form S-8, filed with the SEC on February 24, 1998;
- (v) our Registration Statement on Form S-8, filed with the SEC on September 21, 2001;
- (vi) all other reports filed pursuant to Section 13(a) or 15(d) of the 1934 Act since the end of the fiscal year covered by its Annual Report referred to in (a) above; and
- (vii) the description of our common stock included in our Registration Statement on Form 8-A filed with the Commission on September 30, 2002, together with Amendment No. 1 on Form 8-A/A filed with the Commission on March 19, 2003, and including any other amendments or reports filed for the purpose of updating such description.

The SEC file number for these above-mentioned filings is 000-23593. These filings, our other annual, quarterly and current reports, our proxy statements and our other SEC filings are available to the public on the SEC's website at [www.sec.gov](http://www.sec.gov). These filings may also be examined, and copies may be obtained, at the following SEC public reference room:

100 F Street, N.E.  
Washington, D.C. 20549

You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330.

We will also provide without charge to each person to whom a copy of this document is delivered, upon the written or oral request of any such person, a copy of any or all of the documents to which we have referred you, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to:

VeriSign, Inc.  
487 E. Middlefield Road  
Mountain View, California 94043  
Attn: Jeffrey K. Bergmann

or by calling the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California or email to [409A-admin@verisign.com](mailto:409A-admin@verisign.com).

As you read the foregoing documents, you may find some inconsistencies in information from one document to another. If you find inconsistencies between the documents, or between a document and this document, you should rely on the statements made in the most recent document.

The information relating to VeriSign in this document should be read together with the information contained in the documents to which we have referred you.

## 19. FORWARD-LOOKING STATEMENTS; MISCELLANEOUS.

This document and our SEC reports referred to above contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the 1934 Act. All statements other than statements of historical fact may be forward-looking statements. You can identify these and other forward-looking statements by the use of words such as “may,” “will,” “could,” “would,” “should,” “expects,” “plans,” “anticipates,” “relies,” “believes,” “estimates,” “predicts,” “intends,” “potential,” “continue,” or the negative of such terms, or other comparable terminology. These statements involve risks and uncertainties that could cause VeriSign’s actual results to differ materially from those stated or implied by such forward-looking statements. The potential risks and uncertainties include, among others, the risk that proper accounting of the adjustments to VeriSign’s financial statements as finally determined by the Board, KPMG LLP and/or the SEC may differ from the accounting treatment upon which the assumptions and forward looking statements in this announcement are based; uncertainty regarding the tax treatment of any adjustments to VeriSign’s financial statements; uncertainty that the Nasdaq Listing Qualifications Panel will grant a favorable decision regarding a possible delisting of VeriSign common stock and, if an unfavorable decision is rendered, VeriSign common stock will no longer continue to remain listed on the Nasdaq Global Market; and the fact that expenses arising from the independent review and SEC inquiry, the restatement, related litigation and other associated activities are expected to be significant.

Our actual results may differ significantly from those projected in the forward-looking statements in this document. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in Item 1A, “*Risk Factors*” as well as in Item 1, “*Business*” and Item 7, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in the Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed with the SEC on July 12, 2007. You should carefully review these risks and also review the risks described in other documents we file from time to time with the SEC, including the Quarterly Reports on Form 10-Q that we will file in fiscal year 2007, recent Current Reports on Form 8-K and 8-K/A, and other SEC filings. You are cautioned not to place undue reliance on these forward-looking statements, and we expressly assume no obligations to update the forward-looking statements in this document that occur after the date hereof.

We are not aware of any jurisdiction where the making of this Offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of this Offer is not in compliance with any valid applicable law, we intend to make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law or we determine that further efforts to comply are not advisable, this Offer will not be made to, nor will tenders be accepted from or on behalf of, the holders of Eligible Options residing in such jurisdiction.

**WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT, THE RELATED TENDER OFFER STATEMENT ON SCHEDULE TO OR IN THE RELATED ELECTION FORM AND ACCOMPANYING STOCK OPTION AMENDMENT AND BONUS AGREEMENT. IF ANYONE MAKES ANY REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION DIFFERENT FROM THE REPRESENTATIONS AND INFORMATION CONTAINED IN THIS DOCUMENT, THE RELATED TENDER OFFER STATEMENT ON SCHEDULE TO OR IN THE RELATED ELECTION FORM AND ACCOMPANYING STOCK OPTION AMENDMENT AND BONUS AGREEMENT, YOU MUST NOT RELY UPON THAT REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.**

**WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER YOU SHOULD TENDER OR REFRAIN FROM TENDERING YOUR ELIGIBLE OPTIONS PURSUANT TO THIS OFFER. YOU SHOULD RELY ONLY ON THE REPRESENTATIONS AND INFORMATION CONTAINED IN THIS DOCUMENT, THE RELATED TENDER OFFER STATEMENT ON SCHEDULE TO OR IN THE RELATED ELECTION FORM AND ACCOMPANYING STOCK OPTION AMENDMENT AND BONUS AGREEMENT OR TO WHICH WE HAVE REFERRED YOU.**

VeriSign, Inc.

July 27, 2007

**SCHEDULE I**

**INFORMATION CONCERNING THE DIRECTORS AND EXECUTIVE  
OFFICERS OF VERISIGN, INC.**

The members of the VeriSign Board of Directors and the VeriSign executive officers and their respective positions and offices as of July 27, 2007, are set forth in the following table:

<u>NAME</u>	<u>POSITION AND OFFICES HELD</u>
William A. Roper, Jr.	President, Chief Executive Officer and Director
Aristotle N. Balogh	Chief Technology Officer, Head of Global Product Development
Albert E. Clement	Senior Vice President, Finance and Chief Financial Officer
John M. Donovan	Executive Vice President, Global Sales and Consulting Services
Richard H. Goshorn	Senior Vice President, Secretary and General Counsel
Robert J. Korzeniewski	Executive Vice President, Corporate Development
Mark D. McLaughlin	Executive Vice President, Products, Marketing and Customer Care
D. James Bidzos	Vice Chairman of the Board
William L. Chenevich	Director
Michelle Guthrie	Director
Scott G. Kriens	Director
Roger H. Moore	Director
Edward A. Mueller	Chairman of the Board
John D. Roach	Director
Louis A. Simpson	Director

The address of each board member and executive officer is c/o VeriSign, Inc., 487 E. Middlefield Road, Mountain View, California 94043.

Schedule I-1

**SCHEDULE II**

**BENEFICIAL OWNERSHIP OF VERISIGN SECURITIES BY VERISIGN DIRECTORS AND EXECUTIVE OFFICERS**

The following table shows the holdings of VeriSign common stock as of June 30, 2007 by each director and each executive officer of VeriSign. Shares that become issuable under outstanding restricted stock units upon satisfaction of applicable vesting requirements are not included in the table but are indicated in Footnote 18 to such table:

Name of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership (2)	Percent of Class
William A. Roper, Jr.(3)	55,807	*
Aristotle N. Balogh(4)	242,371	*
Albert E. Clement(5)	238,552	*
John M. Donovan(6)	7,243	*
Dana L. Evan(7)	855,661	*
Richard H. Goshorn(8)	—	*
Robert J. Korzeniewski(9)	628,580	*
Mark D. McLaughlin(10)	350,694	*
D. James Bidzos(11)	141,275	*
William L. Chenevich(12)	101,587	*
Michelle Guthrie(13)	23,150	*
Scott G. Kriens(14)	82,526	*
Roger H. Moore(15)	70,517	*
Edward A. Mueller(16)	46,806	*
Louis A. Simpson(17)	91,900	*
All current directors and executive officers as a group (14 persons)	2,161,028	*

\* Does not exceed 1% of the outstanding shares.

- (1) Correspondence to all executive officers and directors of VeriSign may be mailed to VeriSign, Inc., 487 E. Middlefield Road, Mountain View, California 94043.
- (2) The percentages are calculated using 243,838,287 outstanding shares of the Company's common stock on June 30, 2007 as adjusted pursuant to Rule 13d-3(d)(1)(i). Pursuant to Rule 13d-3(d)(1) of the Securities Exchange Act of 1934, as amended, beneficial ownership information also includes shares subject to options exercisable within 60 days of June 30, 2007.
- (3) Includes 10,000 shares held indirectly by the FMT CO Cust IRA Rollover FBO William A. Roper, Jr., of which Mr. Roper has sole beneficial ownership. Also includes 45,807 shares subject to options held directly by Mr. Roper. Mr. Roper is our President and Chief Executive Officer and a member of the Board of Directors. Mr. Roper served as Lead Independent Director from May 2005 until his appointment as CEO and President in May 2007.
- (4) Includes 232,354 shares subject to options held directly by Mr. Balogh. Mr. Balogh is Executive Vice President and Chief Technology Officer.
- (5) Includes 233,113 shares subject to options held directly by Mr. Clement. On July 5, 2007, our Board of Directors appointed Mr. Clement Chief Accounting Officer of the Company.
- (6) Includes 7,243 shares subject to options held directly by Mr. Donovan. Mr. Donovan is Executive Vice President, Worldwide Sales and Services.
- (7) Includes 15,742 shares held indirectly by TDC&R Investments LP under which Dana L. Evan and her spouse are 1% general partners and Ms. Evan's children are limited partners with an ownership interest of 99%. Also includes 57,587

shares held indirectly by the Evan 1991 Living Trust under which Ms. Evan and her spouse are co-trustees. Also includes 775,750 shares subject to options held directly by Ms. Evan. Ms. Evan is our former Executive Vice President, Finance and Administration and Chief Financial Officer and resigned from the Company on July 10, 2007.

- (8) Richard H. Goshorn joined VeriSign on June 4, 2007 as its Senior Vice President, General Counsel and Secretary.
- (9) Includes 550,500 shares subject to options held directly by Mr. Korzeniewski. Mr. Korzeniewski is Executive Vice President, Corporate Development.
- (10) Includes 350,000 shares subject to options held directly by Mr. McLaughlin. Mr. McLaughlin is Executive Vice President, Products and Marketing.
- (11) Includes 87,525 shares subject to options held directly by Mr. Bidzos.
- (12) Includes 96,900 shares subject to options held directly by Mr. Chenevich.
- (13) Includes 23,150 shares subject to options held directly by Ms. Guthrie.
- (14) Includes 80,000 shares held indirectly by the Kriens 1996 Trust U/T/A October 29, 1996, over which Mr. Kriens and his spouse exercise investment and voting control. Also includes 82,526 shares subject to options held directly by Mr. Kriens.
- (15) Includes 70,026 shares subject to options held directly by Mr. Moore.
- (16) Includes 1,000 shares held indirectly by the Fidelity Management Trust Company FBO Edward A. Mueller IRA, of which Mr. Mueller has sole beneficial ownership. Also includes 45,806 shares subject to options held directly by Mr. Mueller. Mr. Mueller is Chairman of the Board of Directors.
- (17) Includes 41,900 shares subject to options held directly by Mr. Simpson.
- (18) The following table sets forth the shares that become issuable under outstanding restricted stock units upon satisfaction of applicable vesting requirements:

Name	Number of Shares Subject to Restricted Stock Units(A)
William A. Roper, Jr.	1,525
Aristotle N. Balogh(B)	5,726
Dana L. Evan	5,421
Robert J. Korzeniewski	4,586
Mark D. McLaughlin(B)	6,226
D. James Bidzos	1,525
William L. Chenevich	1,525
Michelle Guthrie	1,525
Scott G. Kriens	1,525
Roger H. Moore	1,525
Edward A. Mueller	1,525
Louis A. Simpson	1,525

(A) Includes shares subject to restricted stock units that shall vest within 60 days of June 30, 2007.

(B) Includes 1,050 unissued shares subject to restricted stock units.

July 27, 2007

We are pleased to announce that the VeriSign, Inc. Stock Options Tender Offer ("Tender Offer") to amend or replace your Eligible Options (as defined below) is officially launching today, July 27, 2007, and will remain open until August 23, 2007 at 11:59 p.m. Pacific Time (unless we extend it).

An option will be deemed to be an "Eligible Option" if it meets each of the following conditions:

- (i) The option was granted under the 1998 Equity Incentive Plan or the 2001 Stock Incentive Plan (the "Plans").
- (ii) The option was retroactively priced in that the exercise price per share currently in effect for that option is based on the closing selling price (the "**Fair Market Value**") per share of VeriSign common stock on a date earlier than the date on which the option was actually granted.
- (iii) The Fair Market Value per share of VeriSign common stock on the date the option was actually granted is higher than the exercise price per share currently in effect for the option.
- (iv) The option was unvested as of December 31, 2004.
- (v) The option is held by an individual who is, on the expiration of this Offer, a current employee of VeriSign or an affiliated company (such as a subsidiary or joint venture entity) and subject to income taxation in the United States with respect to that option.
- (vi) The option is outstanding on the expiration date of this Offer.

The Tender Offer will provide you with the opportunity to avoid the unfavorable tax consequences under Section 409A of the Internal Revenue Code ("Section 409A") you may otherwise incur with respect to your Eligible Options. See below for the Key Steps you should perform related to the Tender Offer.

The specifics of the program are described in the "Schedule TO—Tender Offer Statement Filed with the SEC" and the exhibits thereto. The "Schedule TO—Tender Offer Statement Filed with the SEC" is available by clicking on this hyperlink: <https://vrsn.equitybenefits.com/Documents/OfferToAmend.pdf>.

We urge you to read the "Schedule TO—Tender Offer Statement Filed with the SEC" and the exhibits thereto very carefully.

Stock options will remain subject to adverse tax consequences under Section 409A until the close of the Tender Offer and the official amendment or replacement of such options on the first business day following the expiration of the Tender Offer. Therefore, we remind you that should you exercise your tendered stock options prior to the amendment or replacement of those stock options, you will be solely responsible for any taxes, penalties or interest you may incur under Section 409A.

We will be conducting several educational webinar sessions to provide you with additional information regarding the Tender Offer. Topics covered include highlights of the Tender Offer, along with a general overview of stock options, a summary of VeriSign's Eligible Options and tax issues affecting the Eligible Options.

You are encouraged to attend this webinar which will be offered on the following dates:

Tuesday, July 31, 2007, 10:00—11:00 am Eastern Daylight Time (in Dulles)

Tuesday, August 7, 2007, 9:00—10:00 am Pacific Daylight Time (in Mountain View)

You may register for any of the webinar sessions by clicking on:

<http://www2.eventsvc.com/VeriSign/>

If you are unable to attend one of the above sessions, a recording of the webinar will be available at <http://www2.eventsvc.com/VeriSign/> from July 31, 2007 through August 23, 2007.

### **KEY STEPS RELATED TO TENDER OFFER**

Below is an easy checklist that outlines how to tender your Eligible Options in the Tender Offer.

1. You must log on to the Tender Offer website at <https://vrsn.equitybenefits.com>. To access the Tender Offer website, use your Employee ID and password. Your Employee ID is located on your most recent pay check. Your password is the last four digits of your Social Security Number. If the site does not recognize you, please contact the PricewaterhouseCoopers Tender Offer Hotline at (408) 817-1207 if calling from California or (800) 434-2234 if calling from outside California, or e-mail [409A-admin@verisign.com](mailto:409A-admin@verisign.com).
2. Review the following important documents:
  - a. Schedule TO—Tender Offer Statement Filed With the SEC
  - b. Instructions to Election Form
  - c. Stock Option Amendment and Bonus Agreement
3. Click on the MAKE AN ELECTION button to proceed with your election. You will be redirected to the first page of the Election Form. You will need to check the appropriate boxes next to each of your Eligible Options to indicate whether or not you are tendering your Eligible Options for amendment or replacement in accordance with the terms of the Offer.
4. After completing the Election Form, you will be allowed to review the elections you have made with respect to your Eligible Options. If you are satisfied with your elections, you will proceed to the Agreement to Terms of Election page. Only after you agree to the Agreement to the Terms of Election will you be directed to the confirmation page.
5. Please print and keep a copy of the confirmation page for your records. You will then be deemed to have completed the election process.

### **KEY DATES TO REMEMBER**

The commencement date of the Tender Offer is July 27, 2007.

Informational webinars will be conducted on the following dates:

Tuesday, July 31, 2007, 10:00—11:00 am Eastern Daylight Time (in Dulles)

Tuesday, July 7, 2007, 9:00—10:00 am Pacific Daylight Time (in Mountain View)

The Offer will expire at 11:59 pm Pacific Time on August 23, 2007, unless the Tender Offer is extended. Your Eligible Options that have been tendered will be amended or replaced on August 24, 2007, or, if the Tender Offer is extended, the first business day following the extended expiration date of the Tender Offer (the "Amendment Date").

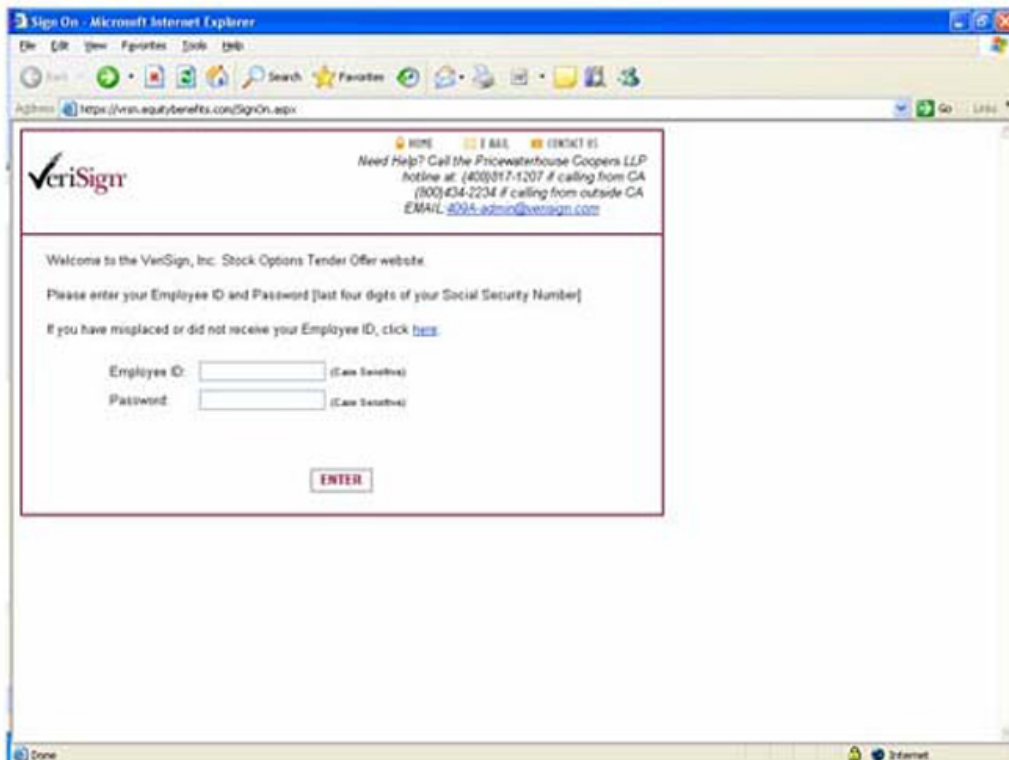
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Please be aware that your option account at E\*Trade may not accurately reflect the amendment or replacement for one to two business days following the Amendment Date.

The cash bonus will be paid on VeriSign's first regularly scheduled payroll date in January 2008, which will not be later than January 15, 2008.

If you have any questions relating to the application of Section 409A to your Affected Options, please contact the PricewaterhouseCoopers Tender Offer Hotline at (408) 817-1207 if calling from California or (800) 434-2234 if calling from outside of California, or e-mail [409A-admin@verisign.com](mailto:409A-admin@verisign.com) PricewaterhouseCoopers tax professionals manning the hotline can help you understand how the tax law applies to your options. They will not be able to answer personal income tax questions, which should be referred to your personal tax advisor.










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*Need Help? Call the Pricewaterhouse Coopers LLP  
 hotline at: (408)817-1207 if calling from CA  
 (800)434-2234 if calling from outside CA  
 EMAIL: [409A-admin@verisign.com](mailto:409A-admin@verisign.com)*

[Election Info](#)   [Make An Election](#)

**Welcome to the VeriSign, Inc. Stock Options Tender Offer Website**

**NON ADMIN USER**

We are pleased to announce that VeriSign's Tender Offer was officially launched on July 27, 2007 and will remain open until August 23, 2007 at 11:59 p.m. Pacific Time (unless we extend it).

The Tender Offer will provide you with the opportunity to avoid the unfavorable tax consequences under Section 409A of the Internal Revenue Code you may otherwise incur with respect to your retroactively priced options. The specifics of the program are described in the Offer to Amend or Replace and the exhibits thereto. You may obtain a copy of the relevant documents by logging on to the Tender Offer website at <https://vsn.equitybenefits.com>. We urge you to read the Offer to Amend or Replace and the exhibits thereto very carefully.

*Options eligible for the Tender Offer will remain subject to potential adverse tax consequences under Section 409A until the close of the Tender Offer and the official amendment or replacement of such options on the first business day following the expiration of the Tender Offer. Therefore, we remind you that if you exercise your tendered options prior to the amendment of your tendered options, you may be subject to taxes, penalties or interest under Section 409A.*

Below is an easy checklist that outlines how and when to tender affected Options.

- I. You must log onto the Tender Offer Website at <https://vsn.equitybenefits.com> and use your employee ID and the last four digits of your Social Security Number for entry into the site. If the site does not recognize you, please send an e-mail to [409A-admin@verisign.com](mailto:409A-admin@verisign.com) with your name and employee ID number.

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Address: <https://www.esbybenefits.com/Website/Screens/welcome.asp> Go

Below is an easy checklist that outlines how and when to tender affected Options.

1. You must log onto the Tender Offer Website at <https://www.esbybenefits.com> and use your employee **ID and the last four digits of your Social Security Number** for entry into the site. If the site does not recognize you, please send an e-mail to [6004.admin@esbsign.com](mailto:6004.admin@esbsign.com) with your name and employee ID number.
2. Click on the **MAKE AN ELECTION** button to proceed with your election. You will be redirected to the first page of the Election Form. You will need to check the appropriate boxes next to each of your Eligible Options to indicate whether or not you are tendering your Eligible Options for amendment or replacement in accordance with the terms of the Offer.
3. After completing the Election Form, you will be allowed to review the elections you have made with respect to your Eligible Options. If you are satisfied with your elections, you will proceed to the **AGREEMENT TO TERMS OF ELECTION** page. Only after you agree to the Agreement to the Terms of Election will you be directed to the **PRINT CONFIRMATION** page.
4. Please print and keep a copy of the **PRINT CONFIRMATION** for your records. You will then be deemed to have completed the election process.

**KEY DATES TO REMEMBER**

The commencement date of the Offer is July 27, 2007.

The Offer will expire at 11:59 pm Pacific Time on August 23, 2007 (unless we extend it).

The Eligible Options will be amended or replaced on August 24, 2007 (unless we extend the Offer). Please be aware that your option account with E-Trade may not accurately reflect the amendment or replacement for one to two business days following the amendment date.

**The cash bonus, if applicable, is scheduled to be paid on January 4, 2008.**

[Make An Election](#)

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Address: https://www.equitybenefits.com/WebSite/Forms/ViewFact.asp

Important: Read the [instructions](#) to this Election Form **before** completing and signing this page.

Indicate your decision to tender your Eligible Options identified below for amendment or replacement by checking the "Yes" box under the "Amend Entire Eligible Portion" column. If you do not want to tender one or more of your Eligible Options for amendment or replacement, check the "No" box under the "Amend Entire Eligible Portion" column for those particular options. If you do not clearly check the "Yes" box with respect to an Eligible Option, your election with respect to that option will default to "Amend None." In that event, such Eligible Option will not be amended or replaced, and you will not become entitled to the special cash bonus payable with respect to that Eligible Option. You may not tender only a portion of an Eligible Option Grant.


Grant Date	Option Number	Exercise Price Per Share	Total Number of Exercisable Shares	Number of Option Shares Eligible for Tender Offer Amendment	Measurement Date	Fair Market Value of VeriSign Class A Common Stock on Measurement Date	Amend Entire Eligible Portion?
Dec 10, 2003	4	\$3.45	750	600	Dec 12, 2003	\$4.15	<input type="radio"/> Yes <input checked="" type="radio"/> No
Dec 10, 2004	5	\$3.45	750	550	Dec 12, 2004	\$4.15	<input checked="" type="radio"/> Yes <input type="radio"/> No
Dec 10, 2005	6	\$3.45	750	50	Dec 12, 2005	\$4.15	<input type="radio"/> Yes <input checked="" type="radio"/> No

Please note that if an Eligible Option you tender for amendment has an exercise price per share at or above the closing price per share of VeriSign common stock on the amendment date, that option will be canceled on the amendment date and immediately replaced with a new option that is exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date, but with a new grant date and option number. Such cancellation and re-grant is necessary in order to avoid adverse taxation of that option under IRC Section 409A.

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[Need Help? Call the Pricewaterhouse Coopers LLP hotline at: \(408\)917-1207 if calling from CA \(800\)434-2234 if calling from outside CA](#)  
[EMAIL: 6034-admin@verisign.com](mailto:6034-admin@verisign.com)

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### Election Amendment Review

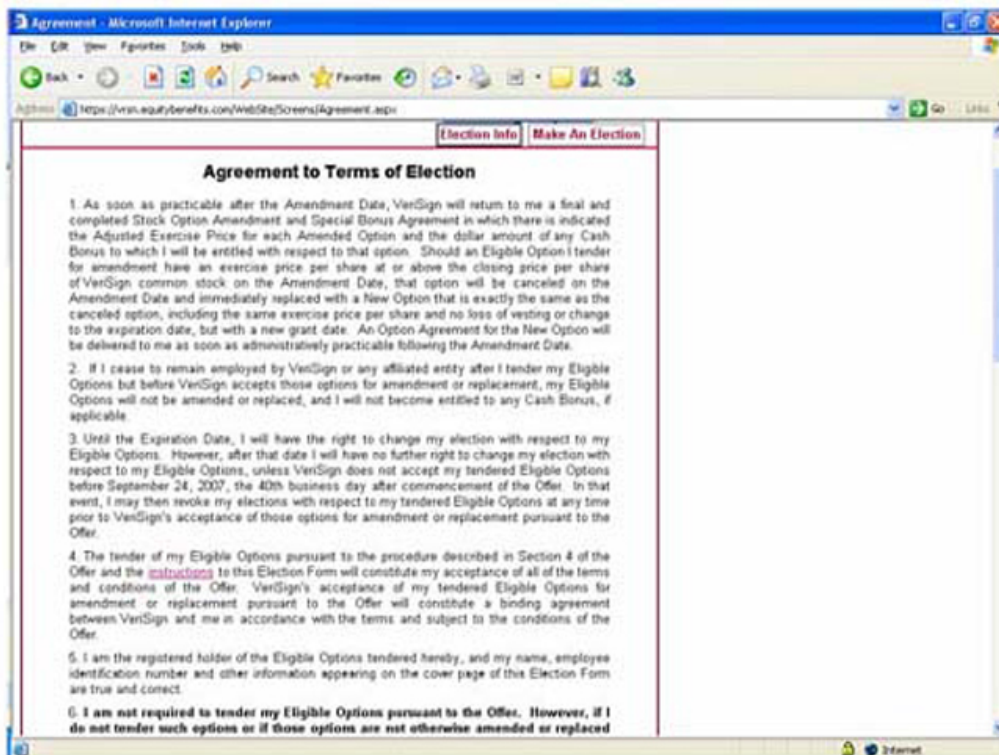
You have made the following elections with respect to your Eligible Options:

Grant Date	Option Number	Exercise Price Per Share	Total Number of Exercisable Shares	Number of Option Shares Eligible for Tender Offer Amendment	Measurement Date	Fair Market Value of VeriSign Class A Common Stock on Measurement Date	Amend Entire Eligible Portion?
Dec 10, 2003	4	\$3.45	750	600	Dec 12, 2003	\$4.15	<input type="radio"/> Yes <input checked="" type="radio"/> No
Dec 10, 2004	5	\$3.45	750	590	Dec 12, 2004	\$4.15	<input checked="" type="radio"/> Yes <input type="radio"/> No
Dec 10, 2005	6	\$3.45	750	50	Dec 12, 2005	\$4.15	<input type="radio"/> Yes <input checked="" type="radio"/> No

Is this information correct? If yes, click PROCEED TO CONFIRMATION to continue. If no, click RETURN TO PREVIOUS SCREEN

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6. I am not required to tender my Eligible Options pursuant to the Offer. However, if I do not tender such options or if those options are not otherwise amended or replaced pursuant to the Offer, then these Eligible Options will not be in compliance with Section 409A of the Internal Revenue Code.

7. VerSign cannot give me legal, tax or investment advice with respect to the Offer and has advised me to consult with my own legal, tax and investment advisor as to the consequences of participating or not participating in the Offer.

8. Under certain circumstances set forth in the Offer document, VerSign may terminate or amend the Offer and postpone its acceptance and amendment or replacement of the tendered Eligible Options. In the event the Eligible Options tendered herewith are not accepted for amendment or replacement, those options will be returned to me promptly following the expiration or termination of the Offer.

9. I understand that neither VerSign nor VerSign's Board of Directors is making any recommendation as to whether I should tender my Eligible Options for amendment or replacement, and that I must make my own decision whether to tender my Eligible Options, taking into account my own personal circumstances and preferences. I understand that the Amended Options resulting from the amendment of my tendered Eligible Options may decline in value and may be "out of the money" when I decide to exercise those options. I further understand that past and current market prices of VerSign common stock may provide little or no basis for predicting what the market price of VerSign common stock will be when VerSign amends or replaces my tendered option or at any other time in the future.

10. I hereby acknowledge that I have read the documents related to the Offer listed below:

- 1. [Offer To Amend or Replace Eligible Options](#)
- 2. [Instructions to the Election Form](#)
- 3. [Stock Option Amendment and Bonus Agreement](#)
- 4. [2006 Equity Incentive Plan Stock Option Agreement](#)

11. I hereby elect to participate in the Offer with respect to my Eligible Options as previously identified, and I hereby tender such Eligible Options for amendment or replacement in accordance with the Offer to Amend or Replace Eligible Options. I agree that the options identified are the Eligible Options I hold. I agree and understand that each of the Eligible Options which I have tendered pursuant to the Offer will be amended or replaced, unless I submit a new, properly completed Election Form prior to the expiration of the Offer.

12. I further understand that I will receive an Election Confirmation Statement via email at my

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identified are the Eligible Options I hold. I agree and understand that each of the Eligible Options which I have tendered pursuant to the Offer will be amended or replaced, unless I submit a new, properly completed Election Form prior to the expiration of the Offer.

12. I further understand that I will receive an Election Confirmation Statement via email at my VeriSign email address listed below within one business day after the submission of my Election Form on the Offer website. If I have not received an Election Confirmation Statement in the timeframe prescribed, I agree that it is my responsibility to confirm that VeriSign has received my complete submission by emailing to [409A\\_admin@verisign.com](mailto:409A_admin@verisign.com) a copy of the Confirmation Statement that I will have printed from this Offer website at the time I submit my Election Form online.

13. I acknowledge that the Offer and the other documents and communications regarding the Offer are being delivered to me electronically. Such means of electronic delivery may include, but does not necessarily include, the delivery of a link to a VeriSign intranet site, the delivery of a document via email or such other means of delivery specified by VeriSign. By executing this Election Form, I acknowledge that I have read this provision and consent to the electronic delivery of the documents. I acknowledge that I may receive from VeriSign a paper copy of any documents delivered electronically at no cost to me by contacting VeriSign by telephone or in writing using the contact information on the [Instructions](#) to this Election Form. I further acknowledge that I will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails or I do not otherwise have access to the Offer website. Similarly, I understand that I must provide VeriSign with a paper copy of any documents if my attempted delivery of such documents electronically fails or I do not otherwise have access to the Offer website.

14. My electronic signature is required in order to participate in this Offer. By clicking on the I AGREE button below I am agreeing to the terms of the Election Form and to the use of an electronic signature which will make my election a binding agreement between VeriSign and me in accordance with the terms and conditions of the Offer.

**Email Address:** WEBDEV@SOS-TEAM.COM

**Employee ID number:** 456


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 Need Help? Call the Pricewaterhouse Coopers LLP  
 hotline at: 408/817-1207 # calling from CA  
 (800)434-2234 # calling from outside CA  
 EMAIL: [404-admin@verisign.com](mailto:404-admin@verisign.com)  
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### Print Confirmation

Name: **NON-ADMIN USER** Employee ID: **456**  
 Address: **ADDRESS1 ADDRESS2 ADDRESS3 CITY CA 45645 USA** Date: **7/26/2007 7:31:18 PM PST**

Your VeriSign, Inc. Stock Options Tender Offer election has been recorded as follows:

Grant Date	Option Number	Exercise Price Per Share	Total Number of Exercisable Shares	Number of Option Shares Eligible for Tender Offer Amendment	Measurement Date	Fair Market Value of VeriSign Class A Common Stock on Measurement Date	Amend Entire Eligible Portion?
Dec 10, 2003	4	\$3.45	750	600	Dec 12, 2003	\$4.15	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Dec 10, 2004	5	\$3.45	750	650	Dec 12, 2004	\$4.15	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Dec 10, 2005	6	\$3.45	750	50	Dec 12, 2005	\$4.15	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**PRINT THIS PAGE** by clicking the PRINT A CONFIRMATION button below and save a copy. This will save

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Address: https://vsn.equitybenefits.com/WebSite/Screens/PrintConfirmation.aspx?Type=

Name: **NON ADMIN USER** Employee ID: 456  
 Address: ADDRESS1 ADDRESS2 ADDRESS3 CITY CA Date: 7/26/2007 7:31:58 PM  
 95645 USA PST

Your Veeva, Inc. Stock Options Tender Offer election has been recorded as follows:

Grant Date	Option Number	Exercise Price Per Share	Total Number of Exercisable Shares	Number of Option Shares Eligible for Tender Offer Amendment	Measurement Date	Fair Market Value of Veeva, Inc. Class A Common Stock on Measurement Date	Amend Election Eligible Portion?
Dec 10, 2003	4	\$3.45	750	600	Dec 12, 2003	\$4.15	<input type="radio"/> Yes <input type="radio"/> No
Dec 10, 2004	5	\$3.45	750	550	Dec 12, 2004	\$4.15	<input type="radio"/> Yes <input type="radio"/> No
Dec 10, 2005	6	\$3.45	750	50	Dec 12, 2005	\$4.15	<input type="radio"/> Yes <input type="radio"/> No

**PRINT THIS PAGE** by clicking the PRINT A CONFIRMATION button below and save a copy. This will serve as your confirmation of your election in the event our system does not register your election or provide you with an emailed "Election Confirmation Statement" within one business day after your submission. If you do not receive a confirmation email within one business day after your submission, please forward a copy of your printed PRINT CONFIRMATION via e-mail to [8336.admin@veeva.com](mailto:8336.admin@veeva.com) prior to the expiration of the offer.

Done Internet

**VeriSign, Inc. Election Confirmation Statement**

Date [Date] [Time] PST

Dear [Name]

Your VeriSign, Inc. Stock Options Tender Offer election has been recorded as follows:

<u>Grant Date</u>	<u>Option Number</u>	<u>Exercise Price Per Share</u>	<u>Total Number Of Exercisable Shares</u>	<u>Number of Option Shares Eligible for Tender Offer Amendment</u>	<u>Measurement Date</u>	<u>Fair Market Value of VeriSign Common Stock on Measurement Date</u>	<u>Amend Entire Eligible Portion?</u>
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If you have submitted your election electronically, we strongly encourage you to print this page and keep it for your records.

## INSTRUCTIONS TO ELECTION FORM

Terms used without definition herein shall have the same meanings ascribed to them in the Offer.

**1. Delivery of Election Form.**

A properly completed and duly executed Election Form must be received by VeriSign by 11:59 p.m. Pacific Time on the Expiration Date (August 23, 2007).

VeriSign intends to disseminate an "Election Confirmation Statement" via e-mail to your VeriSign e-mail address within one business day after your submission of your Election Form on the Offer Website at <https://vrsn.equitybenefits.com>. If you have not received an "Election Confirmation Statement" in the timeframe prescribed, VeriSign recommends you e-mail a copy of your confirmation of your election from the Print Confirmation webpage to [409A-admin@verisign.com](mailto:409A-admin@verisign.com) prior to the expiration of the Offer.

You may change your election with respect to your Eligible Options at any time up to 11:59 p.m. Pacific Time on the Expiration Date (August 23, 2007). If the Offer is extended by VeriSign beyond that time, you may change your election with respect to your tendered Eligible Options at any time until the extended expiration of the Offer.

In addition, if VeriSign does not accept your tendered option by 11:59 p.m. Pacific Time on September 24, 2007, you may revoke your election with respect to your tendered options at any time thereafter until those options are accepted for amendment or replacement. To validly change or revoke your election, you must access the Offer Website at <https://vrsn.equitybenefits.com> and complete and deliver a new Election Form to VeriSign prior to the expiration of the Offer. You should print a copy of your revised Election Form and updated confirmation from the Print Confirmation webpage and keep those documents with your other records for the Offer. You may change your previously submitted elections as many times as you would like prior to the expiration of the Offer.

VeriSign will not accept any alternative, conditional or contingent tenders. All persons tendering Eligible Options will, by completing and executing the Election Form, waive any right to receive any notice of the acceptance of their tender, except as provided for in the Offer.

**2. Tenders.**

If you intend to tender your Eligible Options for amendment or replacement pursuant to the Offer, you must access your account at the Offer Website at <https://vrsn.equitybenefits.com>, and properly complete and duly execute the Election Form. If you decide to tender a particular Eligible Option, you must tender all of that option for amendment or replacement. If you hold more than one Eligible Option, you may elect to tender one or more of those options and retain the balance.

**3. Signature on this Election Form.**

You must electronically sign the Election Form.

If you are not able to submit your signature electronically via the Offer Website as a result of technical failures inherent to the Offer Website, such as the Offer Website being unavailable or the Offer Website not accepting your election, or if you do not otherwise have access to the Offer Website for any reason (including lack of internet services), you must complete a paper Election Form and return it to VeriSign via facsimile to Jeffrey K. Bergmann at (650) 426-3403. To obtain a paper Election Form, please call the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California, or e-mail 409A-admin@verisign.com.

**4. Requests for Assistance or Additional Copies of the Election Form.**

Any questions or requests for assistance, as well as requests for paper copies of the Offer document, this Election Form or the Stock Option Amendment and Bonus Agreement, may be directed to PricewaterhouseCoopers LLP at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California or 409A-admin@verisign.com. Copies will be furnished promptly at VeriSign's expense.

**5. Irregularities.**

VeriSign will determine, in its discretion, all questions as to the form of documents and the validity, form, eligibility (including time of receipt) and acceptance of any tendered option. VeriSign will also decide, in its discretion, all questions as to (i) the portion of each retroactively priced option which comprises an Eligible Option for purposes of the Offer; (ii) the number of shares of common stock purchasable under each Amended Option at the Adjusted Exercise Price, (iii) the Adjusted Exercise Price to be in effect under each Amended Option, (iv) the amount of the Cash Bonus payable with respect to each Amended Option with an Adjusted Exercise Price in excess of the exercise price per share in effect for that option immediately prior to the amendment, and (v) the cancellation of tendered Eligible Options with exercise prices above the fair market value of VeriSign common stock on the Amendment Date and the replacement of those canceled options with New Options.

VeriSign's determination of such matters will be final and binding on all parties.

VeriSign reserves the right to reject any or all tenders which it determines do not comply with the conditions of the Offer, are not in proper form or the acceptance of which would be unlawful. VeriSign also reserves the right to waive any of the conditions of the Offer or any defect or irregularity in the tender with respect to any particular Eligible Option or any particular Eligible Optionee, and VeriSign's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No tender of an Eligible Option will be deemed to be properly made until all defects and irregularities have been cured by the tendering Eligible Optionee or waived by VeriSign. Unless waived, any defects or irregularities in connection with the tender of an Eligible Option must be cured within such time as VeriSign shall determine. Neither VeriSign nor any other person is or will be obligated to give notice of any defects or irregularities with respect to the tendered options, and no person will incur any liability for failure to give any such notice. If the table on the Election Form includes options that are not eligible for the Offer, VeriSign will not accept those options for amendment or replacement, but VeriSign does intend to accept for amendment or replacement any properly tendered Eligible Option set forth in that table.

6. **Important Tax Information.** You should refer to Section 15 of the Offer, which contains important U.S. federal tax information concerning the Offer. All Eligible Optionees with Eligible Options are strongly encouraged to consult with their own tax advisors as to the consequences of their participation in the Offer.
7. **Copies.** You should print a copy of the Print Confirmation for your records after you have completed and electronically signed the Election Form.
8. **Paper Delivery.** If you are not able to complete the Election Form electronically via the Offer Website as a result of technical failures inherent to the Offer Website, such as the Offer Website being unavailable or the Offer Website not accepting your election, or if you do not otherwise have access to the Offer Website for any reason (including lack of internet services), you must complete a paper Election Form and return it to VeriSign via facsimile to Jeffrey K. Bergmann at (650) 426-3403. To obtain a paper Election Form, please call the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California, or e-mail 409A-admin@verisign.com.

**IMPORTANT: THE COMPLETED AND SIGNED ELECTION FORM MUST BE RECEIVED BY VERISIGN BY 11:59 P.M. PACIFIC TIME ON THE EXPIRATION DATE (AUGUST 23, 2007).**

**STOCK OPTION AMENDMENT  
AND  
BONUS AGREEMENT**

**AGREEMENT** made by VeriSign, Inc. (the "**Company**") which shall be effective on the date executed by a validly-authorized officer of the Company.

**WHEREAS**, the Company previously granted to [Insert Name] (the "**Eligible Optionee**") the options identified on attached **Schedule I** (the "**Eligible Options**") to purchase shares of the Company's common stock under the Company's 1998 Equity Incentive Plan and/or 2001 Stock Incentive Plan (individually, the "**Plan**" and collectively, the "**Plans**").

**WHEREAS**, in order to avoid adverse tax consequences under section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), Eligible Optionee desires to amend each of the Eligible Options to increase the exercise price per share to be in effect for the unexercised portion of that Eligible Option which is subject to Section 409A and identified as such on **Schedule I** (the "**Covered Portion**") to the higher exercise price per share indicated for that portion of such Eligible Option on **Schedule I**.

**WHEREAS**, in order to compensate Eligible Optionee for the increased exercise prices to be in effect for the Covered Portions of the Eligible Options, the Company is willing to pay Eligible Optionee a special cash bonus in a dollar amount equal to the aggregate increase in the exercise prices for the Covered Portions of the Eligible Options listed on **Schedule I**, with the actual dollar of that bonus indicated as the Total Cash Bonus on **Schedule I**.

**NOW THEREFORE**, the parties hereby agree as follows:

**1. Increased Exercise Price.** The exercise price per share for each of the Eligible Options listed on **Schedule I** is hereby increased, with respect to the shares subject to the Covered Portion of that Eligible Option, to the higher exercise price per share set forth for that Eligible Option on **Schedule I**.

**2. Cash Bonus.** Eligible Optionee shall become entitled to receive a cash bonus from the Company (the "**Cash Bonus**") in the gross dollar amount indicated as his or her Total Cash Bonus on attached **Schedule I**. Payment shall be made on the Company's first regularly-scheduled payroll date after January 1, 2008, which is scheduled to be January 4, 2008. However, the Cash Bonus shall be subject to the Company's collection of all applicable federal, state and local income and employment withholding taxes, and Eligible Optionee shall be paid only the net amount of such bonus remaining after such taxes have been collected. Eligible Optionee need not remain in the Company's employ to receive the Cash Bonus.

**3. Entire Agreement.** This Agreement, together with any stock option agreements (to the extent not expressly amended hereby) and the Plans, represents the entire agreement of the parties with respect to the Eligible Options, the Covered Portions thereof and the Cash Bonus and supersedes any and all previous contracts, arrangements or understandings between the parties with respect to such Eligible Options and the Cash Bonus. This Agreement may be amended at any time only by means of a writing signed by Eligible Optionee and an authorized officer of the Company.

**4. Continuation of Option Agreements.** Except for the foregoing increases to the exercise prices per share for the Covered Portions of the Eligible Options, no other terms or provisions of the Option Agreements for such Eligible Options or the Plan have been modified as a result of this Agreement, and those terms and provisions shall continue in full force and effect.

\* \* \* \* \*

**IN WITNESS WHEREOF**, this Agreement has been executed on behalf of VeriSign, Inc. by a duly-authorized officer on the date indicated below.

**VERISIGN, INC.**

By: \_\_\_\_\_

**Name:**

**Title:**

**DATED: August , 2007**



**SCHEDULE I**  
**AMENDED OPTION AND CASH BONUS**

<u>Grant Date</u>	<u>Grant No.</u>	<u>Total Number of Shares Subject to Outstanding Option</u>	<u>Exercise Price Per Share Prior to Amendment</u>	<u>New Exercise Price Per Share Following Amendment</u>	<u>Number of Outstanding Option Shares Subject to Amended Exercise Price</u>	<u>Number of Outstanding Option Shares Not Subject to Amended Exercise Price</u>	<u>Cash Bonus Payable on First Regularly Scheduled Payroll Date Following January 1, 2008</u>
		\$		\$			\$
		\$		\$			\$
		\$		\$			\$
<b>Total Cash Bonus: \$</b>							_____

*Note: This schedule will be completed by the Company and sent to you at your VeriSign email address as soon as practicable following the Amendment Date.*

**ACKNOWLEDGEMENT OF RECEIPT OF WITHDRAWAL FORM**

VeriSign, Inc. ("**VeriSign**") has received your Withdrawal Form dated , 2007, by which you withdrew one or more Eligible Options you previously tendered for amendment or replacement pursuant to the Offer to Amend or Replace, dated July 27, 2007 (the "**Offer**").

You may re-submit any withdrawn Eligible Option for amendment or replacement pursuant to the Offer, provided you do so before the Expiration Date. If VeriSign extends the Offer beyond the Expiration Date, you may re-submit your withdrawn Eligible Option(s) at any time until the extended expiration date of the Offer. You will not be deemed to have made a proper re-submission of your withdrawn Eligible Option(s) unless you submit, prior to the Expiration Date, a new Election Form following the procedures described in the instructions on the Offer Website at <https://vrsn.equitybenefits.com> and in the Offer. The new Election Form must be completed, signed and dated after your original Election Form and any Withdrawal Form you have submitted.

The new Election Form may be submitted via the Offer Website at <https://vrsn.equitybenefits.com> or by completing a new paper Election Form and returning it to VeriSign via facsimile to Jeffrey K. Bergmann at (650) 426-3403. To obtain a paper Election Form, please call the PricewaterhouseCoopers LLP hotline at (408) 817-1207 in California or (800) 434-2234 outside of California, or email to 409A-admin@verisign.com.

Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in the Offer.

**VERISIGN, INC.**  
**OFFER TO AMEND OR REPLACE ELIGIBLE OPTIONS**  
**WITHDRAWAL FORM**

(To Withdraw via Facsimile or Mail)

**THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 11:59 P.M., PACIFIC TIME,  
ON AUGUST 23, 2007 UNLESS THE OFFER IS EXTENDED**

You previously received an offer (the "**Offer**") from VeriSign, Inc. ("**VeriSign**") to amend or replace your Eligible Options as described in the Offer to Amend or Replace Eligible Options, dated July 27, 2007 (the "**Offer to Amend**"). You submitted your Election Form in which you tendered one or more Eligible Option(s) for amendment or replacement pursuant to the Offer to Amend.

**You should submit this Withdrawal Form only if you now wish to change your decision and withdraw one or more of your tendered Eligible Options via facsimile or mail.**

The Offer is currently set to expire at 11:59 p.m., Pacific Time, on August 23, 2007 (the "**Expiration Date**"), unless VeriSign, in its discretion, extends the period of time during which the Offer will remain open. In such event, the term "Expiration Date" will mean the latest time and date at which the Offer, as so extended, expires.

**To withdraw your tendered Eligible Options via facsimile or mail, you must complete, sign and date this Withdrawal Form and submit it to VeriSign via (i) facsimile at (650) 426-3403 to Jeffrey K. Bergmann or (ii) mail, courier or hand delivery to VeriSign, Inc, 675 East Middlefield Road, Mountain View, California 94043, Attn: Jeffrey K. Bergmann.**

**For your withdrawal via facsimile or mail to be effective, this Withdrawal Form must be received by VeriSign by 11:59 p.m., Pacific Time, on the Expiration Date.**

Each withdrawn Eligible Option will continue to be governed by the 1998 Equity Incentive Plan and/or 2001 Stock Incentive Plan under which that withdrawn Eligible Option was granted and by the existing Notice of Stock Option Grant and/or Stock Option Agreement between you and VeriSign evidencing that option.

You should note that if you withdraw your tendered Eligible Option(s), such option(s) will **not** be amended or replaced, and you will **not** receive any Cash Bonus, if applicable, with respect to the withdrawn option(s). In addition, your Eligible Option(s) will **not** be in compliance with Section 409A of the Internal Revenue Code of 1986, as amended. It is likely, but not certain that you will be solely responsible for any penalty taxes, interest payments or other liabilities you may incur under Section 409A with respect to the withdrawn Eligible Option(s).

If you wish to withdraw any tendered Eligible Option, please complete the boxes set forth below and check the box below labeled "Withdraw This Eligible Option" next to each particular Eligible Option you wish to withdraw.

<u>Grant Date</u>	<u>Option Number</u>	<u>Exercise Price Per Share</u>	<u>Measurement Date</u>	<u>Fair Market Value of VeriSign Common Stock Share on Measurement Date</u>	<u>Total Number of Shares</u>	<u>Number of Shares Qualifying as an Eligible Option</u>	<u>Withdraw This Eligible Option</u>
							<input type="checkbox"/>
							<input type="checkbox"/>
							<input type="checkbox"/>
							<input type="checkbox"/>

You may re-submit any withdrawn Eligible Option for amendment or replacement pursuant to the Offer, provided you do so before the Expiration Date. If VeriSign extends the Offer beyond the Expiration Date, you may re-submit your withdrawn Eligible Option(s) at any time until the extended expiration date of the Offer. You will not be deemed to have made a proper re-submission of your withdrawn Eligible Option(s) unless you submit, prior to the Expiration Date, a new Election Form following the procedures described in the instructions on the Offer Website at <https://vrsn.equitybenefits.com> and in the Offer. The new Election Form must be completed, signed and dated after your original Election Form and any Withdrawal Form you have submitted.

Capitalized terms not defined herein shall have the meaning assigned to such terms in the Offer to Amend or Replace Eligible Options.

Please read the instructions on pages 3 and 4 of this Withdrawal Form and then complete, sign, date and submit via facsimile or mail this Withdrawal Form.

\_\_\_\_\_  
Signature

Name (Please print): \_\_\_\_\_

Date: \_\_\_\_\_

VERISIGN, INC.

INSTRUCTIONS TO WITHDRAWAL FORM  
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. **Delivery of Withdrawal Form.** A properly completed and executed Withdrawal Form, must be received by VeriSign at the following address or via fax at the following number by 11:59 p.m., Pacific Time, on the Expiration Date:

For delivery by facsimile, you must use the following facsimile number: (650) 426-3403. For delivery by mail, courier or hand delivery, the Withdrawal Form should be addressed to VeriSign, Inc., 675 East Middlefield Road, Mountain View, California 94043, Attn: Jeffrey K. Bergmann.

**The delivery of all required documents, including the Withdrawal Form and any new Election Form, is at your risk. Delivery will be deemed made only when actually received by VeriSign. VeriSign intends to confirm the receipt of your Withdrawal Form within two (2) U.S. business days. If you have not received such confirmation, it is your responsibility to ensure that your Withdrawal Form has been received by the Expiration Date.**

By submitting the Withdrawal Form, you will have withdrawn one or more of your tendered Eligible Option(s) from the Offer, and the withdrawn option(s) will not be amended or replaced pursuant to the terms of the Offer. You should note that you may not rescind the withdrawal of your tendered Eligible Option(s). However, you may re-submit any withdrawn Eligible Option for amendment or replacement pursuant to the Offer, provided you do so before the Expiration Date. If VeriSign extends the Offer beyond the Expiration Date, you may re-submit your withdrawn Eligible Option(s) at any time until the extended expiration of the Offer. You will not be deemed to have made a proper re-submission of your withdrawn Eligible Option(s) unless you submit, prior to the Expiration Date, a new Election Form following the procedures described in the instructions to the Election Form. The new Election Form must be signed and dated after your original Election Form and any Withdrawal Form you have submitted. Upon the receipt of such a new, properly completed, signed and dated Election Form, any previously submitted Election Form or Withdrawal Form received by VeriSign prior to the Expiration Date will be disregarded and will be considered replaced in full by the new Letter of Transmittal. You will be bound by the last properly submitted Election Form or Withdrawal Form received by VeriSign prior to the Expiration Date.

Although it is our intent to send you confirmation of receipt of this Withdrawal Form, by signing this Withdrawal Form you waive any right to receive any notice of the withdrawal of your tendered Eligible Option(s) from the Offer.

2. **Signatures on this Withdrawal Form.** This Withdrawal Form must be signed by the Eligible Optionee.

3. **Other Information on this Withdrawal Form.** In addition to signing this Withdrawal Form, you must print your name (exactly as it appears on the Letter of Transmittal you previously submitted) and indicate the date on which you signed.

4. **Requests for Assistance or Additional Copies.** Any questions or requests for assistance, as well as requests for additional copies of the Offer, the Election Form or this Withdrawal Form should be directed to the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California, or email to 409A-admin@verisign.com. Copies will be furnished promptly at VeriSign's expense.

5. **Irregularities.** VeriSign will determine, in its discretion, all questions as to the form of documents and the validity, form, eligibility (including time of receipt) and acceptance of any Withdrawal Forms. VeriSign's determination of such matters will be final and binding on all parties. VeriSign reserves the right to reject any Withdrawal Forms that it determines are not in appropriate form or that it determines are unlawful to accept. VeriSign also reserves the right to waive any of the conditions of the Offer or any defect or irregularity in any Withdrawal Form, and VeriSign's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No withdrawal of an Eligible Option will be deemed to have been properly made until all defects or irregularities have been cured by the withdrawing optionee or waived by VeriSign. Neither VeriSign nor any other person is obligated to give notice of any defects or irregularities in the Withdrawal Form and no person will incur any liability for failure to give any such notice.

6. **Additional Documents to Read.** You should be sure to read the Offer to Amend and all documents referenced therein, before making any decisions regarding participation in, or withdrawal from, the Offer.

7. **Important Tax Information.** You should refer to Sections 2 and 15 of the Offer and the "Risks of Participation in the Offer" section of the Offer to Amend which contain important U.S. federal income tax

information. We also recommend that you consult with your own tax, legal and financial advisors before deciding whether or not to participate in the Offer.

8. **Capitalized Terms.** Capitalized Terms not defined herein shall have the meaning assigned to such terms in the Offer to Amend or Replace Eligible Options.

**IMPORTANT: THE WITHDRAWAL FORM MUST BE RECEIVED BY VERISIGN, VIA MAIL, COURIER, HAND DELIVERY OR FACSIMILE BY 11:59 P.M., PACIFIC TIME, ON THE EXPIRATION DATE.**

**REMINDER****DEADLINE: 11:59 P.M. (Pacific Time) August 23, 2007**

To all VeriSign Employees Eligible to Participate in the Offer to Amend or Replace Eligible Options:

**11:59 p.m. (Pacific Time) on August 23, 2007** is presently the deadline for you to tender your Eligible Options for amendment or replacement pursuant to the formal offer made by VeriSign, Inc. to amend or replace those options, dated July 27, 2007 (the "**Offer**"). The Offer document is located at the VeriSign intranet at the following hyperlink: <https://vrsn.equitybenefits.com>.

You may obtain a printed copy of the Offer document by contacting the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling from California or 1-800-424-2234 if calling outside of California, or via e-mail at 409A-admin@verisign.com.

If you decide to tender your Eligible Options for amendment or replacement, you must submit your Election Form in accordance with the instructions located at <https://vrsn.equitybenefits.com> or accompanying the printed copy of the Offer document. The submission must be made by the deadline indicated above. We cannot accept late submissions; therefore, we urge you to respond early to avoid any last minute problems.

If you do not want to tender your Eligible Options, please disregard this reminder. However, your Eligible Options will not be in compliance with Section 409A of the Internal Revenue Code of 1986, as amended, which means that it is likely, but not certain that you will be subject to additional tax penalties, interest payments or other liabilities under Section 409A (or applicable state tax laws) with respect to any Eligible Option you do not tender for amendment or replacement pursuant to the Offer.

This reminder is being distributed to all employees eligible to participate in the Offer. Accordingly, you are receiving this notice even if you have previously submitted your Election Form.

Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in the Offer to Amend or Replace Eligible Options.

VERISIGN, INC.  
**ELECTION FORM**  
 (to be submitted via facsimile)

**RE: TENDER OF ELIGIBLE OPTIONS PURSUANT TO THE OFFER TO AMEND OR REPLACE  
 DATED JULY 27, 2007**

**THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 11:59 P.M., PACIFIC TIME, ON  
 AUGUST 23, 2007, UNLESS THE OFFER IS EXTENDED.**

**Name:**

**Employee ID:**

**Address:**

Important: Read the remainder of this Election Form **before** completing and signing this page.

Indicate your decision to tender your Eligible Options identified below for amendment or replacement by checking the "Amend or Replace This Eligible Option" box. If you do not want to tender one or more of your Eligible Options for amendment or replacement, check the "Do Not Amend or Replace This Eligible Option" box for those particular options. If you do not clearly check the "Amend or Replace This Eligible Option" box with respect to an Eligible Option, your election with respect to that option will default to "Amend or Replace None." In that event, such Eligible Option will not be amended or replaced, and you will not become entitled to any special cash bonus payable with respect to that Eligible Option. You may tender only a portion of an Eligible Option Grant.

Grant Date	Option Number	Total Number of Exercisable Shares	Number of Option Shares Eligible for Tender Offer Amendment	Measurement Date	Fair Market Value of VeriSign Common Stock on Measurement Date	Amend or Replace This Eligible Option	Amend or Replace None
						<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**IMPORTANT: YOU MUST ALSO SIGN ON PAGE 3.**

**Please read the Instructions of this Letter of Transmittal and then complete, sign and date the table on the cover page and the signature block on page 3 and return the entire Letter of Transmittal (including the instructions) via FACSIMILE to Jeffrey K. Bergmann of VeriSign, Inc. at (650) 426-3403.**



To: VeriSign, Inc.:

By checking the "Amend or Replace This Eligible Option" box in the table on the cover page of this Election Form, I understand and agree to all of the following:

1. As soon as practicable after the Amendment Date, VeriSign will return to me a final and completed Stock Option Amendment and Bonus Agreement in which there is indicated the Adjusted Exercise Price for each Amended Option and the dollar amount of any Cash Bonus to which I will be entitled with respect to that option. Should an Eligible Option I tender for amendment have an exercise price per share at or above the closing price per share of VeriSign common stock on the Amendment Date, that option will be canceled on the Amendment Date and immediately replaced with a New Option that is exactly the same as the canceled option, including the same exercise price per share and no loss of vesting or change to the expiration date, but with a new grant date. An Option Agreement for the New Option will be delivered to me as soon as administratively practicable following the Amendment Date.
2. If I cease to remain employed by VeriSign or any affiliated entity after I tender my Eligible Options but before VeriSign accepts those options for amendment or replacement, my Eligible Options will not be amended or replaced, and I will not become entitled to any Cash Bonus, if applicable.
3. Until the Expiration Date, I will have the right to change my election with respect to my Eligible Options. However, after that date I will have no further right to change my election with respect to my Eligible Options, unless VeriSign does not accept my tendered Eligible Options before September 24, 2007, the 40th business day after commencement of the Offer. In that event, I may then revoke my elections with respect to my tendered Eligible Options at any time prior to VeriSign's acceptance of those options for amendment or replacement pursuant to the Offer.
4. The tender of my Eligible Options pursuant to the procedure described in Section 4 of the Offer and the instructions to this Election Form will constitute my acceptance of all of the terms and conditions of the Offer. VeriSign's acceptance of my tendered Eligible Options for amendment or replacement pursuant to the Offer will constitute a binding agreement between VeriSign and me in accordance with the terms and subject to the conditions of the Offer.
5. I am the registered holder of the Eligible Options tendered hereby, and my name, employee identification number and other information appearing on the cover page of this Election Form are true and correct.
- 6. I am not required to tender my Eligible Options pursuant to the Offer. However, if I do not tender such options or if those options are not otherwise amended or replaced pursuant to the Offer, then these Eligible Options will not be in compliance with Section 409A of the Internal Revenue Code.**
7. VeriSign cannot give me legal, tax or investment advice with respect to the Offer and has advised me to consult with my own legal, tax and investment advisor as to the consequences of participating or not participating in the Offer.
8. Under certain circumstances set forth in the Offer document, VeriSign may terminate or amend the Offer and postpone its acceptance and amendment or replacement of the tendered Eligible Options. In the event the Eligible Options tendered herewith are not accepted for amendment or replacement, those options will be returned to me promptly following the expiration or termination of the Offer.
9. I understand that neither VeriSign nor VeriSign's Board of Directors is making any recommendation as to whether I should tender my Eligible Options for amendment or replacement, and that I must make my own decision whether to tender my Eligible Options, taking into account my own personal circumstances and preferences. I understand that the Amended Options resulting from the amendment of my tendered Eligible Options may decline in value and may be "out of the money" when I decide to exercise those options. I further understand that past and current market prices of VeriSign common stock may provide little or no basis for predicting what the market price of VeriSign common stock will be when VeriSign amends or replaces my tendered option or at any other time in the future.

10. I hereby acknowledge that I have read the documents related to the Offer listed below:

1. Offer To Amend or Replace Eligible Options
2. Instructions to this Election Form
3. Stock Option Amendment and Bonus Agreement
4. 2006 Equity Incentive Plan Stock Option Agreement

11. I hereby elect to participate in the Offer with respect to my Eligible Options as previously identified, and I hereby tender such Eligible Options for amendment or replacement in accordance with the Offer to Amend or Replace Eligible Options. I agree that the options identified are the Eligible Options I hold. I agree and understand that each of the Eligible Options which I have tendered pursuant to the Offer will be amended or replaced, unless I submit a new, properly completed Election Form prior to the expiration of the Offer.

12. I further understand that I will receive an Election Confirmation Statement via email at my VeriSign e-mail address listed below within one business day after the submission of my Election Form on the Offer website. If I have not received an Election Confirmation Statement in the timeframe prescribed, I agree that it is my responsibility to confirm that VeriSign has received my complete submission by emailing to 409A-admin@verisign.com a copy of this Election Form.

13. I acknowledge that the Offer and the other documents and communications regarding the Offer are being delivered to me electronically. Such means of electronic delivery may include, but does not necessarily include, the delivery of a link to a VeriSign intranet site, the delivery of a document via email or such other means of delivery specified by VeriSign. By executing this Election Form, I acknowledge that I have read this provision and consent to the electronic delivery of the documents. I acknowledge that I may receive from VeriSign a paper copy of any documents delivered electronically at no cost to me by contacting VeriSign by telephone or in writing using the contact information on the Instructions to this Election Form. I further acknowledge that I will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails or I do not otherwise have access to the Offer website. Similarly, I understand that I must provide VeriSign with a paper copy of any documents if my attempted delivery of such documents electronically fails or I do not otherwise have access to the Offer Website.

14. My signature is required in order to participate in this Offer. By signing below I am agreeing to the terms of the Election Form and to the use of my signature which will make my election a binding agreement between VeriSign and me in accordance with the terms and conditions of the Offer.

**SIGNATURE OF OPTIONEE**

By: \_\_\_\_\_  
Signature of Optionee or Authorized Signatory

\_\_\_\_\_  
Print Optionee's Full Name

Date: \_\_\_\_\_, 2007

Address (if different than on cover page)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Office Telephone: (\_\_\_\_\_) \_\_\_\_\_

Email address: \_\_\_\_\_

Employee Identification Number (see cover page):  
\_\_\_\_\_

Please read the Instructions of this Letter of Transmittal and then complete, sign and date the table on the cover page and the signature block on page 3 and return the entire Letter of Transmittal (including the instructions) via FACSIMILE to Jeffrey K. Bergmann of VeriSign, Inc. at (650) 426-3403.

**DELIVERY OF THIS ELECTION FORM VIA FACSIMILE  
TO A NUMBER OTHER THAN THE FACSIMILE NUMBER ABOVE  
WILL NOT CONSTITUTE A VALID DELIVERY.**

**INSTRUCTIONS TO ELECTION FORM**

Terms used without definition herein shall have the same meanings ascribed to them in the Offer.

**1. Delivery of Election Form.**

A properly completed and duly executed Election Form must be received by VeriSign by 11:59 p.m. Pacific Time on the Expiration Date (August 23, 2007).

VeriSign intends to disseminate an "Election Confirmation Statement" via e-mail to your VeriSign e-mail address within one business day after your submission of your Election Form on the Offer Website at <https://vrsn.equitybenefits.com>. If you have not received an "Election Confirmation Statement" in the timeframe prescribed, VeriSign recommends you e-mail a copy of your confirmation of your election from the Print Confirmation webpage to [409A-admin@verisign.com](mailto:409A-admin@verisign.com) prior to the expiration of the Offer.

You may change your election with respect to your Eligible Options at any time up to 11:59 p.m. Pacific Time on the Expiration Date (August 23, 2007). If the Offer is extended by VeriSign beyond that time, you may change your election with respect to your tendered Eligible Options at any time until the extended expiration of the Offer.

In addition, if VeriSign does not accept your tendered option by 11:59 p.m. Pacific Time on September 24, 2007, you may revoke your election with respect to your tendered options at any time thereafter until those options are accepted for amendment or replacement. To validly change or revoke your election, you must access the Offer Website at <https://vrsn.equitybenefits.com> and complete and deliver a new Election Form to VeriSign prior to the expiration of the Offer. You should print a copy of your revised Election Form and updated confirmation from the Print Confirmation webpage and keep those documents with your other records for the Offer. You may change your previously submitted elections as many times as you would like prior to the expiration of the Offer.

VeriSign will not accept any alternative, conditional or contingent tenders. All persons tendering Eligible Options will, by completing and executing the Election Form, waive any right to receive any notice of the acceptance of their tender, except as provided for in the Offer.

**2. Tenders.**

If you intend to tender your Eligible Options for amendment or replacement pursuant to the Offer, you must access your account at the Offer Website at <https://vrsn.equitybenefits.com>, and properly complete and duly execute the Election Form. If you decide to tender a particular Eligible Option, you must tender all of that option for amendment or replacement. If you hold more than one Eligible Option, you may elect to tender one or more of those options and retain the balance.

3. **Signatures on this Election Form.**

You must sign this Election Form on pages 1 and 3 and return it to VeriSign via facsimile to Jeffrey K. Bergmann at (650) 426-3403. To obtain a paper Election Form, please call the PricewaterhouseCoopers LLP hotline at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California, or e-mail 409A-admin@verisign.com.

4. **Requests for Assistance or Additional Copies of the Election Form.**

Any questions or requests for assistance, as well as requests for paper copies of the Offer document, this Election Form or the Stock Option Amendment and Bonus Agreement, may be directed to PricewaterhouseCoopers LLP at (408) 817-1207 if calling in California or (800) 434-2234 if calling outside of California or 409A-admin@verisign.com. Copies will be furnished promptly at VeriSign's expense.

5. **Irregularities.**

VeriSign will determine, in its discretion, all questions as to the form of documents and the validity, form, eligibility (including time of receipt) and acceptance of any tendered option. VeriSign will also decide, in its discretion, all questions as to (i) the portion of each retroactively priced option which comprises an Eligible Option for purposes of the Offer; (ii) the number of shares of common stock purchasable under each Amended Option at the Adjusted Exercise Price, (iii) the Adjusted Exercise Price to be in effect under each Amended Option, (iv) the amount of the Cash Bonus payable with respect to each Amended Option with an Adjusted Exercise Price in excess of the exercise price per share in effect for that option immediately prior to the amendment, and (v) the cancellation of tendered Eligible Options with exercise prices above the fair market value of VeriSign common stock on the Amendment Date and the replacement of those canceled options with New Options.

VeriSign's determination of such matters will be final and binding on all parties.

VeriSign reserves the right to reject any or all tenders which it determines do not comply with the conditions of the Offer, are not in proper form or the acceptance of which would be unlawful. VeriSign also reserves the right to waive any of the conditions of the Offer or any defect or irregularity in the tender with respect to any particular Eligible Option or any particular Eligible Optionee, and VeriSign's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No tender of an Eligible Option will be deemed to be properly made until all defects and irregularities have been cured by the tendering Eligible Optionee or waived by VeriSign. Unless waived, any defects or irregularities in connection with the tender of an Eligible Option must be cured within such time as VeriSign shall determine. Neither VeriSign nor any other person is or will be obligated to give notice of any defects or irregularities with respect to the tendered options, and no person will incur any liability for failure to give any such notice. If the table on the Election Form includes options that are not eligible for the Offer, VeriSign will not accept those options for amendment or replacement, but VeriSign does intend to accept for amendment or replacement any properly tendered Eligible Option set forth in that table.

6. **Important Tax Information.** You should refer to Section 15 of the Offer, which contains important U.S. federal tax information concerning the Offer. All Eligible Optionees with Eligible Options are strongly encouraged to consult with their own tax advisors as to the consequences of their participation in the Offer.

7. **Copies.** You should print a copy of the Print Confirmation for your records after you have completed and electronically signed the Election Form.

**Important:** The completed and signed Election Form must be received by VeriSign by 11:59 P.M. Pacific Time on the Expiration Date (August 23, 2007).

**NOTICE OF EXPIRATION OF OFFER, AMENDMENT OR REPLACEMENT  
OF ELIGIBLE OPTIONS AND COMMITMENT TO PAY CASH BONUS**

To: [Name]

We are pleased to announce that we have completed our Offer to Amend or Replace Eligible Options (the “Offer”). Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in the Offer. As a result of the Offer, we have amended outstanding Eligible Options covering an aggregate of \_\_\_\_\_ shares of VeriSign common stock to increase the exercise price of each such option to the lower of (i) the fair market value per share of VeriSign common stock on the actual grant date of that option or (ii) \$ \_\_\_\_\_, the closing selling price per share of such common stock on the Amendment Date (August 24, 2007). In addition, the participants whose Eligible Options have been so amended are now eligible to receive cash bonuses in the aggregate amount of up to \$ \_\_\_\_\_ to compensate them for the higher exercise prices per share in effect for their amended options.

Alternatively, we canceled tendered Eligible Options covering an aggregate of \_\_\_\_\_ shares of VeriSign common stock because the closing selling price per share of VeriSign common stock on the date on which the Eligible Options were amended was (i) lower than the Fair Market Value per share of VeriSign common stock on the actual grant date of the Eligible Option and (ii) the same or lower than the exercise price per share currently in effect for the Eligible Option.

The chart below lists each of your tendered Eligible Options that have been amended. The information in the chart confirms that the listed Eligible Options were validly submitted for amendment pursuant to the Offer and not otherwise withdrawn prior to the expiration date of the Offer. Accordingly, the adjusted exercise price per share now in effect for each of your amended Eligible Options is indicated below. Each of your amended options will continue to vest in accordance with the same vesting schedule measured from the same vesting commencement date currently in effect for that option. The amendment has no effect on the option’s vesting schedule, exercise period, option term or any other term or provision of the option.

<u>Grant Date</u>	<u>Option Number</u>	<u>Total Number of Shares Subject to Outstanding Option</u>	<u>Exercise Price Per Share Prior to Amendment</u>	<u>New Exercise Price Per Share Following Amendment</u>	<u>Number of Outstanding Option Shares Subject to Amended Exercise Price</u>	<u>Number of Outstanding Option Shares Not Subject to Amended Exercise Price</u>	<u>Cash Bonus Payable in 2008</u>
			\$	\$			\$
							<b>Total Cash Bonus Amount: \$</b>

In exchange for your agreement to amend your outstanding Eligible Option to the Adjusted Exercise Prices determined for those options, VeriSign hereby irrevocably commits to pay you a cash bonus in the amount of \$ \_\_\_\_\_. The applicable provisions under Section 409A of the Internal Revenue Code of 1986, as amended, do not permit the cash bonus to be paid in the same year in which the Eligible Options are amended. Therefore, the cash bonus will be paid on VeriSign’s first regularly scheduled payroll date

following January 1, 2008, which is scheduled to be January 4, 2008. VeriSign must withhold all applicable U.S. federal, state and local income and employment withholding taxes and other required payments, and you will receive only the portion of the payment remaining after those taxes and payments have been withheld. You will receive your cash bonus even if your employment with VeriSign terminates prior to the date on which the cash bonus is paid.

This commitment to pay you the cash bonus is governed by the terms and conditions of the Offer as set forth in the Offer, Election Form, Instructions to the Election Form and the Stock Option Amendment and Bonus Agreement (collectively, the "**Offer Documents**"), all of which are incorporated herein by reference. Accordingly, this commitment and the Offer Documents reflect the entire agreement between you and VeriSign with respect to the amendment of your tendered Eligible Options.

Each New Option granted to you pursuant to the Offer is exactly the same as the tendered Eligible Option it replaced, including the exercise price per share, vesting schedule and expiration date, but with a new grant date of August 24, 2007. The chart below indicates which tendered Eligible Options were canceled and replaced with a New Option:

<u>Grant Date of Canceled Option</u>	<u>Grant Number</u>	<u>Total Number of Shares Subject to New Option</u>	<u>Exercise Price Per Share Prior to Cancellation</u>	<u>Same Exercise Price Per Share Under New Option</u>
			\$	\$
			\$	\$

VERISIGN, INC.

By:

Name:

Title:

**EMAIL TO INDIVIDUALS CHOOSING NOT TO TENDER ELIGIBLE OPTIONS**

We show that you have elected **not** to tender one or more of your Eligible Options pursuant to the Tender Offer. (Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in the Offer to Amend or Replace Eligible Options).

We want to make sure that you understand that your election not to tender means:

1. You agree that you will likely pay additional Federal and State tax penalties with respect to your non-tendered options;
2. You decline the amendment or replacement of your non-tendered options; and
3. You decline the cash bonus payment, if applicable, in January of 2008 for your non-tendered options that are amended.

If the above is not your intent, we encourage you to withdraw your election by submitting a new, properly completed and signed Election Form via the Offer Website at <https://vrsn.equitybenefits.com> or a paper version of the Election Form via facsimile to Jeffrey K. Bergmann at (650) 426-3403 before 11:59 p.m. Pacific Time on August 23, 2007.

If we extend the Offer beyond August 23, 2007, you must complete the process before the extended expiration date of the Offer. The Offer document and additional information are available at <https://vrsn.equitybenefits.com>.

**MATERIAL INCOME TAX CONSEQUENCES FOR INDIVIDUALS SUBJECT TO  
TAXATION IN HONG KONG**

The following is a general summary of the income tax consequences under current law applicable to the amendment of the Eligible Options and the payment of the Cash Bonuses or the cancellation of tendered options and the grant of New Options in replacement for those individuals who are subject to taxation in Hong Kong. This summary is only intended to alert you to some of the material tax consequences you may want to consider in making your decision about the Offer. It does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, nor is it intended to apply to all option holders. It also does not address any state, provincial or other local law, any wealth tax, or the treatment of any dividends. In addition, you should note that tax laws change frequently and occasionally on a retroactive basis. Because you are also subject to taxation in the United States, you may have additional or different tax consequences from those described below.

We recommend that you consult with your tax advisor with respect to the tax consequences of your particular participation in the Offer, as the tax consequences to you depend on your individual tax situation.

*Acceptance of Offer.* If you tender your Eligible Option, you should not recognize taxable income at the time of your tender.

*Amendment of Option.* You should not be subject to income tax at the time of the amendment of your Eligible Option to increase the exercise price per share to the Adjusted Exercise Price determined for that option.

*Cancellation and Grant of New Options.* The cancellation of a tendered Eligible Option and the grant of a New Option in replacement should not be a taxable event.

*Option Exercise.* When you exercise your Amended Option or New Option, you will recognize taxable income in an amount equal to the difference between the fair market value of the purchased shares on the exercise date and the exercise price paid for those shares. VeriSign will withhold all applicable taxes with respect to such income. You must directly pay the income taxes with respect to this income.

*Sale of Acquired Shares.* The subsequent sale of the acquired shares may result in taxable capital gain.

*Cash Bonus.* The Cash Bonus will be subject to income tax. VeriSign will withhold all applicable social taxes and you will receive the portion of the Cash Bonus net of such amounts. You will be responsible for directly paying the income taxes with respect to such income.



**MATERIAL INCOME TAX CONSEQUENCES FOR INDIVIDUALS SUBJECT TO  
TAXATION IN SOUTH AFRICA**

The following is a general summary of the income tax consequences under current law applicable to the amendment of the Eligible Options and the payment of the Cash Bonuses or the cancellation of tendered options and the grant of New Options in replacement for those individuals who are subject to taxation in South Africa. This summary is only intended to alert you to some of the material tax consequences you may want to consider in making your decision about the Offer. It does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, nor is it intended to apply to all option holders. It also does not address any state, provincial or other local law, any wealth tax, or the treatment of any dividends. In addition, you should note that tax laws change frequently and occasionally on a retroactive basis. Because you are also subject to taxation in the United States, you may have additional or different tax consequences from those described below.

We recommend that you consult with your tax advisor with respect to the tax consequences of your particular participation in the Offer, as the tax consequences to you depend on your individual tax situation.

*Acceptance of Offer.* If you tender your Eligible Option, you should not recognize taxable income at the time of your tender.

*Amendment of Option.* You should not be subject to income tax at the time of the amendment of your Eligible Option to increase the exercise price per share to the Adjusted Exercise Price determined for that option.

*Cancellation and Grant of New Options.* The cancellation of a tendered Eligible Option and the grant of a New Option in replacement should not be a taxable event.

*Option Exercise.* When you exercise your Amended Option or New Option, you will recognize taxable income in an amount equal to the difference between the fair market value of the purchased shares on the exercise date and the exercise price paid for those shares. VeriSign will withhold all applicable income and social taxes with respect to such income.

*Sale of Acquired Shares.* The subsequent sale of the acquired shares may result in taxable capital gain.

*Cash Bonus.* The Cash Bonus will be subject to income tax. VeriSign will withhold all applicable social taxes and you will receive the portion of the Cash Bonus net of such amounts. You will be responsible for directly paying the income taxes with respect to such income.

**MATERIAL INCOME TAX CONSEQUENCES FOR INDIVIDUALS SUBJECT TO  
TAXATION IN SWITZERLAND**

The following is a general summary of the income tax consequences under current law applicable to the amendment of the Eligible Options and the payment of the Cash Bonuses or the cancellation of tendered options and the grant of New Options in replacement for those individuals who are subject to taxation in Switzerland. This summary is only intended to alert you to some of the material tax consequences you may want to consider in making your decision about the Offer. It does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, nor is it intended to apply to all option holders. It also does not address any state, provincial or other local law, any wealth tax, or the treatment of any dividends. In addition, you should note that tax laws change frequently and occasionally on a retroactive basis. Because you are also subject to taxation in the United States, you may have additional or different tax consequences from those described below.

We recommend that you consult with your tax advisor with respect to the tax consequences of your particular participation in the Offer, as the tax consequences to you depend on your individual tax situation.

*Acceptance of Offer.* If you tender your Eligible Option, you should not recognize taxable income at the time of your tender.

*Amendment of Option.* You should not be subject to income tax at the time of the amendment of your Eligible Option to increase the exercise price per share to the Adjusted Exercise Price determined for that option.

*Cancellation and Grant of New Options.* The cancellation of a tendered Eligible Option and the grant of a New Option in replacement should not be a taxable event.

*Option Exercise.* When you exercise your Amended Option or New Option, you will recognize taxable income in an amount equal to the difference between the fair market value of the purchased shares on the exercise date and the exercise price paid for those shares. VeriSign will withhold all applicable taxes with respect to such income for those taxpayers otherwise subject to Swiss withholding taxes. You must directly pay the income taxes with respect to this income.

*Sale of Acquired Shares.* The subsequent sale of the acquired shares will not result in a taxable capital gain.

*Cash Bonus.* The Cash Bonus will be subject to income tax. VeriSign will withhold all applicable social taxes and you will receive the portion of the Cash Bonus net of such amounts. You will be responsible for directly paying the income taxes with respect to such income.

**MATERIAL INCOME TAX CONSEQUENCES FOR INDIVIDUALS SUBJECT TO  
TAXATION IN THE UNITED KINGDOM**

The following is a general summary of the income tax consequences under current law applicable to the amendment of the Eligible Options and the payment of the Cash Bonuses or the cancellation of tendered options and the grant of New Options in replacement for those individuals who are subject to taxation in the United Kingdom and whose options are unapproved under United Kingdom income tax law. This summary is only intended to alert you to some of the material tax consequences you may want to consider in making your decision about the Offer. It does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, nor is it intended to apply to all option holders. It also does not address any state, provincial or other local law, any wealth tax, or the treatment of any dividends. In addition, you should note that tax laws change frequently and occasionally on a retroactive basis. Because you are also subject to taxation in the United States, you may have additional or different tax consequences from those described below.

We recommend that you consult with your tax advisor with respect to the tax consequences of your particular participation in the Offer, as the tax consequences to you depend on your individual tax situation.

*Acceptance of Offer.* If you tender your Eligible Option, you should not recognize taxable income at the time of your tender.

*Amendment of Option.* You should not be subject to income tax at the time of the amendment of your Eligible Option to increase the exercise price per share to the Adjusted Exercise Price determined for that option.

*Cancellation and Grant of New Options.* The cancellation of a tendered Eligible Option and the grant of a New Option in replacement should not be a taxable event.

*Option Exercise.* When you exercise your Amended Option or New Option, you will recognize taxable income in an amount equal to the difference between the fair market value of the purchased shares on the exercise date and the exercise price paid for those shares. VeriSign will withhold all applicable income taxes and employee national insurance contributions with respect to such income. In addition, to the extent provided in the terms of your Eligible Option and/or any joint election you have entered into, you will be required to pay all employer national insurance contributions with respect to this income.

*Sale of Acquired Shares.* The subsequent sale of the acquired shares may result in taxable capital gain.

*Cash Bonus.* The Cash Bonus will be subject to income tax and employee national insurance contributions. VeriSign will withhold all applicable taxes and contributions and you will receive the Cash Bonus net of such amounts.

## VeriSign's Tender Offer

Offer to Adjust Stock Option Awards to Comply With US  
Income Tax Requirements – Section 409A



July, 2007

PRICEWATERHOUSECOOPERS 

Where it all comes together:

## Purpose of this Presentation

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- + Identify the current tax issue associated with your stock options
- + Explain how VeriSign will assist you in addressing this issue
- + Understand what you must do if you wish to take part in VeriSign's offer of assistance
- + Review your action steps

## The Issue

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- + VeriSign has determined that you hold stock options that could have a negative tax impact to you as a result of recent changes in the US tax law.
- + VeriSign has established a program that will allow you to take action to eliminate the problem.
- + In certain situations under the program, VeriSign will provide a payment to you to compensate for lost option value.
- + If you don't participate in this program, you may have adverse tax consequences.

## Tax Law Change

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- + Section 409A of the Internal Revenue Code was enacted to address tax deferred compensation plans.
- + Stock options in a public company like VeriSign are normally exempt from Section 409A if they are granted with a fair market value exercise price.
- + However, certain options that you hold have been determined to have been granted with an exercise price lower than the fair market value on the actual grant date (“Affected Options”).
- + As a result, these options are subject to the impact of Section 409A

## What Does This Mean?

- + If the Section 409A requirements are not met, the compensation is subject to regular state and federal income tax at vesting (not at exercise), plus an additional 20% federal tax, and for those in California an additional 20% California tax
  - Plus interest from the date of vesting
- + Options granted at a discount do not meet the Section 409A requirements
  - Thus the “spread” in the option is taxed at vesting and then is taxed annually until exercised
  - Only applies to options which vest after 2004



## An Example

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- + An employee received 1,000 options on December 30, 2003 when VeriSign was trading at \$18
- + The options had an exercise price of \$18
  - 25% of the options vested after one year and the remaining vested quarterly thereafter
- + It was later determined that the options were technically granted on January 31, 2004 when VeriSign was trading at \$20
- + None of the options have been exercised

## An Example Continued

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- + None of these options are compliant with Section 409A because they were deemed to be granted at a discount
- + However, the 250 options that vested on December 31, 2004 are exempt from Section 409A under the transition rules
- + The remaining options are subject to section 409A because they vested after 2004
- + Therefore, the 750 options that vested in March 2005 and later are taxed annually until exercised
- + Transition rules may delay the actual payment of those taxes until 2007

## Example Continued

- + Assume VeriSign shares were trading at \$22 at December 31, 2005, and \$25 at December 31, 2006, and \$30 on December 31, 2007
- + The participants would be taxed as follows:
  - + In 2005:  $250 \times (\$22 - \$18) = \$1,000$
  - + In 2006:  $250 \times (\$25 - \$22) = \$750$   
 $250 \times (\$25 - \$18) = \$1,750$
  - + In 2007:  $250 \times (\$30 - \$25) = \$1,250$   
 $250 \times (\$30 - \$25) = \$1,250$   
 $250 \times (\$30 - \$18) = \underline{\$1,750}$
  - + Total taxable benefit at 12/31/2007  $\$7,750$

## Opportunity to Fix your Affected Options

- + Under recently released guidance, the IRS permits employers and employees to adjust the exercise price of outstanding options to eliminate any grant date discount, and thus cure the Section 409A problem
  - Does not apply to awards that have already been exercised
- + Affected Options exercised in 2005 are exempt under another transition rule
- + Affected Options exercised in 2006 are subject to a different Section 409A resolution process which has previously been communicated to applicable employees

## The Offer

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- + You have two choices
  - Agree to VeriSign's offer to increase the exercise price in your unexercised Affected Options to eliminate any grant date discount, or
  - Do nothing
- + This choice is entirely up to you
- + In certain situations, you will also receive a cash bonus in 2008 to compensate you for the increase in the option's exercise price.

## The Offer

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- + VeriSign will adjust the Affected Option's exercise price to the lower of (i) the fair market value per share of VeriSign common stock on the actual grant date of that option or (ii) the closing selling price per share of such common stock on the date on which the option is amended.
  - Any lost spread will be replaced by a cash bonus to be paid in 2008 (cannot be paid in 2007 because of IRS requirements)
- + If the original exercise price is equal to or greater than the VeriSign selling price at the close of the Tender Offer, the option will be replaced with an option that has the same vesting date and strike price as the original option.
  - In this situation there will be no cash bonus because there is no lost value

## More on the Cash Payment

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- + The cash bonus must be paid to you in 2008 because of IRS requirements
- + The cash payment will not be grossed-up to compensate you for the taxes you must pay on it
- + Why? Because you would have paid taxes on the option spread anyway when you exercised this option
  - As a result, normal payroll taxes will be withheld on the cash payment

## Who is Eligible for the Offer?

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- + Must hold Affected Options, which are:
  - Options granted under the 1998 Equity Incentive Plan and the 2001 Stock Incentive Plan.
  - Options granted at a discount that vested after 2004 and that are outstanding at the close of the Tender Offer
  - Options granted with a fair market value per share on the date which the option was actually granted that is higher than the exercise price per share currently in effect
- + Current employees only
  - Must be an employee at the close of the Tender Offer
- + Must otherwise be subject to US income taxation on the options
  - Most foreign employees are not affected
- + Not a named Executive Officer



## How do I Participate in the Offer?

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- + For securities law reasons, VeriSign is providing this opportunity to you via a Tender Offer
- + The full terms of this offer and the enrollment processes are included in the Tender Offer which you should consult
- + The tender offer begins on July 10 and ends at 11:59 PM Pacific time on August 6 – no late submissions
- + You can select which of your Affected Options to tender and can change the election up to the time it closes
- + Verisign will send confirmation of your election
- + If you do not elect to participate during this period you will be deemed not to be a participant in the Tender Offer

## What Must I do on my Own Tax Return if I Accept the Offer?

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- + For your options that were replaced with identical options under the Tender Offer, you need do nothing
  - The options are now Section 409A compliant and will be taxed under the normal “tax at exercise” regime
- + For your options whose exercise price was adjusted under the Tender Offer
  - The options are now Section 409A compliant and will be taxed under the normal “tax at exercise” regime
  - The cash payment will be included in your 2008 W-2 and you must pay tax on that amount through withholding (final declaration and settlement of that tax will be on your 2008 Form 1040)

## More on Taxes

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- + What if I don't accept the offer?
  - Income taxation annually until exercise
  - 20% additional federal income tax on option spread
  - 20% additional California income tax on option spread if you are otherwise subject to California tax
  - Possibly other state taxes for non-California residents
  - Interest penalty on income amount
  
- + Under IRS transition rules, the Section 409A tax liability attributable to vestings that took place prior to 2007 will be reported on your 2007 W-2
  - Even though tax liability technically arose in 2005 and/or 2006

## Example

+ Using the facts of the earlier example:

+ In 2005:	=	\$1,000
+ In 2006:	=	\$2,500
+ In 2007:	=	<u>\$4,250</u>
+ Total taxable benefit at 12/31/2007		\$7,750

+ Federal Income Tax (35%):		\$2,713
+ California Income Tax (8.84%):		\$651
+ Medicare Tax (1.45%) <sup>1</sup> :		\$112
+ Federal Section 409A Penalty Tax (20%):		\$1,550
+ California Section 409A Penalty Tax (20%):		<u>\$1,550</u>
+ Total Tax		<u>\$6,576</u> <sup>2</sup>

+ <sup>1</sup> Assume employee is over the social security wage-base

+ <sup>2</sup> Does not include interest

## Specific Tax Impact to You

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- + VeriSign cannot provide you with specific tax advice
- + VeriSign has established a hotline that allows you to ask PwC questions relating to the impact of Section 409A on your affected VeriSign options
- + This hotline can only address this specific Section 409A issue and cannot address any other personal tax consequences or investment advice
- + As a result, we strongly suggest that you consult your tax advisor to determine how these rules apply to your specific tax situation

## Next Steps

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- + Tax Questions can be directed to the PwC Hotline at 408-817-1207 if you are calling from California. Outside of California, the number is 800-434-2234
- + Or, email your questions to [409-admin@verisign.com](mailto:409-admin@verisign.com)
- + PwC tax professionals will address specific question relating to this Tender Offer and Section 409A

## Circular 230

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- + This presentation and underlying documents were not intended or written to be used, and they cannot be used, for the purpose of avoiding U.S. federal, state or local tax penalties