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

**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-23593

**VERISIGN, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**12061 Bluemont Way, Reston, Virginia**

(Address of principal executive offices)

**94-3221585**

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

**20190**

(Zip Code)

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

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

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

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

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

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

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

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

<u>Class</u>	<u>Shares Outstanding as of July 21, 2017</u>
Common stock, \$.001 par value	99,920,686

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**PART I—FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

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

	June 30, 2017	December 31, 2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 242,426	\$ 231,945
Marketable securities	1,566,017	1,565,962
Other current assets	35,647	44,435
Total current assets	1,844,090	1,842,342
Property and equipment, net	261,870	266,125
Goodwill	52,527	52,527
Deferred tax assets	20,646	9,385
Deposits to acquire intangible assets	145,000	145,000
Other long-term assets	20,118	19,193
Total long-term assets	500,161	492,230
Total assets	\$ 2,344,251	\$ 2,334,572
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 178,250	\$ 203,920
Deferred revenues	715,981	688,265
Subordinated convertible debentures, including contingent interest derivative	628,908	629,764
Total current liabilities	1,523,139	1,521,949
Long-term deferred revenues	292,323	287,424
Senior notes	1,238,107	1,237,189
Deferred tax liabilities	381,513	371,433
Other long-term tax liabilities	112,327	117,172
Total long-term liabilities	2,024,270	2,013,218
Total liabilities	3,547,409	3,535,167
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock—par value \$.001 per share; Authorized shares: 5,000; Issued and outstanding shares: none	—	—
Common stock—par value \$.001 per share; Authorized shares: 1,000,000; Issued shares: 325,036 at June 30, 2017 and 324,118 at December 31, 2016; Outstanding shares: 100,210 at June 30, 2017 and 103,091 at December 31, 2016	325	324
Additional paid-in capital	16,699,476	16,987,488
Accumulated deficit	(17,900,069)	(18,184,954)
Accumulated other comprehensive loss	(2,890)	(3,453)
Total stockholders' deficit	(1,203,158)	(1,200,595)
Total liabilities and stockholders' deficit	\$ 2,344,251	\$ 2,334,572

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	\$ 288,552	\$ 286,466	\$ 577,166	\$ 568,342
Costs and expenses:				
Cost of revenues	47,644	48,753	98,313	99,335
Sales and marketing	19,474	19,757	37,796	39,784
Research and development	13,510	14,288	26,854	31,031
General and administrative	32,964	27,401	63,972	55,158
Total costs and expenses	113,592	110,199	226,935	225,308
Operating income	174,960	176,267	350,231	343,034
Interest expense	(29,090)	(28,859)	(58,113)	(57,663)
Non-operating income, net	14,002	1,709	15,303	4,830
Income before income taxes	159,872	149,117	307,421	290,201
Income tax expense	(36,772)	(35,907)	(67,909)	(69,535)
Net income	123,100	113,210	239,512	220,666
Realized foreign currency translation adjustments, included in net income	—	85	—	85
Unrealized gain on investments	313	851	678	1,786
Realized gain on investments, included in net income	(96)	(1)	(115)	(67)
Other comprehensive income	217	935	563	1,804
Comprehensive income	\$ 123,317	\$ 114,145	\$ 240,075	\$ 222,470
Earnings per share:				
Basic	\$ 1.22	\$ 1.05	\$ 2.35	\$ 2.03
Diluted	\$ 0.99	\$ 0.87	\$ 1.93	\$ 1.68
Shares used to compute earnings per share				
Basic	101,060	108,067	101,759	108,829
Diluted	123,980	130,588	124,218	131,084

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30,	
	2017	2016
<b>Cash flows from operating activities:</b>		
Net income	\$ 239,512	\$ 220,666
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	25,172	29,417
Gain on sale of business	(10,607)	—
Stock-based compensation	25,938	22,891
Payment of contingent interest	(7,719)	(6,544)
Amortization of debt discount and issuance costs	7,048	6,590
Other, net	(4,326)	(2,385)
Changes in operating assets and liabilities:		
Other assets	8,310	12,632
Accounts payable and accrued liabilities	(30,566)	(28,653)
Deferred revenues	34,246	26,346
Net deferred income taxes and other long-term tax liabilities	41,889	36,039
Net cash provided by operating activities	<u>328,897</u>	<u>316,999</u>
<b>Cash flows from investing activities:</b>		
Proceeds from maturities and sales of marketable securities	2,356,948	2,056,607
Purchases of marketable securities	(2,351,738)	(2,101,863)
Purchases of property and equipment	(18,974)	(13,458)
Other investing activities	12,108	206
Net cash used in investing activities	<u>(1,656)</u>	<u>(58,508)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from employee stock purchase plan	7,997	8,084
Repurchases of common stock	(325,759)	(324,235)
Net cash used in financing activities	<u>(317,762)</u>	<u>(316,151)</u>
Effect of exchange rate changes on cash and cash equivalents	1,002	(33)
Net increase (decrease) in cash and cash equivalents	10,481	(57,693)
Cash and cash equivalents at beginning of period	231,945	228,659
Cash and cash equivalents at end of period	<u>\$ 242,426</u>	<u>\$ 170,966</u>
<b>Supplemental cash flow disclosures:</b>		
Cash paid for interest	<u>\$ 58,797</u>	<u>\$ 57,636</u>
Cash paid for income taxes, net of refunds received	<u>\$ 23,662</u>	<u>\$ 13,994</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**VERISIGN, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1. Basis of Presentation***Interim Financial Statements*

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by VeriSign, Inc. (“Verisign” or the “Company”) in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and, therefore, do not include all information and notes normally provided in audited financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals and other adjustments) considered necessary for a fair presentation have been included. The results of operations for any interim period are not necessarily indicative of, nor comparable to, the results of operations for any other interim period or for a full fiscal year. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes contained in Verisign’s fiscal 2016 Annual Report on Form 10-K (the “2016 Form 10-K”) filed with the SEC on February 17, 2017.

*Reclassifications*

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

*Adoption of New Accounting Standards*

Effective January 1, 2017, the Company adopted Accounting Standards Update (“ASU”) No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*, issued by the Financial Accounting Standards Board (“FASB”). The new guidance requires excess tax benefits and tax deficiencies to be recorded as a discrete adjustment to income tax expense when stock awards vest, rather than in additional paid-in capital when they reduce income taxes payable. The Company also made the accounting policy election, as allowed by the new guidance, to account for forfeitures of stock awards as they occur, rather than estimating forfeitures. These changes were required to be applied on a modified retrospective basis through a cumulative-effect adjustment to the opening balance of retained earnings. The cumulative effect of adopting ASU 2016-09 was an increase in Deferred tax assets of \$11.0 million, a decrease in Deferred tax liabilities of \$36.9 million, an increase in Additional paid-in capital of \$2.5 million, and a decrease in Accumulated deficit of \$45.4 million, as of January 1, 2017, as a result of recognizing \$47.9 million of previously unrecognized excess tax benefits from stock-based compensation, and a \$2.5 million adjustment related to the change in accounting policy for forfeitures. Additionally, the new guidance requires cash flows related to excess tax benefits from stock-based compensation to be recognized with other income tax cash flows in operating activities, rather than separately as a financing activity. The Company elected to apply this new cash flow presentation requirement retrospectively, which resulted in an increase to both net cash from operating activities and net cash used in financing activities of \$12.7 million for the six months ended June 30, 2016.

Effective January 1, 2017, the Company adopted ASU 2017-04, *Simplifying the Test for Goodwill Impairment*, which was issued by the FASB. The guidance in the ASU simplifies certain aspects of the goodwill impairment test, including the elimination of the requirement to perform a qualitative assessment of the likelihood of a goodwill impairment for reporting units with a negative carrying value. All of the Company’s goodwill is included in the Registry Services reporting unit which has a negative carrying value. As a result, the Company will no longer be required to perform the qualitative assessment.

*Recent Accounting Pronouncements*

On May 28, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard will become effective for the Company on January 1, 2018. The FASB also issued several amendments to the standard, including clarification on accounting for licenses of intellectual property and identifying performance obligations. The Company’s evaluation of the new revenue guidance is substantially complete. The Company does not currently expect the adoption of the new revenue standard to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The guidance introduces a lessee model that requires most leases to be reported on the balance sheet. This ASU will become effective for the Company on January 1, 2019 and requires the modified retrospective transition method. The Company is currently evaluating the impact of this ASU on its consolidated financial statements and related disclosures.

**Note 2. Financial Instruments***Cash, Cash Equivalents, and Marketable Securities*

The following table summarizes the Company's cash, cash equivalents, and marketable securities as of June 30, 2017 and December 31, 2016:

	June 30, 2017	December 31, 2016
(In thousands)		
Cash	\$ 56,748	\$ 39,183
Time deposits	3,173	4,632
Debt securities issued by the U.S. Treasury (Level 1)	1,564,097	1,626,764
Money market funds (Level 1)	191,781	134,790
Equity securities of public companies (Level 1)	1,920	2,174
Total	<u>\$ 1,817,719</u>	<u>\$ 1,807,543</u>
Included in Cash and cash equivalents	\$ 242,426	\$ 231,945
Included in Marketable securities	1,566,017	1,565,962
Included in Other long-term assets (Restricted cash)	9,276	9,636
Total	<u>\$ 1,817,719</u>	<u>\$ 1,807,543</u>

The fair value of the debt securities held as of June 30, 2017 was 1.6 billion, including less than \$0.5 million of gross and net unrealized gains. All of the debt securities held as of June 30, 2017 are scheduled to mature in less than one year.

*Fair Value Measurements*

The fair value of the Company's investments in money market funds approximates their face value. Such instruments are included in Cash and cash equivalents. The fair value of the debt securities consisting of U.S. Treasury bills is based on their quoted market prices. Debt securities purchased with original maturities in excess of three months are included in Marketable securities. The fair value of the equity securities of public companies is based on quoted market prices and are included in Marketable securities. The fair value of all of these financial instruments are classified as Level 1 in the fair value hierarchy.

The \$14.3 million contingent interest derivative on the Subordinated Convertible Debentures as of December 31, 2016 includes \$7.7 million contingent interest that was paid in February 2017, and \$6.6 million estimated fair value of the contingent interest to be paid in August 2017. As of June 30, 2017, the derivative represents only the \$7.5 million contingent interest amount, as determined in February 2017, and to be paid in August 2017. Verisign will have the right to redeem the Subordinated Convertible Debentures under the terms of the indenture, starting August 15, 2017. Therefore, the fair value of the contingent interest embedded derivative for periods after August 15, 2017 is negligible.

The Company's other financial instruments include cash, accounts receivable, restricted cash, and accounts payable. As of June 30, 2017, the carrying value of these financial instruments approximated their fair value. The fair value of the Company's Subordinated Convertible Debentures was \$3.4 billion as of June 30, 2017. The fair values of the senior notes due 2023 (the "2023 Senior Notes") and the senior notes due 2025 (the "2025 Senior Notes") were \$772.2 million and \$535.0 million, respectively, as of June 30, 2017. The fair values of these debt instruments are based on available market information from public data sources and are classified as Level 2.

### Note 3. Other Balance Sheet Items

#### Other Current Assets

Other current assets consist of the following:

	June 30, 2017	December 31, 2016
(In thousands)		
Prepaid expenses	\$ 20,745	\$ 14,385
Accounts receivable, net	9,496	13,051
Income taxes receivable	3,958	15,328
Other	1,448	1,671
<b>Total other current assets</b>	<b>\$ 35,647</b>	<b>\$ 44,435</b>

The Income taxes receivable as of December 31, 2016 primarily consists of the remaining U.S. federal income tax overpayment from prior years, which has been used in 2017 to offset a portion of current year income taxes.

#### Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	June 30, 2017	December 31, 2016
(In thousands)		
Accounts payable	\$ 27,989	\$ 19,455
Accrued employee compensation	37,297	61,426
Customer deposits, net	48,128	52,173
Interest payable	27,701	27,701
Income taxes payable and other tax liabilities	13,775	23,144
Other accrued liabilities	23,360	20,021
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 178,250</b>	<b>\$ 203,920</b>

Accrued employee compensation primarily consists of liabilities for employee leave, salaries, payroll taxes, employee contributions to the employee stock purchase plan, and incentive compensation. Accrued employee incentive compensation as of December 31, 2016, was paid during the six months ended June 30, 2017. Interest payable includes coupon interest on the Subordinated Convertible Debentures, the 2023 Senior Notes and the 2025 Senior Notes. Income taxes payable and other tax liabilities as of December 31, 2016, includes liabilities for foreign income taxes which were paid during the six months ended June 30, 2017.

### Note 4. Stockholders' Deficit

On February 9, 2017, the Company's Board of Directors authorized the repurchase of approximately \$640.9 million of its common stock, in addition to the \$359.1 million remaining available for repurchase under the previous share repurchase program for a total repurchase authorization of up to \$1.0 billion of its common stock. The share repurchase program has no expiration date. Purchases made under the program can be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions. During the three and six months ended June 30, 2017 the Company repurchased 1.7 million and 3.5 million shares of its common stock, respectively, at an average stock price of \$90.07 and \$85.99, respectively. The aggregate cost of the repurchases in the three and six months ended June 30, 2017 was \$150.5 million and \$300.6 million, respectively. As of June 30, 2017, \$769.5 million remained available for further repurchases under the share repurchase program.

During the six months ended June 30, 2017, the Company placed 0.3 million shares, at an average stock price of \$83.13, and for an aggregate cost of \$25.2 million, into treasury stock for purposes related to tax withholding upon vesting of Restricted Stock Units ("RSUs").

Since inception the Company has repurchased 224.8 million shares of its common stock for an aggregate cost of \$8.5 billion, which is presented as a reduction of Additional paid-in capital.



**Note 5. Calculation of Earnings per Share**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
Weighted-average shares of common stock outstanding	101,060	108,067	101,759	108,829
Weighted-average potential shares of common stock outstanding:				
Conversion spread related to Convertible Debentures	22,530	21,872	21,929	21,472
Unvested RSUs and ESPP	390	649	530	783
Shares used to compute diluted earnings per share	123,980	130,588	124,218	131,084

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

**Note 6. Stock-based Compensation**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
Cost of revenues	\$ 1,802	\$ 1,747	\$ 3,537	\$ 3,588
Sales and marketing	1,457	1,457	2,886	3,090
Research and development	1,482	1,587	2,978	3,290
General and administrative	8,634	6,341	16,537	12,923
Total stock-based compensation expense	\$ 13,375	\$ 11,132	\$ 25,938	\$ 22,891

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
RSUs	\$ 9,220	\$ 8,625	\$ 18,374	\$ 17,758
Performance-based RSUs	3,804	2,285	6,892	4,662
ESPP	960	822	1,941	1,670
Capitalization (Included in Property and equipment, net)	(609)	(600)	(1,269)	(1,199)
Total stock-based compensation expense	\$ 13,375	\$ 11,132	\$ 25,938	\$ 22,891

## Note 7. Interest Expense

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
Contractual interest on Subordinated Convertible Debentures	\$ 10,156	\$ 10,156	\$ 20,312	\$ 20,312
Contractual interest on Senior Notes	15,234	15,234	30,469	30,469
Amortization of debt discount on Subordinated Convertible Debentures	2,971	2,744	5,882	5,433
Amortization of debt issuance costs and other interest expense	729	725	1,450	1,449
Total interest expense	\$ 29,090	\$ 28,859	\$ 58,113	\$ 57,663

## Note 8. Non-operating Income, Net

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
Gain on sale of business	\$ 10,607	\$ —	\$ 10,607	\$ —
Interest income	3,309	1,522	5,554	2,564
Unrealized (loss) gain on contingent interest derivative on Subordinated Convertible Debentures	—	(94)	(893)	971
Other, net	86	281	35	1,295
Total non-operating income, net	\$ 14,002	\$ 1,709	\$ 15,303	\$ 4,830

On April 1, 2017, the Company completed the sale of its iDefense business, which resulted in a gain of approximately \$10.6 million.

## Note 9. Income Taxes

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Income tax expense	\$ 36,772	\$ 35,907	\$ 67,909	\$ 69,535
Effective tax rate	23%	24%	22%	24%

The effective tax rate for the three and six months ended June 30, 2017 and 2016 was lower than the statutory federal rate of 35% primarily due to tax benefits from foreign income taxed at lower rates, partially offset by state income taxes. Additionally, the effective tax rate for six months ended June 30, 2017 is also reduced by \$6.7 million of excess tax benefits related to stock-based compensation, which are included in income tax expense, pursuant to the adoption of ASU 2016-09 *Improvements to Employee Share-Based Payment Accounting* as discussed in Note 1.

Deferred tax liabilities as of June 30, 2017 reflect the use of a portion of U.S. foreign tax credits during the six months ended June 30, 2017, and an increase in the deferred tax liability related to the Subordinated Convertible Debentures, as well as the deferred tax asset, net of a valuation allowance, for tax credit and tax loss carryforwards related to previously unrecognized excess tax benefits on stock awards which were recorded pursuant to the Company's adoption of ASU 2016-09.

## Note 10. Subsequent Event

On July 5, 2017, the Company issued \$550.0 million of 4.75% Senior Notes due July 15, 2027. The Company intends to use the proceeds for general corporate purposes, including, but not limited to, the repurchase of shares under our share repurchase program. The Company will pay interest on the notes semi-annually on January 15 and July 15, commencing on January 15, 2018. The Company may redeem these senior notes, in whole or in part, at the Company's option, at times and redemption prices specified in the indenture.

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

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

*This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our anticipated costs and expenses and revenue mix. Forward-looking statements include, among others, those statements including the words "expects," "anticipates," "intends," "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q. You should also carefully review the risks described in other documents we file from time to time with the Securities and Exchange Commission, including the Quarterly Reports on Form 10-Q or Current Reports on Form 8-K that we file in 2017 and our 2016 Form 10-K, which was filed on February 17, 2017, which discuss our business in greater detail. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.*

### Overview

We are a global provider of domain name registry services and internet security, enabling internet navigation for many of the world's most recognized domain names and providing protection for websites and enterprises around the world. Our Registry Services ensure the security, stability and resiliency of key internet infrastructure and services, including the .com and .net domains, two of the internet's root servers, and the operation of the root zone maintainer function for the core of the internet's DNS. Our product suite also includes Security Services, consisting of DDoS Protection Services and Managed DNS Services. Revenues from Security Services are not significant in relation to our consolidated revenues. We completed the sale of our iDefense business on April 1, 2017.

As of June 30, 2017, we had approximately 144.3 million .com and .net registrations in the domain name base. The number of domain names registered is largely driven by continued growth in online advertising, e-commerce, and the number of internet users, which is partially driven by greater availability of internet access, as well as marketing activities carried out by us and our registrars. Growth in the number of domain name registrations under our management may be hindered by certain factors, including overall economic conditions, competition from ccTLDs, the introduction of new gTLDs, and ongoing changes in the internet practices and behaviors of consumers and businesses. Factors such as the evolving practices and preferences of internet users, and how they navigate the internet, as well as the motivation of domain name registrants and how they will manage their investment in domain names, can negatively impact our business and the demand for new domain name registrations and renewals.

### Business Highlights and Trends

- We recorded revenues of \$288.6 million and \$577.2 million during the three and six months ended June 30, 2017. This represents an increase of 1% and 2%, respectively, as compared to the same periods in 2016.
- We recorded operating income of \$175.0 million and \$350.2 million during the three and six months ended June 30, 2017. This represents a decrease of 1% and an increase of 2% from the same periods of 2016.
- We finished the second quarter with 144.3 million .com and .net registrations in the domain name base, which represents a 1% increase from June 30, 2016, and a net increase of 0.7 million domain name registrations from March 31, 2017.
- During the three months ended June 30, 2017, we processed 9.2 million new domain name registrations for .com and .net as compared to 8.6 million for the same period in 2016.
- The final .com and .net renewal rate for the first quarter of 2017 was 72.5% compared with 74.4% for the same quarter in 2016. Renewal rates are not fully measurable until 45 days after the end of the quarter.
- During the three months ended June 30, 2017, we repurchased 1.7 million shares of our common stock under the share repurchase program for \$150.5 million. As of June 30, 2017, \$769.5 million remained available for further repurchases under our share repurchase program.
- Through July 26, 2017, we repurchased an additional 0.4 million shares for \$34.0 million under our share repurchase program.

- We generated cash flows from operating activities of \$328.9 million during the six months ended June 30, 2017, compared to \$317.0 million in the same period last year.
- On April 1, 2017, we completed the sale of our iDefense business, which resulted in a pre-tax gain of approximately \$10.6 million.
- On June 28, 2017, we entered into a renewal of the .net Registry Agreement with ICANN, pursuant to which we will remain the sole registry operator of the .net TLD through June 30, 2023.
- On July 5, 2017, we issued \$550.0 million of 4.75% Senior Notes due July 15, 2027. We intend to use the proceeds for general corporate purposes, including, but not limited to, the repurchase of shares under our share repurchase program.
- On July 27, 2017, we announced an increase in the annual fee for a .net domain name registration from \$8.20 to \$9.02, effective February 1, 2018, per our agreement with ICANN.

Pursuant to our agreements with ICANN, we make available on our website (at [www.Verisign.com/zone](http://www.Verisign.com/zone)) files containing all active domain names registered in the .com and .net registries. At the same website address, we make available a summary of the active zone count registered in the .com and .net registries and the number of .com and .net domain name registrations in the domain name base. The domain name base is the active zone plus the number of domain name registrations that are registered but not configured for use in the respective top level domain zone file plus the number of domain name registrations that are in a client or server hold status. These files and the related summary data are updated at least once per day. The update times may vary each day. The number of domain name registrations provided in this Form 10-Q are as of midnight of the date reported. Information available on, or accessible through, our website is not incorporated herein by reference.

## Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	100.0 %	100.0 %	100.0 %	100.0 %
Costs and expenses:				
Cost of revenues	16.5	17.0	17.0	17.5
Sales and marketing	6.7	6.9	6.5	7.0
Research and development	4.7	5.0	4.7	5.5
General and administrative	11.5	9.6	11.1	9.7
Total costs and expenses	39.4	38.5	39.3	39.7
Operating income	60.6	61.5	60.7	60.3
Interest expense	(10.1)	(10.1)	(10.1)	(10.1)
Non-operating income, net	4.9	0.6	2.7	0.8
Income before income taxes	55.4	52.0	53.3	51.0
Income tax expense	(12.7)	(12.5)	(11.8)	(12.2)
Net income	42.7 %	39.5 %	41.5 %	38.8 %

## Revenues

Revenues related to our Registry Services are primarily derived from registrations for domain names in the .com and .net domain name registries. We also derive revenues from operating domain name registries for several other TLDs and from providing back-end registry services to a number of TLD registry operators, all of which are not significant in relation to our consolidated revenues. For domain names registered with the .com and .net registries we receive a fee from registrars per annual registration that is fixed pursuant to our agreements with ICANN. Individual customers, called registrants, contract directly with registrars or their resellers, and the registrars in turn register the domain names with Verisign. Changes in revenues are driven largely by changes in the number of new domain name registrations and the renewal rate for existing registrations as well as the impact of new and prior price increases, to the extent permitted by ICANN and the DOC. New registrations and the renewal rate for existing registrations are impacted by continued growth in online advertising, e-commerce, and the number of internet users, as well as marketing activities carried out by us and our registrars. We increased the annual fee for a .net domain name registration from \$6.79 to \$7.46 on February 1, 2016, and from \$7.46 to \$8.20 on February 1, 2017. On July 27, 2017, we announced an increase in the annual fee for a .net domain name registration from \$8.20 to \$9.02, effective February 1, 2018. We have the contractual right to increase the fees for .net domain name registrations by up to 10% each year during the term of

our agreement with ICANN, through June 30, 2023. The annual fee for a .com domain name registration is \$7.85 for the duration of the current .com Registry Agreement through November 30, 2024, except that prices may be raised by up to 7% each year due to the imposition of any new Consensus Policy or documented extraordinary expense resulting from an attack or threat of attack on the Security and Stability (each as defined in the .com Registry Agreement) of the DNS, subject to approval of the DOC. We offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate. All fees paid to us for .com and .net registrations are in U.S. dollars. Revenues from Security Services are not significant in relation to our total consolidated revenues.

A comparison of revenues is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	% Change	2016	2017	% Change	2016
	(Dollars in thousands)					
Revenues	\$ 288,552	1%	\$ 286,466	\$ 577,166	2%	\$ 568,342

The following table compares the .com and .net domain name registrations in the domain name base managed by our Registry Services business:

	June 30, 2017	% Change	June 30, 2016
.com and .net domain name registrations in the domain name base	144.3 million	1%	143.2 million

Revenues increased by \$2.1 million and \$8.8 million during the three and six months ended June 30, 2017, respectively, as compared to the same period last year, primarily due to an increase in revenues from the operation of the registries for the .com and .net TLDs, which was driven by a 1% increase in the domain name base for .com and the increase in the .net domain name registration fees in February 2016 and 2017.

Growth in the domain name base has been primarily driven by continued internet growth and marketing activities carried out by us and our registrars. During the second half of 2015 and the first quarter of 2016 we experienced an increased volume of new domain name registrations primarily from our registrars in China. The volume of these new registrations was inconsistent and episodic compared to prior periods, and by the end of the first quarter of 2016, reverted back to a more normalized registration pace. However, ongoing economic uncertainty, competitive pressure from ccTLDs, the introduction of new gTLDs, ongoing changes in internet practices and behaviors of consumers and business, as well as the motivation of existing domain name registrants and how they will manage their investment in domain names, has limited the rate of growth of the domain name base in recent years and may continue to do so in the remainder of 2017 and beyond.

We expect revenue in the second half of 2017 to be consistent compared to the revenues from the six months ended June 30, 2017, factoring in the impact of the revenue lost from the sale of the iDefense business.

#### Geographic revenues

We generate revenues in the U.S.; Europe, the Middle East and Africa (“EMEA”); China; and certain other countries including Canada, Australia and Japan.

The following table presents a comparison of our geographic revenues:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	% Change	2016	2017	% Change	2016
	(Dollars in thousands)					
U.S.	\$ 172,398	4 %	\$ 165,756	\$ 345,480	5 %	\$ 329,799
EMEA	52,992	1 %	52,710	105,719	2 %	103,665
China	26,050	(20)%	32,727	53,503	(16)%	63,926
Other	37,112	5 %	35,273	72,464	2 %	70,952
Total revenues	\$ 288,552		\$ 286,466	\$ 577,166		\$ 568,342

Revenues for our Registry Services business are attributed to the country of domicile and the respective regions in which our registrars are located, however, this may differ from the regions where the registrars operate or where registrants are located. Revenue growth for each region may be impacted by registrars reincorporating, relocating, or from acquisitions or changes in affiliations of resellers. Revenue growth for each region may also be impacted by registrars domiciled in one region, registering domain names in another region. Although revenues grew in the U.S., EMEA and Other regions for the three and six months ended June 30, 2017, as compared to the same period last year, revenues from China decreased. Revenues from China for the three and six months ended June 30, 2016 benefited from the increased volume of registrations in the second half of

2015 and first quarter of 2016, discussed earlier. However, a significant portion of those registrations did not renew, resulting in the decline in revenues from China.

### Cost of revenues

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

A comparison of cost of revenues is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	% Change	2016	2017	% Change	2016
	(Dollars in thousands)					
Cost of revenues	\$ 47,644	(2)%	\$ 48,753	\$ 98,313	(1)%	\$ 99,335

Cost of revenues decreased by \$1.1 million during the three months ended June 30, 2017, as compared to the same period last year, primarily due to a \$1.6 million decrease in depreciation expense related to a decrease in hardware purchases in recent years.

Cost of revenues decreased by \$1.0 million during the six months ended June 30, 2017, as compared to the same period last year, primarily due to a \$2.4 million decrease in depreciation expenses. Depreciation expenses decreased primarily due to a decrease in hardware capital purchases in recent years.

We expect cost of revenues as a percentage of revenues to decrease slightly during the remainder of 2017 compared to the six months ended June 30, 2017, as a result of the sale of the iDefense business.

### Sales and marketing

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

A comparison of sales and marketing expenses is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	% Change	2016	2017	% Change	2016
	(Dollars in thousands)					
Sales and marketing	\$ 19,474	(1)%	\$ 19,757	\$ 37,796	(5)%	\$ 39,784

Sales and marketing expenses remained consistent during the three months ended June 30, 2017, as compared to the same period last year.

Sales and marketing expenses decreased by \$2.0 million during the six months ended June 30, 2017, as compared to the same period last year, primarily due to a decrease in salary and employee benefits expenses resulting from a reduction in headcount.

We expect sales and marketing expenses as a percentage of revenues to increase slightly during the remainder of 2017 compared to the six months ended June 30, 2017, as the volume of marketing initiatives increases.

### Research and development

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

A comparison of research and development expenses is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	% Change	2016	2017	% Change	2016
	(Dollars in thousands)					
Research and development	\$ 13,510	(5)%	\$ 14,288	\$ 26,854	(13)%	\$ 31,031

Research and development expenses remained consistent during the three months ended June 30, 2017, as compared to the same period last year.

Research and development expenses decreased by \$4.2 million during the six months ended June 30, 2017, as compared to the same period last year, primarily due to a \$3.4 million decrease in salary and employee benefits expenses resulting from a reduction in headcount.

We expect research and development expenses as a percentage of revenues to remain consistent during the remainder of 2017 compared to the six months ended June 30, 2017.

### **General and administrative**

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

A comparison of general and administrative expenses is presented below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	% Change	2016	2017	% Change	2016
	(Dollars in thousands)					
General and administrative	\$ 32,964	20%	\$ 27,401	\$ 63,972	16%	\$ 55,158

General and administrative expenses increased by \$5.6 million during the three months ended June 30, 2017, as compared to the same period last year, primarily due to \$3.1 million increase in salary and employee benefits expenses, including stock-based compensation, and a combination of other individually insignificant items. Salary and employee benefits expenses increased due to higher average headcount and higher projected achievement levels on certain performance-based RSU grants.

General and administrative expenses increased by \$8.8 million during the six months ended June 30, 2017, as compared to the same period last year, primarily due to a \$5.6 million increase in salary and employee benefits expenses, including stock-based compensation, a \$2.0 million increase in legal expenses, and a combination of other individually insignificant items, partially offset by a \$1.7 million decrease in depreciation expenses. Salary and employee benefits expenses, including stock-based compensation expenses increased due to an increase in average headcount and higher projected achievement levels on certain performance-based RSU grants. Legal expenses increased due to higher external legal fees. Depreciation expenses decreased due to lower capital expenditures in recent years.

We expect general and administrative expenses as a percentage of revenues to remain consistent during the remainder of 2017 compared to the six months ended June 30, 2017.

### **Interest expense**

The following table presents the components of Interest expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands)			
Contractual interest on Subordinated Convertible Debentures	\$ 10,156	\$ 10,156	\$ 20,312	\$ 20,312
Contractual interest on Senior Notes	15,234	15,234	30,469	30,469
Amortization of debt discount on Subordinated Convertible Debentures	2,971	2,744	5,882	5,433
Amortization of debt issuance costs and other interest expense	729	725	1,450	1,449
Total interest expense	\$ 29,090	\$ 28,859	\$ 58,113	\$ 57,663

We expect interest expense to increase during the remainder of 2017 as compared to the six months ended June 30, 2017, due to the additional interest expense related to the senior notes issued in July 2017 and as any contingent interest related to our Subordinated Convertible Debentures that may be triggered in August 2017 will be recorded as interest expense in the third and fourth quarters of 2017 rather than as an offset to the balance of the contingent interest embedded derivative.

### ***Non-operating income, net***

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

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>(In thousands)</b>			
Gain on sale of business	\$ 10,607	\$ —	\$ 10,607	\$ —
Interest income	3,309	1,522	5,554	2,564
Unrealized (loss) gain on contingent interest derivative on Subordinated Convertible Debentures	—	(94)	(893)	971
Other, net	86	281	35	1,295
<b>Total non-operating income, net</b>	<b>\$ 14,002</b>	<b>\$ 1,709</b>	<b>\$ 15,303</b>	<b>\$ 4,830</b>

On April 1, 2017, we completed the sale of our iDefense business, which resulted in a gain of approximately \$10.6 million. Interest income increased in both the three and six months ended June 30, 2017 due to higher interest rates.

### ***Income tax expense***

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

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>(Dollars in thousands)</b>			
Income tax expense	\$ 36,772	\$ 35,907	\$ 67,909	\$ 69,535
Effective tax rate	23%	24%	22%	24%

The effective tax rate for the three and six months ended June 30, 2017 and 2016 was lower than the statutory federal rate of 35% primarily due to tax benefits from foreign income taxed at lower rates, partially offset by state income taxes. Additionally, the effective tax rate for six months ended June 30, 2017 is also reduced by \$6.7 million of excess tax benefits related to stock-based compensation, pursuant to the adoption of ASU 2016-09 - *Improvements to Employee Share-Based Payment Accounting*, effective January 1, 2017, as discussed in Note 1 to our Notes to Condensed Consolidated Financial Statements.



**Liquidity and Capital Resources**

	June 30, 2017	December 31, 2016
	(In thousands)	
Cash and cash equivalents	\$ 242,426	\$ 231,945
Marketable securities	1,566,017	1,565,962
Total	<u>\$ 1,808,443</u>	<u>\$ 1,797,907</u>

As of June 30, 2017, our principal source of liquidity was \$242.4 million of cash and cash equivalents and \$1.6 billion of marketable securities. The marketable securities primarily consist of debt securities issued by the U.S. Treasury meeting the criteria of our investment policy, which is focused on the preservation of our capital through investment in investment grade securities. The cash equivalents consist of amounts invested in money market funds and U.S. Treasury bills purchased with original maturities of less than 90 days. As of June 30, 2017, all of our debt securities have contractual maturities of less than one year. Our cash and cash equivalents are readily accessible. For additional information on our investment portfolio, see Note 2, "Cash, Cash Equivalents, and Marketable Securities," of our Notes to Condensed Consolidated Financial Statements in Part I, Item I of this Quarterly Report on Form 10-Q.

As of June 30, 2017, the amount of cash and cash equivalents and marketable securities held by foreign subsidiaries was \$1.5 billion. Our intent remains to indefinitely reinvest these funds outside of the U.S. and accordingly, we have not provided deferred U.S. taxes for these funds. In the event funds from foreign operations are needed to fund operations in the U.S. and if U.S. tax has not already been provided, we would be required to accrue and pay additional U.S. taxes in order to repatriate these funds.

On July 5, 2017, we issued \$550.0 million of 4.75% Senior Notes due July 15, 2027. We intend to use the proceeds for general corporate purposes, including, but not limited to, the repurchase of shares under our share repurchase program. We will pay interest on the notes semi-annually on January 15 and July 15, commencing on January 15, 2018.

As of June 30, 2017, we had \$500.0 million principal amount outstanding of the 5.25% senior unsecured notes due 2025 and \$750.0 million principal amount outstanding of the 4.625% senior unsecured notes due 2023.

As of June 30, 2017, there were no borrowings outstanding under the \$200.0 million unsecured revolving credit facility that will expire in 2020.

As of June 30, 2017, we had \$1.25 billion principal amount outstanding of 3.25% subordinated convertible debentures due 2037. The price of our common stock exceeded the conversion price threshold trigger during the second quarter of 2017. Accordingly, the Subordinated Convertible Debentures are convertible at the option of each holder through September 30, 2017. We do not expect a material amount of the Subordinated Convertible Debentures to be converted in the near term as the trading price of the debentures exceeds the value that is likely to be received upon conversion. However, we cannot provide any assurance that the trading price of the debentures will continue to exceed the value that would be derived upon conversion or that the holders will not elect to convert the Subordinated Convertible Debentures. If a holder elects to convert its Subordinated Convertible Debentures, we are permitted under the Indenture to pursue an exchange in lieu of conversion or to settle the conversion value (as defined in the Indenture) in cash, stock, or a combination thereof. If we choose not to pursue or cannot complete an exchange in lieu of conversion, we currently have the intent and the ability (based on current facts and circumstances) to settle the principal amount of the Subordinated Convertible Debentures in cash. However, if the principal amount of the Subordinated Convertible Debentures that holders actually elect to convert exceeds our cash on hand and cash from operations, we will need to draw cash from existing financing or pursue additional sources of financing to settle the Subordinated Convertible Debentures in cash. We cannot provide any assurances that we will be able to obtain new sources of financing on terms acceptable to us or at all, nor can we assure that we will be able to obtain such financing in time to settle the Subordinated Convertible Debentures that holders elect to convert. The Subordinated Convertible Debentures continue to generate cash tax benefits while they remain outstanding and they are an important part of our capital structure. Although we will have the right to redeem these debentures under the terms of the indenture starting in August 2017, our intention, based on current conditions, is to not redeem these debentures, which will allow the cash tax benefits to continue to accrue.

We paid \$7.7 million of contingent interest, in addition to the normal coupon interest, to holders of the Subordinated Convertible Debentures in February of 2017, and we will pay an additional \$7.5 million in August 2017.

We derive significant tax savings from the Subordinated Convertible Debentures. For 2017, the interest deduction for income tax purposes, related to our Subordinated Convertible Debentures, is projected to be \$191.5 million, compared to cash interest, including contingent interest, of \$55.9 million. For income tax purposes, we deduct interest expense on the Subordinated Convertible Debentures calculated at 8.5% of the adjusted issue price, subject to adjustment for actual versus projected contingent interest. The adjusted issue price, and consequently the interest deduction for income tax purposes, grows over the term due to the difference between the interest deduction taken using a comparable yield of 8.5% on the adjusted issue

price, and the coupon rate of 3.25% on the principal amount, compounded annually. The interest deduction taken is subject to recapture upon settlement to the extent that the amount paid (in cash or stock) to settle the Subordinated Convertible Debentures is less than the adjusted issue price. Interest recognized in accordance with GAAP, which is calculated at 8.39% of the liability component of the Subordinated Convertible Debentures, will also grow over the term, but at a slower rate. This difference will result in a continuing increase in the deferred tax liability on our Condensed Consolidated Balance Sheet.

We believe existing cash, cash equivalents and marketable securities, and funds generated from operations, together with our borrowing capacity under the unsecured revolving credit facility should be sufficient to meet our working capital, capital expenditure requirements, and to service our debt for at least the next 12 months. We regularly assess our cash management approach and activities in view of our current and potential future needs.

In summary, our cash flows for the six months ended June 30, 2017 and 2016 are as follows:

	Six Months Ended June 30,	
	2017	2016
	(In thousands)	
Net cash provided by operating activities	\$ 328,897	\$ 316,999
Net cash used in investing activities	(1,656)	(58,508)
Net cash used in financing activities	(317,762)	(316,151)
Effect of exchange rate changes on cash and cash equivalents	1,002	(33)
Net increase (decrease) in cash and cash equivalents	<u>\$ 10,481</u>	<u>\$ (57,693)</u>

#### *Cash flows from operating activities*

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

Net cash provided by operating activities increased during the six months ended June 30, 2017, as compared to the same period last year, primarily due to an increase in cash collected from customers, partially offset by an increase in cash paid for income taxes. Cash received from customers increased primarily due to higher domain name registrations and renewals, and the increases in the .net domain name registration fees in February 2016 and 2017. Cash paid for income taxes increased due to higher foreign income tax payments.

#### *Cash flows from investing activities*

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

Net cash used in investing activities decreased during the six months ended June 30, 2017, as compared to the same period last year, primarily due to an increase in sales and maturities of marketable securities, net of purchases, and other investing activities including the proceeds received from the sale of our iDefense business, partially offset by an increase in purchases of property and equipment.

#### *Cash flows from financing activities*

The changes in cash flows from financing activities primarily relate to share repurchases and our employee stock purchase plan.

Cash used in financing activities remained consistent during the six months ended June 30, 2017, as compared to the same period last year.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no significant changes in our market risk exposures since December 31, 2016.

### **ITEM 4. CONTROLS AND PROCEDURES**

Based on our management's evaluation, with the participation of our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), as of June 30, 2017, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

#### **Changes in Internal Control over Financial Reporting**

There was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **Inherent Limitations of Disclosure Controls and Internal Control over Financial Reporting**

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

## PART II—OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

On January 18, 2017, the Company received a Civil Investigative Demand (“CID”) from the Antitrust Division of the United States Department of Justice (“DOJ”) requesting certain material related to the Company becoming the registry operator for the .web gTLD. We are cooperating with the DOJ. At this time, the Company is unable to estimate a range of potential financial and non-financial outcomes in connection with this matter.

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

### ITEM 1A. RISK FACTORS

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

#### **Risks arising from our agreements governing our Registry Services business could limit our ability to maintain or grow our business.**

We are parties to (i) a Cooperative Agreement (as amended) with the DOC with respect to the .com gTLD and (ii) Registry Agreements with ICANN for .com, .net, .name, and other gTLDs including our IDN gTLDs. As substantially all of our revenues are derived from our Registry Services business, limitations and obligations in, or changes or challenges to, these agreements, particularly the agreements that involve .com and .net, could have a material adverse impact on our business. Certain competing registries, such as the ccTLDs, do not face the same limitations or obligations that we face in our agreements.

*Modifications or Amendments.* In October 2016, the Company and ICANN entered into an amendment to extend the term of the .com Registry Agreement to November 30, 2024 (the “.com Amendment”). As part of the .com Amendment, the Company and ICANN agreed to negotiate in good faith to amend the terms of the .com Registry Agreement: (i) by October 20, 2018, to preserve and enhance the security and stability of the internet or the .com TLD, and (ii) as may be necessary for consistency with changes to, or the termination or expiration of, the Cooperative Agreement. We can provide no assurance that any new terms for the .com Registry Agreement that we agree to as a result of the above obligations will not have a material adverse impact on our business, operating results, financial condition, and cash flows.

The DOC approved the .com Amendment under amendment 34 to the Cooperative Agreement. The DOC did not extend the term of the Cooperative Agreement, which will expire on November 30, 2018, unless the DOC, in its sole discretion, extends the term. Under amendment 34, the DOC has the right to conduct a public interest review for the sole purpose of determining whether the DOC will exercise its right to extend the term of the Cooperative Agreement. In connection with the aforementioned review, we agreed to cooperate fully and to work in good faith to reach a mutual agreement with the DOC to resolve issues identified in such review and to work in good faith to implement any agreed upon changes as of the expiration of the current term of the Cooperative Agreement. We can provide no assurance that any changes that we agree to as a result of the above obligations will not have a material adverse impact on our business, operating results, financial condition, and cash flows.

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

*Pricing.* Under the terms of the Cooperative Agreement with the DOC and the .com Registry Agreement with ICANN, we are restricted during the term of the Registry Agreement from increasing the price of registrations or renewals of .com domain names above \$7.85, except that we are entitled to increase the price up to 7%, with the prior approval of the DOC, due to the

imposition of any new Consensus Policies, as established and defined under ICANN's bylaws and due process, and covering certain items listed in the .com Registry Agreement, or documented extraordinary expense resulting from an attack or threat of attack on the security and stability of the DNS. However, it is uncertain that such circumstances will arise, or if they do, whether we would seek, or the DOC would approve, any request to increase the price for .com domain name registrations. We also have the right under the Cooperative Agreement to seek the removal of these pricing restrictions if we demonstrate to the DOC that market conditions no longer warrant such restrictions. However, it is uncertain whether we will seek the removal of such restrictions, or whether the DOC would approve the removal of such restrictions. In comparison, under the terms of the .net and .name Registry Agreements with ICANN, we are permitted to increase the price of domain name registrations and renewals in these TLDs up to 10% per year. Additionally, ICANN's registry agreements for new gTLDs do not contain such pricing restrictions.

*Vertical integration.* Under the .com, .net, and .name Registry Agreements with ICANN, as well as the Cooperative Agreement with the DOC, we are not permitted to acquire, directly or indirectly, control of, or a greater than 15% ownership interest in, any ICANN-accredited registrar. Historically, all gTLD registry operators were subject to this vertical integration prohibition; however, ICANN has established a process whereby registry operators may seek ICANN's approval to remove this restriction, and ICANN has approved such removal in several instances. If we were to seek removal of the vertical integration restrictions contained in our agreements, it is uncertain whether ICANN and/or DOC approval would be obtained. Additionally, ICANN's registry agreement for new gTLDs generally permits such vertical integration, with certain limitations including ICANN's right, but not the obligation, to refer such vertical integration activities to competition authorities. Furthermore, such vertical integration restrictions do not generally apply to ccTLD registry operators. If registry operators of other TLDs, or ccTLDs, are able to obtain competitive advantages through such vertical integration, it could materially harm our business.

*Renewal and Termination.* Our .com, .net, and .name Registry Agreements with ICANN contain "presumptive" rights of renewal upon the expiration of their current terms on November 30, 2024, June 30, 2023 and August 15, 2018 respectively. The Registry Agreements for our new gTLDs including our IDN gTLDs are subject to a 10-year term and contain similar "presumptive" renewal rights. If certain terms in our .com and .net Registry Agreements are not similar to such terms generally in effect in the registry agreements of the five largest gTLDs, then a renewal of these agreements shall be upon terms reasonably necessary to render such terms similar to the registry agreements for those other gTLDs. There can be no assurance that such terms, if they apply, will not have a material adverse impact on our business. A renewal of the .com Registry Agreement must be approved by the DOC, which, under certain circumstances, could refuse to grant its approval to the renewal of the .com Registry Agreement on similar terms, or at all. A failure (i) by ICANN or the DOC to approve the renewal of the .com Registry Agreement prior to the expiration of its current term on November 30, 2024, or (ii) by ICANN to approve the renewal of the .net Registry Agreement prior to or upon the expiration of its current term on June 30, 2023, would have, absent an extension, a material adverse effect on our business. ICANN could terminate or refuse to renew our .com or .net Registry Agreements if, upon proper notice, (i) we fail to cure a fundamental and material breach of certain specified obligations, and (ii) we fail to timely comply with a final decision of an arbitrator or court. ICANN's termination or refusal to renew either the .com or .net Registry Agreement would have a material adverse effect on our business.

*Consensus Policies.* Our Registry Agreements with ICANN require us to implement Consensus Policies and specifications or policies established on a temporary basis ("Temporary Policies"). ICANN could adopt Consensus Policies or Temporary Policies that are unfavorable to us as the registry operator of .com, .net and our other gTLDs, that are inconsistent with our current or future plans, that impose substantial costs on our business, that subject the Company to additional legal risks, or that affect our competitive position. Such Consensus Policies or Temporary Policies could have a material adverse effect on our business. As an example, ICANN implemented a Consensus Policy that requires Verisign to receive and display thick-Whois data for .com and .net. The costs of complying or failing to comply with this policy as well as laws and regulations regarding publicly identifiable information and data privacy, such as domestic and various foreign privacy regimes, could expose us to compliance costs and substantial liability, and result in costly and time-consuming investigations or litigation.

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

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

Application of new and existing laws and regulations in the U.S. or overseas to the internet and communications industry can be unclear. The costs of complying or failing to comply with these laws and regulations could limit our ability to operate in our current markets, expose us to compliance costs and substantial liability, and result in costly and time-consuming litigation. For example, the government of the People's Republic of China ("PRC") has indicated that it will issue, and in some instances has begun to issue, new regulations, and has begun to enforce existing regulations, that could impose additional costs on, and risks to, our provision of Registry Services in the PRC and could impact the growth or renewal rates of domain name registrations in the PRC. In addition to registry operators, certain of such regulations will also require registrars to obtain a

government-issued license for each TLD whose domain name registrations they intend to sell directly to registrants. Any failure to obtain the required licenses, or to comply with any license requirements or any updates thereto, by us or our registrars could impact the growth of our business in the PRC.

Foreign, federal or state laws could have an adverse impact on our business, financial condition, results of operations and cash flows, and our ability to conduct business in certain foreign countries. For example, laws designed to restrict who can register and who can distribute domain names, the online distribution of certain materials deemed harmful to children, online gambling, counterfeit goods, and cybersquatting; laws designed to require registrants to provide additional documentation or information in connection with domain name registrations; and laws designed to promote cyber security may impose significant additional costs on our business or subject us to additional liabilities. We have a contract pursuant to which we provide services to the U.S. government and it imposes compliance costs, including compliance with the Federal Acquisition Regulation, which could be significant to the Company.

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

**Undetected or unknown defects in our service, security breaches, and DDoS attacks could expose us to liability and harm our business and reputation.**

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

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

We use externally developed technology, systems and services including both hardware and software, for a variety of purposes, including, without limitation, encryption and authentication, back-office support, and other functions. While we have developed operational policies and procedures to reduce the impact of a security breach at a vendor where Company data is stored or processed, such measures cannot provide absolute security. Breaches of our vendors' technology, systems and services could expose us or our customers to a risk of loss or misuse of Company data, including but not limited to personal information.

Additionally, our networks have been, and likely will continue to be, subject to DDoS attacks. Recent attacks have demonstrated that DDoS attacks continue to grow in size and sophistication and have an ability to widely disrupt internet services. While we have adopted mitigation techniques, procedures and strategies to defend against such attacks, there can be no assurance that we will be able to defend against every attack, especially as the attacks increase in size and sophistication. Any attack, even if only partially successful, could disrupt our networks, increase response time, negatively impact our ability to meet our contracted service level obligations, and generally hamper our ability to provide reliable service to our Registry Services customers and the broader internet community. Further, we sell DDoS protection services to our Security Services customers. Although we increase our knowledge of and develop new techniques in the identification and mitigation of attacks through the protection of our Security Services customers, the DDoS protection services share some of the infrastructure used in our Registry Services business. Therefore the provision of such services might expose our critical Registry Services infrastructure to temporary degradations or outages caused by DDoS attacks against those customers, in addition to any attacks directed specifically against us and our networks.

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

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

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

Furthermore, as part of the transition, the NTIA discharged us from our obligations under the Cooperative Agreement to perform the Root Zone Maintainer functions and we entered into a new agreement with ICANN, the Root Zone Maintainer Service Agreement ("RZMA") under which we now perform the Root Zone Maintainer functions on behalf of ICANN. As we perform the Root Zone Maintainer functions under the RZMA, we may be subject to claims challenging the agreement or our performance under the agreement, and we may not have immunity from, or sufficient indemnification for, such claims.

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

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

*Role of foreign governments.* Some governments and members of the multi-stakeholder community have questioned ICANN's role with respect to internet governance and, as a result, could seek a multilateral oversight body as a replacement. Additionally, the role of ICANN's Governmental Advisory Committee, which is comprised of representatives of national governments, could change, giving governments more control of certain aspects of internet governance. Some governments and governmental authorities outside the U.S. have in the past disagreed, and may in the future disagree, with the actions, policies or programs of ICANN, the U.S. Government and us relating to the DNS. Changes to the roles that foreign governments play in internet governance could materially and adversely impact our business.



**We operate two root zone servers and are contracted to perform the Root Zone Maintainer functions. Under ICANN's New gTLD Program, we face increased risk from these operations.**

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

Under its New gTLD Program, ICANN has directed delegations into the root zone of a large number of new gTLDs. In view of our role as the Root Zone Maintainer, and as a root server operator, we face increased risks should ICANN's delegation of these new gTLDs, which represent unprecedented changes to the root zone in volume and frequency, cause security and stability problems within the DNS and/or for parties who rely on the DNS. Such risks include potential instability of the DNS including potential fragmentation of the DNS should ICANN's delegations create sufficient instability, and potential claims based on our role in the root zone provisioning and delegation process. These risks, alone or in the aggregate, have the potential to cause serious harm to our Registry Services business. Further, our business could also be harmed through security, stability and resiliency degradation if the delegation of new gTLDs into the root zone causes problems to certain components of the DNS ecosystem or other aspects of the global DNS, or other relying parties are negatively impacted as a result of domain name collisions or other new gTLD security issues, such as exposure or other leakage of private or sensitive information.

Additionally, DNSSEC enabled in the root zone and at other levels of the DNS requires new preventative maintenance, including root KSK rollover, functions and complex operational practices that did not exist prior to the introduction of DNSSEC. Any failure by us, ICANN or relying parties to comply with stated practices, such as those outlined in relevant DNSSEC Practice Statements, introduces risk to DNSSEC relying parties and other internet users and consumers of the DNS, which could have a material adverse impact on our business.

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

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

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

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



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

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

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

- regional internet infrastructure development, expansion, penetration and adoption;
- market acceptance and adoption of products and services based upon technologies other than those we use, which are substitutes for our products and services;
- public perception of the security of our technologies and of IP and other networks;
- the introduction and consumer acceptance of new generations of mobile devices, and in particular the use of alternative internet navigation mechanisms other than web browsers;
- increasing cyber threats and the associated customer need and demand for our Security Services offerings;
- government regulations affecting internet access and availability, domain name registrations or the provision of registry services, or e-commerce and telecommunications over the internet;
- the maturity and depth of the sales channels within developing and emerging markets and their ability and motivation to establish and support sales for domain names;
- preference by markets for the use of their own country's ccTLDs as a substitute or alternative to our TLDs; and
- increased acceptance and use of new gTLDs as substitutes for established gTLDs.

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

**We may face operational and other risks from the introduction of new gTLDs by ICANN and our provision of back-end registry services.**

Approximately 1,200 new gTLDs have already been delegated in this current round of new gTLDs. ICANN plans on offering a subsequent round of new gTLDs after the completion of the current round, the timing of which remains uncertain. As set forth in the Verisign Labs Technical Report #1130007 version 2.2: New gTLD Security and Stability Considerations released on March 28, 2013, and expanded upon in our more recent publications, we continue to believe there are issues regarding the deployment of the new gTLDs that should have been addressed before any new gTLDs were delegated, and despite our and others' efforts, some of these issues have not been addressed by ICANN sufficiently, if at all. For example, domain name collisions have been reported to ICANN, which have resulted in various network interruptions for enterprises as well as confusion and usability issues that have led to phishing attacks. It is anticipated that as additional new gTLDs are delegated more domain name collisions and associated security issues will occur.

We have entered into agreements to provide back-end registry services to other registry operators and applicants for new gTLDs. We may face risks regarding ICANN requirements for mitigating name collisions in the new gTLDs which we operate or for which we provide back-end registry services. For example, the possibility exists that "controlled interruption" periods may disrupt network services or that privacy or secure communications may be impacted as a result of insufficient preparedness by ICANN and the community for the launch of new gTLDs.

Our agreements with ICANN to provide registry services in connection with our new gTLDs, including our IDN gTLDs, and our agreements to provide back-end registry services directly to other registry operators and indirectly through reseller relationships expose us to operational and other risks. For example, the increase in the number of gTLDs for which we provide registry services on a standalone basis or as a back-end service provider could further increase costs or increase the frequency or scope of targeted attacks from nefarious actors.

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

The internet and communications network services industries are characterized by rapid technological change and frequent new product and service announcements which require us continually to improve the performance, features and reliability of our services, particularly in response to competitive offerings or alternatives to our products and services. In order to remain

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

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

See the "Competition" section in Part I, Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2016, which was filed on February 17, 2017, for further information.

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

All of our domain name registrations occur through registrars. Registrars and their resellers utilize substantial marketing efforts to increase the demand and/or renewal rates for domain names as well as their own associated offerings. Consolidation in the registrar or reseller industry or changes in ownership, management, or strategy among individual registrars or resellers could result in significant changes to their business, operating model and cost structure. Such changes could include reduced marketing efforts or other operational changes that could adversely impact the demand and/or the renewal rates for domain names. With the introduction of new gTLDs, many of our registrars have chosen to, and may continue to choose to, focus their short or long-term marketing efforts on these new offerings and/or reduce the prominence or visibility of our products and services on their e-commerce platforms. Our registrars and resellers sell domain name registrations of other competing registries, and some also sell and support their own services for websites such as email, website hosting, as well as other services. Therefore, our registrars and resellers may be more motivated to sell to registrants to whom they can also market their own services. To the extent that registrars and their resellers focus more on selling and supporting their services and less on the registration and renewal of domain names in our TLDs, our revenues could be adversely impacted. Our ability to successfully market our services to, and build and maintain strong relationships with, new and existing registrars or resellers is a factor upon which successful operation of our business is dependent. If we are unable to keep a significant portion of their marketing efforts focused on selling domain names in our TLDs as opposed to other competing TLDs or their own services, our business could be harmed.

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

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

- power loss, transmission cable cuts and other telecommunications failures;
- damage or interruption caused by fire, earthquake, and other natural disasters;
- attacks, including hacktivism, by miscreants or other nefarious actors;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism, terrorist attacks, unintentional mistakes or errors, and other events beyond our control;
- risks inherent in or arising from the terms and conditions of our agreements with service providers to operate our networks and data centers;
- state suppression of internet operations; and

- any failure to implement effective and timely remedial actions in response to any damage or interruption.

Most of the computing infrastructure for our Shared Registration System is located at, and most of our customer information is stored in, our facilities in New Castle, Delaware; Dulles, Virginia; and Fribourg, Switzerland. To the extent we are unable to partially or completely switch over to our primary alternate or tertiary sites, any damage or failure that causes interruptions in any of these facilities or our other computer and communications systems could materially harm our business. Although we carry insurance for property damage, we do not carry insurance or financial reserves for such interruptions, or for potential losses arising from terrorism.

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

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

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

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

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

In addition, to the extent that the economic, social and political environment impacts specific industry and geographic sectors in which many of our customers are concentrated, that may have a disproportionate negative impact on our business.

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

A significant portion of our revenues is derived from customers outside the U.S. Doing business in international markets has required and will continue to require significant management attention and resources. We may also need to tailor some of our services for a particular market and to enter into international distribution and operating relationships. We may fail to maintain our ability to conduct business, including potentially material business operations in some international locations, or we may not succeed in expanding our services into new international markets or expand our presence in existing markets. Failure to do so could materially harm our business. Moreover, local laws and customs in many countries differ significantly from those in the U.S. In many foreign countries, particularly in those with developing economies, it is common for others to

engage in business practices that are prohibited by our internal policies and procedures or U.S. law or regulations applicable to us. There can be no assurance that our employees, contractors and agents will not take actions in violation of such policies, procedures, laws and/or regulations. Violations of laws, regulations or internal policies and procedures by our employees, contractors or agents could result in financial reporting problems, investigations, fines, penalties, or prohibition on the importation or exportation of our products and services and could have a material adverse effect on our business. In addition, we face risks inherent in doing business on an international basis, including, among others:

- competition with foreign companies or other domestic companies entering the foreign markets in which we operate, as well as foreign governments actively promoting ccTLDs, which we do not operate;
- legal uncertainty regarding liability, enforcing our contracts and compliance with foreign laws;
- tariffs and other trade barriers and restrictions;
- difficulties in staffing and managing foreign operations;
- currency fluctuations;
- potential problems associated with adapting our services to technical conditions existing in different countries;
- difficulty of verifying customer information, including complying with the customer verification requirements of certain countries;
- more stringent privacy policies in some foreign countries;
- additional vulnerability from terrorist groups targeting U.S. interests abroad;
- potentially conflicting or adverse tax consequences;
- reliance on third parties in foreign markets in which we only recently started doing business; and
- potential concerns of international customers and prospects regarding doing business with U.S. technology companies due to alleged U.S. government data collection policies.

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

Our success depends in part on our internally developed technologies and related intellectual property. Despite our precautions, it may be possible for an external party to copy or otherwise obtain and use our intellectual property without authorization. Furthermore, the laws of foreign countries may not protect our proprietary rights in those countries to the same extent U.S. law protects these rights in the U.S. In addition, it is possible that others may independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, our business could suffer. Additionally, we have filed patent applications with respect to some of our technology in the U.S. Patent and Trademark Office and patent offices outside the U.S. Patents may not be awarded with respect to these applications and even if such patents are awarded, third parties may seek to oppose or otherwise challenge our patents, and such patents' scope may differ significantly from what was requested in the patent applications and may not provide us with sufficient protection of our intellectual property. In the future, we may have to resort to litigation to enforce and protect our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. This type of litigation is inherently unpredictable and, regardless of its outcome, could result in substantial costs and diversion of management attention and technical resources. Some of the software and protocols used in our business are based on standards set by standards setting organizations such as the Internet Engineering Task Force. To the extent any of our patents are considered "standards essential patents," we may be required to license such patents to our competitors on reasonable and non-discriminatory terms.

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

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

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

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

An external party could claim that the technology we license from other parties infringes a patent or other proprietary right. Litigation between the licensor and a third party or between us and a third party could lead to royalty obligations for which we are not indemnified or for which indemnification is insufficient, or we may not be able to obtain any additional license on commercially reasonable terms or at all.

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

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

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

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

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

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

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

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

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

We are subject to income taxes in both the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are subject to audit by various tax authorities. In accordance with U.S. GAAP, we recognize income tax benefits, net of required valuation allowances and accrual for uncertain tax positions. For example, we claimed a worthless stock deduction on our 2013 federal income tax return and recorded a net income tax benefit of \$380.1 million. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in historical income tax provisions and accruals. Should additional taxes be assessed as a result of an audit or litigation, an adverse effect on our results of operations, financial condition and cash flows in the period or periods for which that determination is made could result.

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

Various legislative changes that would reform U.S. corporate tax laws have been or may be proposed by the Trump administration as well as members of Congress, including proposals that would significantly impact how U.S. multinational corporations are taxed on foreign earnings. We are unable to predict whether these or other proposals will be implemented. Although we cannot predict whether or in what form any proposed legislation may pass, if enacted, such legislation could have a material adverse impact on our tax expense or cash flow.

**Our foreign earnings, which are indefinitely reinvested offshore, constitute a majority of our cash, cash equivalents and marketable securities, and there is a high cost associated with a change in our indefinite reinvestment assertion or a repatriation of those funds to the U.S.**

A majority of our cash, cash equivalents and marketable securities are held by our foreign subsidiaries. Our foreign earnings are indefinitely reinvested offshore and are not available to be used in the U.S. for working capital needs, debt obligations, acquisitions, share repurchases, dividends or other general corporate purposes. In the event that funds from our foreign operations are needed in the U.S. for any purpose, we would be required to accrue and pay additional U.S. taxes in order to repatriate those funds, which could be significant. Further, if we are unable to indefinitely reinvest our foreign earnings our effective tax rate would increase. These could adversely impact our business valuation and stock price.

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

As of June 30, 2017, we had \$1.8 billion in cash, cash equivalents, marketable securities and restricted cash, of which \$1.6 billion was invested in marketable securities. The marketable securities consist primarily of debt securities issued by the U.S. Treasury meeting the criteria of our investment policy, which is focused on the preservation of our capital through the investment in investment grade securities. We currently do not use derivative financial instruments to adjust our investment portfolio risk or income profile.

These investments, as well as any cash deposited in bank accounts, are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by financial market credit and liquidity events. If the global credit or liquidity market deteriorates or other events negatively impact the market for U.S. Treasury securities, our investment portfolio may be impacted and we could determine that some of our investments have experienced an other-than-temporary decline in fair value, requiring an impairment charge which could adversely impact our results of operations and cash flows.

**We are subject to the risks of owning real property.**

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

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

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

Our amended and restated Certificate of Incorporation and Bylaws contain provisions that could make it more difficult for an outside party to acquire us without the consent of our Board of Directors (“Board”). These provisions include:

- our stockholders may take action only at a duly called meeting and not by written consent;
- special meetings of our stockholders may be called only by the chairman of the board of directors, the president, our Board, or the secretary (acting as a representative of the stockholders) whenever a stockholder or group of stockholders owning at least thirty-five percent (35%) in the aggregate of the capital stock issued, outstanding and entitled to vote, and who held that amount in a net long position continuously for at least one year, so request in writing;
- vacancies on our Board can be filled until the next annual meeting of stockholders by a majority of directors then in office; and
- our Board has the ability to designate the terms of and issue new series of preferred stock without stockholder approval.

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

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

As of June 30, 2017, we had one billion authorized common shares, of which 100.2 million shares were outstanding. In addition, of our authorized common shares, 14.1 million common shares were reserved for issuance pursuant to outstanding equity and employee stock purchase plans (“Equity Plans”), and 36.4 million shares were reserved for issuance upon conversion of our 3.25% Junior Subordinated Convertible Debentures due 2037 (“Subordinated Convertible Debentures”). As a result, we keep substantial amounts of our common stock available for issuance upon exercise or settlement of equity awards outstanding under our Equity Plans and/or the conversion of Subordinated Convertible Debentures into our common stock. Issuance of all or a large portion of such shares would be dilutive to existing security holders, could adversely affect the prevailing market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities.

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

We have a significant amount of outstanding debt, and we may incur additional indebtedness in the future. See Note 10, “Subsequent Events,” of our Notes to Condensed Consolidated Financial Statements in Part I, Item I of this Quarterly Report on Form 10-Q. Our substantial indebtedness, including any future indebtedness, requires us to dedicate a significant portion of our cash flow from operations or to arrange alternative liquidity sources to make principal and interest payments, when due, or to repurchase or settle our debt, if triggered, by certain corporate events, certain events of default, or conversion. It could also limit our flexibility in planning for or reacting to changes in our business and our industry, or make required capital expenditures and investments in our business; make it difficult or more expensive to refinance our debt or obtain new debt; trigger an event of default; and increase our vulnerability to adverse changes in general economic and industry conditions. Some of our debt contains covenants which may limit our operating flexibility, including restrictions on share repurchases, dividends, prepayment



or repurchase of debt, acquisitions, disposing of assets, if we do not continue to meet certain financial ratios. Any rating assigned to our debt securities could be lowered or withdrawn by a rating agency, which could make it more difficult or more expensive for us to obtain additional debt financing in the future. The settlement amount, contingent interest, and potential recapture of income tax deductions related to our Subordinated Convertible Debentures can be substantial, and can increase significantly based on changes in our stock price. The occurrence of any of the foregoing factors could have a material adverse effect on our business, cash flows, results of operations and financial condition.

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

The following table presents the share repurchase activity during the three months ended June 30, 2017:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)
(Shares in thousands)				
April 1 – 30, 2017	516	\$ 88.05	516	\$ 874.6 million
May 1 - 31, 2017	586	\$ 89.66	586	\$ 822.1 million
June 1 - 30, 2017	569	\$ 92.31	569	\$ 769.5 million
	1,671		1,671	

(1) Effective February 9, 2017, our Board authorized the repurchase of approximately \$640.9 million of our common stock, in addition to the \$359.1 million of our common stock remaining available for repurchase under the previous share repurchase program, for a total repurchase authorization of up to \$1.0 billion of our common stock. The share repurchase program has no expiration date. Purchases made under the program can be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions.

**ITEM 5. OTHER INFORMATION**

At the Annual Meeting of Stockholders held on May 25, 2017, a majority of shares voted in favor of holding an advisory vote to approve executive compensation every year. Verisign’s Board of Directors has considered the outcome of this advisory vote and has determined, as was recommended with respect to this proposal by the Board of Directors in the proxy statement for the Annual Meeting, that Verisign will hold an annual advisory vote to approve executive compensation.



**ITEM 6. EXHIBITS**

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

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Date	Number	Filed Herewith
4.1	Indenture, dated as of July 5, 2017, between VeriSign, Inc. and U.S. Bank National Association, as trustee.	8-K	7/5/17	4.1	
10.01	Form of Amended and Restated Change-in-Control and Retention Agreement [CEO]				X
10.02	Form of Amended and Restated Change-in-Control and Retention Agreement				X
10.03	.net Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on June 28, 2017	8-K	6/28/17	10.1	
10.04	Registration Rights Agreement, dated as of July 5, 2017, between VeriSign, Inc. and J.P. Morgan Securities LLC, as representative of the several initial purchasers.	8-K	7/5/17	10.1	
31.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a).				X
31.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a).				X
32.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). *				X
32.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). *				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase				X
101.LAB	XBRL Taxonomy Extension Label Linkbase				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase				X

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



**AMENDED AND RESTATED CHANGE-IN-CONTROL  
AND RETENTION AGREEMENT  
[CEO FORM OF AGREEMENT]**

This Amended and Restated Change-in-Control and Retention Agreement (the “Agreement”) is made and entered into as of December 7, 2011, by and between VeriSign, Inc., a Delaware corporation, and D. James Bidzos (the “Executive”).

**RECITALS**

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

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

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

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

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

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

**NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:**

1. PURPOSE

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

## 2. TERMINATION UPON CHANGE OF CONTROL

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

### 2.1 Prior Obligations.

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

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

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

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

2.2 Cash Severance Benefits. A lump sum equal to the sum of (i) a pro rata portion of the Executive's target bonus for the fiscal year of the Company in which the Termination Upon Change-in-Control occurs (pro-rated based on the number of days that the Executive was employed by the Company during such fiscal year), (ii) twenty-four (24) months of the Executive's Base Salary, (iii) 200% of the Executive's average target bonus for the three (3) fiscal years of the Company preceding the fiscal year in which Termination Upon Change-in-Control occurs or, if the Executive was employed by the Company for fewer than three (3) full fiscal years preceding the fiscal year in which the Termination Upon Change-in-Control occurs, 200% the average target bonus for the number of full fiscal years the Executive was employed by the Company prior to the Change-in-Control or 200% of the target bonus for the fiscal year in which the Termination Upon Change-in-Control occurs if the Executive was not eligible to receive a bonus from the Company during any of the prior three (3) fiscal years; and (iv) the total cost of the COBRA premiums that would be required to provide health insurance coverage for the Executive and the Executive's dependents for a period of twenty-four (24) months, which amount shall be based on the Company's COBRA rates and the Executive's health insurance coverage as in effect immediately prior to the Termination Upon Change-in-Control. This lump sum amount shall be paid no later than sixty (60) days after the Termination Date of the Termination Upon Change-in-Control.

2.3 Acceleration of Equity Awards. All then unvested and outstanding Equity Awards granted to the Executive prior to the Change-in-Control shall have their vesting and exercisability accelerated in full on the Termination Date of the Termination Upon Change-in-Control; provided, however, that notwithstanding any provision in this Agreement to the contrary, if the Equity Awards held by the Executive are not assumed upon a Change-in-Control, then all such Equity Awards shall have their vesting and exercisability accelerated in full immediately prior to the Change-in-Control regardless of whether there is a Termination Upon Change-in-Control. If the consideration to be received by stockholders of the Company in connection with the Change-in-Control consists of substantially all cash, then all such Equity Awards shall have their vesting and exercisability accelerated in full immediately prior to the Change-in-Control regardless of whether there is a Termination Upon Change-in-Control. To the extent the amount payable pursuant to an Equity Award is determined based upon performance and, at the time of acceleration, the performance period has not been completed, the amount payable pursuant to the Equity Award (or the amount used to calculate a conversion of the award into a time-based vesting award, if assumed in such a fashion) shall be computed by assuming performance at the target level.

### 3. FEDERAL EXCISE TAX UNDER SECTION 280G

If (i) any amounts payable to the Executive under this Agreement or otherwise are characterized as excess parachute payments pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) the Executive thereby would be subject to any United States federal excise tax due to that characterization, then the Executive’s termination benefits hereunder will be reduced to an amount so that none of the amounts payable constitute excess parachute payments if this would result, after taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, in the Executive’s receipt on an after-tax basis of the greatest amount of termination and other benefits. The determination of any reduction required pursuant to this section (including the determination as to which specific payments shall be reduced) shall be made by a neutral party designated by the Company and such determination shall be conclusive and binding upon the Company or any related corporation for all purposes. In addition, any such reduction shall be implemented in a manner consistent with Section 409A of the Code.

### 4. DEFINITIONS

- 4.1 Capitalized Terms Defined. Capitalized terms used in this Agreement shall have the meanings set forth in this Section 4, unless the context clearly requires a different meaning.
- 4.2 “Base Salary” means the base salary of the Executive immediately preceding the Executive’s Termination Date.

4.3 “Board” means the Company’s Board of Directors.

4.4 “Cause” means:

- (a) The Executive’s willful and continued failure to substantially perform the Executive’s duties after written notice providing the Executive with ninety (90) days from the date of Executive’s receipt of such notice in which to cure;
- (b) conviction (or plea of guilty or no contest) of the Executive for a felony involving moral turpitude;
- (c) The Executive’s willful misconduct or gross negligence resulting in material harm to the Company; or
- (d) The Executive’s willful violation of the Company’s policies resulting in material harm to the Company.

4.5 “Change-in-Control” means:

- (a) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), other than a trustee or other fiduciary holding securities of the Company under an employee benefit plan of the Company or its subsidiaries, becomes the “beneficial owner” (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly (excluding, for purposes of this Section 4.5, securities acquired directly from the Company), of securities of the Company representing at least thirty-five percent (35%) of (A) the then-outstanding shares of common stock of the Company or (B) the combined voting power of the Company’s then-outstanding securities;
- (b) the consummation of a merger or consolidation, or series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), directly or indirectly, at least fifty (50%) percent of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger, consolidation or series of related transactions;
- (c) a change in the composition of the Board occurring within a 24-month period, as a result of which fewer than a majority of the Directors are Incumbent Directors;
- (d) the sale or disposition of all or substantially all of the Company’s assets (or consummation of any transaction, or series of related transactions, having similar effect); or

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

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

4.7 “Director” means a member of the Board.

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

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

4.10 “Good Reason” means the occurrence of any of the following conditions, without Executive’s written consent:

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

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

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

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

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

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

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

- 4.11 “Incumbent Directors” shall mean Directors who either (i) are Directors as of the date hereof, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).
- 4.12 “Successor” means any successor to the Company or assignee of substantially all of the Company’s business and/or assets whether or not as part of a Change-in-Control.
- 4.13 “Termination Date” means the effective date of any termination of the Executive’s employment with the Company or a Successor.
- 4.14 “Termination Upon Change-in-Control” means (i) during the twenty-four (24) months following the consummation of a Change-in-Control any termination of the employment of the Executive by the Company without Cause, or any resignation by the Executive for Good Reason; or (ii) any termination of the employment of the Executive by the Company without Cause occurring within six (6) months prior to the consummation of such Change-in-Control that is requested by a third party as part of such Change-in-Control. The Executive must provide written notice to the Company within ninety (90) days of the existence of Good Reason and provide the Company with at least thirty (30) days to cure the circumstances giving rise to Good Reason. Notwithstanding the preceding sentences of this section and section 4.13, with respect to a termination described in (ii) of this section 4.14, (1) the effective date of the Change-in-Control shall be deemed the Termination Date for purposes of this Agreement and (2) with respect to Equity Awards, to the extent they would have otherwise terminated or been forfeited prior to the Change-in-Control as a result of the Executive’s termination of employment, they shall be deemed to have continued in existence until the Change-in-Control (but without any right to exercise, settlement or additional vesting during the period of continuation).

## 5. RELEASE OF CLAIMS

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



than the 53<sup>rd</sup> day following the Termination Date. If a Termination Release Agreement is not executed and delivered by the 53<sup>rd</sup> day following the Termination Date or the Executive revokes such Termination Release Agreement, no benefits will be paid under this Agreement and the Executive will have no further rights hereunder.

## 6. EXCLUSIVE REMEDY

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

## 7. CONFLICT IN BENEFITS; NONCUMULATION OF BENEFITS

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

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

## 8. PROPRIETARY AND CONFIDENTIAL INFORMATION

The Executive's receipt of the payments and benefits described in this Agreement are conditioned upon the Executive's acknowledgment of the Executive's continuing obligation under, and the Executive's agreement to abide by the terms and conditions of, the Assignment of Invention, Nondisclosure, and Nonsolicitation Agreement, or any equivalent agreement regarding Company confidential information, between the Executive and the Company. Accordingly, during the term of this Agreement and following any Termination Upon Change-in-Control, the Executive agrees to continue to abide by the terms and conditions of the Assignment of Invention, Nondisclosure, and Nonsolicitation Agreement, or any equivalent agreement regarding Company confidential information, between the Executive and the Company. Nothing contained in this Agreement prohibits or prevents the Executive from filing a charge with or participating, testifying, or assisting in any investigation, hearing, whistleblower proceeding or other proceeding before any federal, state, or local government agency (e.g., the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, the U.S. Securities and Exchange Commission, etc.). Furthermore and

notwithstanding the foregoing, if the Executive makes a confidential disclosure of a trade secret or other confidential information to a government official or an attorney for the sole purpose of reporting a suspected violation of law, or in a court filing under seal, the Executive shall not be held liable under this Agreement, the Company's Assignment of Invention, Nondisclosure and Nonsolicitation Agreement, or any equivalent agreement regarding Company confidential information, or under any federal or state trade secret law for such a disclosure.

#### 9. NON-SOLICITATION/NON-COMPETITION

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

#### 10. RESOLUTION OF DISPUTES THROUGH ARBITRATION OR THE COURTS

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

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

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

#### 11. NOTICES

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

(i) if to the Company: VeriSign, Inc.  
12061 Bluemont Way  
Reston, Virginia 20190  
Attention: General Counsel

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

## 12. MISCELLANEOUS PROVISIONS

- 12.1 Heirs and Representatives of the Executive; Successors and Assigns of the Company. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the Company. The Company agrees that in connection with any Change-in-Control, it will cause any Successor unconditionally to assume by written instrument delivered to the Executive (or the Executive's beneficiary), all of the obligations of the Company hereunder.
- 12.2 No Assignment of Rights. The interest of the Executive in this Agreement or in any distribution to be made under this Agreement may not be assigned, pledged, alienated, anticipated, or otherwise encumbered (either at law or in equity) and shall not be subject to attachment, bankruptcy, garnishment, levy, execution, or other legal or equitable process. Any act in violation of this Section 12.2 shall be void.
- 12.3 Amendment; Waiver. Any provision of this Agreement may be modified or amended in the sole discretion of a majority of the Board; provided however that any modification or amendment detrimental to the Executive shall not be effective following consummation of a Change-in-Control or if consummation of a Change-in-Control occurs within one year after the date of adoption of such modification or amendment. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.
- 12.4 Entire Agreement. This Agreement represents the entire agreement and understanding between the parties as to the subject matter herein (whether oral or written and whether express or implied) and expressly supersedes any existing agreement or understanding providing for any change control, severance, termination or similar benefits by and between the Executive and the Company.

- 12.5 Withholding Taxes; Section 409A. All payments made under this Agreement shall be subject to reduction to reflect all federal, state, local and other taxes required to be withheld by applicable law. Notwithstanding any provision in Section 2 to the contrary, to the extent (i) any payments to which the Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with the Executive's termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code, and (ii) Executive is deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment shall not be made or commence until the earliest of (i) the expiration of the six (6)-month period measured from the date of Executive's "separation from service" (as such term is at the time defined in Treasury Regulations under Section 409A of the Code) with the Company; or (ii) the date of Executive's death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive's beneficiary in one lump sum.
- 12.6 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.
- 12.7 Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Virginia, without regard to where the Executive has Executive's residence or principal office or where Executive performs Executive's duties hereunder.
- 12.8 Effective Date; Term of Agreement.
- 12.8.1 Effective Date. The "Effective Date" of this Agreement is \_\_\_\_\_, 2011.
- 12.8.2 Term of Agreement. This Agreement shall commence on the Effective Date and shall have an initial term that shall extend until August 24, 2012. Thereafter, this Agreement shall be extended automatically without further action as of August 24, 2012 and on each anniversary thereafter, for terms of one year unless at least ninety (90) days prior to any such date the Board shall notify Executive in writing of such non-renewal, such notice of non-renewal to be provided by the Board to the Executive at least ninety (90) days before the end of the then current term. If the written notice of non-renewal is not provided by the Board to the Executive before the last ninety (90) days of a term then the Agreement will not terminate until the end of the immediately subsequent term. Any termination of this Agreement shall

not be effective if consummation of a Change-in-Control occurs within one year after such requested Agreement termination date. Notwithstanding the foregoing, following the occurrence of a Change-in-Control this Agreement shall terminate only at such time as all of the parties' respective obligations under this Agreement have been discharged.

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

**EXECUTIVE**

D. James Bidzos

**VERISIGN, INC.**

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

Title: EVP, General Counsel and Secretary

## EXHIBIT A

### TERMINATION RELEASE AGREEMENT

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

#### 1. GENERAL RELEASE AND WAIVER OF CLAIMS.

- (a) The payments set forth in the Change-in-Control and Retention Agreement fully satisfy any and all accrued salary, vacation pay, bonus and commission pay, stock-based compensation, profit sharing, termination benefits or other compensation to which you may be entitled by virtue of your employment with the Company or your termination of employment. You acknowledge that you have no claims and have not filed any claims against the Company based on your employment with or the separation of your employment with the Company.
- (b) To the fullest extent permitted by law, you hereby release and forever discharge the Company, its successors, subsidiaries and affiliates, directors, shareholders, current and former officers, agents and employees (all of whom are collectively referred to as “**Releasees**”) from any and all existing claims, demands, causes of action, damages and liabilities, known or unknown, that you ever had, now have or may claim to have had arising out of or relating in any way to your employment or non-employment with the Company through the Effective Date of this Agreement (as defined in Section 10), including, without limitation, claims based on any oral, written or implied employment agreement, claims for wages, bonuses, commissions, stock-based compensation, expense reimbursement, and any claims that the terms of your employment with the Company, or the circumstances of your separation, were wrongful, in breach of any obligation of the Company or in violation of any of your rights, contractual, statutory or otherwise. Each of the Releasees is intended to be a third party beneficiary of this General Release and Waiver of Claims.
  - (i) Release of Statutory and Common Law Claims. Such rights include, but are not limited to, your rights under the following federal and state statutes: the Employee Retirement Income Security Act (ERISA) (regarding employee benefits); the Occupational Safety and Health Act (safety matters); the Family and Medical Leave Act of 1993; the Worker Adjustment and Retraining Act (WARN) (notification requirements for employers who are curtailing or closing an operation) and common law; tort; wrongful discharge; public

policy; workers' compensation retaliation; tortious interference with contractual relations, misrepresentation, fraud, loss of consortium; slander, libel, defamation, intentional or negligent infliction of emotional distress; claims for wages, bonuses, commissions, stock-based compensation or fringe benefits; vacation pay; sick pay; insurance reimbursement, medical expenses, and the like.

- (ii) Release of Discrimination Claims. You understand that various federal, state and local laws prohibit age, sex, race, disability, benefits, pension, health and other forms of discrimination, harassment and retaliation, and that these laws can be enforced through the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, and similar state and local agencies and federal and state courts. You have decided voluntarily to enter into this Agreement, release any such claims you may have and waive the right to recover any amounts to which you may have been entitled under such laws, including but not limited to, any claims you may have based on age or under the Age Discrimination in Employment Act of 1967 (ADEA; 29 U.S.C. Section 621 et. seq.) (age); the Older Workers Benefit Protection Act (OWBPA) (age); Title VII of the Civil Rights Act of 1964 (race, color, religion, national origin or sex); the 1991 Civil Rights Act; the Vocational Rehabilitation Act of 1973 (disability); the Americans with Disabilities Act of 1990 (disability); 42 U.S.C. Sections 1981, 1986 and 1988 (race); the Equal Pay Act of 1963 (prohibits pay differentials based on sex); the Immigration Reform and Control Act of 1986; Executive Order 11246 (race, color, religion, sex or national origin); Executive Order 11141 (age); Vietnam Era Veterans Readjustment Assistance Act of 1974 (Vietnam era veterans and disabled veterans); and Virginia state statutes and local laws of similar effect.
- (iii) Releasees and you do not intend to release claims which you may not release as a matter of law (including, but not limited to, indemnification claims under applicable law). To the fullest extent permitted by law, any dispute regarding the scope of this general release shall be determined by an arbitrator under the procedures set forth below.

## 2. Covenant Not to Sue.

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

- (b) You further agree that you will not pursue, join, participate, encourage, or directly or indirectly assist in the pursuit of any legal claims against the Releasees, whether the claims are brought on your own behalf or on behalf of any other person or entity.
- (c) Nothing herein prohibits you from: (1) providing truthful testimony in response to a subpoena or other compulsory legal process, and/or (2) filing a charge or complaint or participating in a lawful governmental investigation with a government agency such as the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, or the Financial Industry Regulatory Authority; provided that you hereby agree that you are waiving any right you may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any investigation or proceeding conducted by such a government agency. Notwithstanding the foregoing, nothing herein prohibits you from filing a charge or complaint with or participating in a lawful governmental investigation by the U.S. Securities and Exchange Commission (the "SEC"), and this Agreement does not limit your right to receive an award for information provided to the SEC.

3. **Arbitration of Disputes.** Except for claims for injunctive relief arising out of a breach of Sections 8 or 9 of the Amended and Restated Change-in-Control and Retention Agreement, you and the Company agree to submit to mandatory binding arbitration any disputes between you and the Company arising out of or relating to this Agreement. You agree that the American Arbitration Association will administer any such arbitration(s) under its National Rules for the Resolution of Employment Disputes, with administrative and arbitrator's fees to be borne by the Company. The arbitrator shall issue a written arbitration decision stating his or her essential findings and conclusions upon which the award is based. The parties agree that the arbitration award shall be enforceable in any court having jurisdiction to enforce this Agreement. This Agreement does not extend or waive any statutes of limitations or other provisions of law that specify the time within which a claim must be brought. Notwithstanding the foregoing, each party retains the right to seek preliminary injunctive relief in a court of competent jurisdiction to preserve the status quo or prevent irreparable injury before a matter can be heard in arbitration.
4. **Review of Agreement.** You may take up to forty-five (45) days from the date you receive this Agreement, to consider whether to sign this Agreement. You are hereby advised to consult with an attorney before signing this Agreement and you acknowledge and agree that you have been given ample opportunity to do so. You understand that this Agreement will not become effective until you return the original of this Agreement, properly signed by you, to the Company, Attention: General Counsel, and after expiration of the revocation period (described in Section 5 below) without revocation by you.



5. **Revocation of Agreement.** You acknowledge and understand that you may revoke this Agreement by sending a written notice of revocation to Attention: General Counsel, VeriSign, Inc., 12061 Bluemont Way, Reston, VA 12090, any time up to seven (7) calendar days after you sign it. After the revocation period has passed, however, you may no longer revoke your Agreement.
6. **Entire Agreement.** This Agreement and the Change-in-Control and Retention Agreement are the entire agreement between you and the Company with respect to the subject matter herein and supersede all prior negotiations and agreements, whether written or oral, relating to this subject matter. You acknowledge that neither the Company nor its agents or attorneys, made any promise or representation, express or implied, written or oral, not contained in this Agreement to induce you to execute this Agreement. You acknowledge that you have signed this Agreement voluntarily and without coercion, relying only on such promises, representations and warranties as are contained in this document and understand that you do not waive any right or claim that may arise after the date this Agreement becomes effective.
7. **Modification.** By signing below, you acknowledge your understanding that this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by another written agreement that specifically refers to this Agreement, executed by your and the Company's authorized representatives.
8. **Governing Law.** This Agreement is governed by, and is to be interpreted according to, the laws of the State of Virginia.
9. **Savings and Severability Clause.** Should any court, arbitrator or government agency of competent jurisdiction declare or determine any of the provisions of this Agreement to be illegal, invalid or unenforceable, the remaining parts, terms or provisions shall not be affected thereby and shall remain legal, valid and enforceable. Further, if a court, arbitrator or agency concludes that any claim under Section 1 above may not be released as a matter of law, the General Release in Section 1 shall otherwise remain effective as to any and all other claims.
10. **Effective Date.** The effective date of this Agreement shall be the eighth day following the date this Agreement was signed, without having been revoked within seven (7) days thereafter, by you (the "***Effective Date***").

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

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

REVIEWED, UNDERSTOOD AND AGREED:

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

DO NOT SIGN PRIOR TO THE TERMINATION DATE

**AMENDED AND RESTATED CHANGE-IN-CONTROL  
AND RETENTION AGREEMENT**

This Amended and Restated Change-in-Control and Retention Agreement (the “Agreement”) is made and entered into as of [ ], by and between VeriSign, Inc., a Delaware corporation, and [EMPLOYEE NAME] (the “Executive”).

**RECITALS**

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

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

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

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

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

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

**NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:**

1. PURPOSE

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

2. TERMINATION UPON CHANGE OF CONTROL

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

2.1 Prior Obligations.

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

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

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

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

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

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

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

#### 2.4 Extended Insurance Benefits.

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

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

### 3. FEDERAL EXCISE TAX UNDER SECTION 280G

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

by a neutral party designated by the Company and such determination shall be conclusive and binding upon the Company or any related corporation for all purposes. In addition, any such reduction shall be implemented in a manner consistent with Section 409A of the Code.

#### 4. DEFINITIONS

- 4.1 Capitalized Terms Defined. Capitalized terms used in this Agreement shall have the meanings set forth in this Section 4, unless the context clearly requires a different meaning.
- 4.2 “Base Salary” means the base salary of the Executive immediately preceding the Executive’s Termination Date.
- 4.3 “Board” means the Company’s Board of Directors.
- 4.4 “Cause” means:
- (a) The Executive’s willful and continued failure to substantially perform Executive’s duties after written notice providing Executive with ninety (90) days from the date of Executive’s receipt of such notice in which to cure;
  - (b) conviction (or plea of guilty or no contest) of the Executive for a felony involving moral turpitude;
  - (c) The Executive’s willful misconduct or gross negligence resulting in material harm to the Company; or
  - (d) The Executive’s willful violation of the Company’s policies resulting in material harm to the Company.
- 4.5 “Change-in-Control” means:
- (a) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), other than a trustee or other fiduciary holding securities of the Company under an employee benefit plan of the Company or its subsidiaries, becomes the “beneficial owner” (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly (excluding, for purposes of this Section 4.5, securities acquired directly from the Company), of securities of the Company representing at least thirty-five percent (35%) of (A) the then-outstanding shares of common stock of the Company or (B) the combined voting power of the Company’s then-outstanding securities;
  - (b) the consummation of a merger or consolidation, or series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the

surviving entity), directly or indirectly, at least fifty (50%) percent of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger, consolidation or series of related transactions;

- (c) a change in the composition of the Board occurring within a 24-month period, as a result of which fewer than a majority of the Directors are Incumbent Directors;
- (d) the sale or disposition of all or substantially all of the Company's assets (or consummation of any transaction, or series of related transactions, having similar effect); or
- (e) stockholder approval of the dissolution or liquidation of the Company.

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

4.7 "Director" means a member of the Board.

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

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

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

- (a) a change in the Executive's authority, duties or responsibilities that is inconsistent in any material and adverse respect from the Executive's authority, duties and responsibilities immediately preceding the Change-in-Control;
- (b) a reduction in Executive's base salary compared to the Executive's base salary immediately preceding the Change-in-Control, except for an across-the-board reduction of not more than ten percent (10%) of base salary applicable to all senior executives of the Company;
- (c) a reduction in Executive's bonus opportunity of five percent (5%) or more from the Executive's bonus opportunity immediately preceding the Change-in-Control, except for an across-the-board reduction applicable to all senior executives of the Company;
- (d) a failure to provide the Executive with long-term incentive opportunities that in the aggregate are at least comparable to the long-term incentives provided to other senior executives at the Company;

- (e) a reduction of at least 5% in aggregate benefits that the Executive is entitled to receive under all employee benefit plans of the Company following a Change-in-Control compared to the aggregate benefits the Executive was eligible to receive under all employee benefit plans maintained by the Company immediately preceding the Change-in-Control; or
- (f) a requirement that the Executive be based at any office location more than 40 miles from the Executive's primary office location immediately preceding the Change-in-Control, if such relocation increases the Executive's commute by more than ten (10) miles from the Executive's principal residence immediately preceding the Change-in-Control; or
- (g) the failure of the Company to obtain the assumption of this Agreement from any Successor as provided in Section 12.1 of this Agreement.

- 4.11 "Incumbent Directors" shall mean Directors who either (i) are Directors as of the date hereof, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).
- 4.12 "Successor" means any successor to the Company or assignee of substantially all of the Company's business and/or assets whether or not as part of a Change-in-Control.
- 4.13 "Termination Date" means the effective date of any termination of the Executive's employment with the Company or a Successor.
- 4.14 "Termination Upon Change-in-Control" means (i) during the twenty-four (24) months following the consummation of a Change-in-Control any termination of the employment of the Executive by the Company without Cause, or any resignation by the Executive for Good Reason; or (ii) any termination of the employment of the Executive by the Company without Cause occurring within six (6) months prior to the consummation of such Change-in-Control that is requested by a third party as part of such Change-in-Control. The Executive must provide written notice to the Company within ninety (90) days of the existence of Good Reason and provide the Company with at least thirty (30) days to cure the circumstances giving rise to Good Reason. Notwithstanding the preceding sentences of this section and section 4.13, with respect to a termination described in (ii) of this section 4.14, (1) the effective date of the Change-in-Control shall be deemed the Termination Date for purposes of this Agreement and (2) with respect to Equity Awards, to the extent they would have otherwise terminated or been forfeited prior to the Change-in-Control as a result of the Executive's termination of employment, they shall be deemed to have continued in existence until the Change-in-Control (but without any right to exercise, settlement or additional vesting during the period of continuation).



## 5. RELEASE OF CLAIMS

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

## 6. EXCLUSIVE REMEDY

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

## 7. CONFLICT IN BENEFITS; NONCUMULATION OF BENEFITS

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

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

## 8. PROPRIETARY AND CONFIDENTIAL INFORMATION

The Executive's receipt of the payments and benefits described in this Agreement are conditioned upon the Executive's acknowledgment of the Executive's continuing obligation under, and the Executive's agreement to abide by the terms and conditions of, the Assignment

of Invention, Nondisclosure, and Nonsolicitation Agreement, or any equivalent agreement regarding Company confidential information, between the Executive and the Company. Accordingly, during the term of this Agreement and following any Termination Upon Change-in-Control, the Executive agrees to continue to abide by the terms and conditions of the Assignment of Invention, Nondisclosure, and Nonsolicitation Agreement, or any equivalent agreement regarding Company confidential information, between the Executive and the Company. Nothing contained in this Agreement prohibits or prevents the Executive from filing a charge with or participating, testifying, or assisting in any investigation, hearing, whistleblower proceeding or other proceeding before any federal, state, or local government agency (e.g., the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, the U.S. Securities and Exchange Commission, etc.). Furthermore and notwithstanding the foregoing, if the Executive makes a confidential disclosure of a trade secret or other confidential information to a government official or an attorney for the sole purpose of reporting a suspected violation of law, or in a court filing under seal, the Executive shall not be held liable under this Agreement, the Company's Assignment of Invention, Nondisclosure, and Nonsolicitation Agreement, or any equivalent agreement regarding Company confidential information, or under any federal or state trade secret law for such a disclosure.

#### 9. NON-SOLICITATION/NON-COMPETITION

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

#### 10. RESOLUTION OF DISPUTES THROUGH ARBITRATION OR THE COURTS

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

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

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

## 11. NOTICES

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

- (i) if to the Company: VeriSign, Inc.  
12061 Bluemont Way  
Reston, Virginia 20190  
Attention: General Counsel

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

## 12. MISCELLANEOUS PROVISIONS

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

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

12.3 Amendment; Waiver. Any provision of this Agreement may be modified or amended in the sole discretion of a majority of the Board; provided however that any modification or amendment detrimental to the Executive shall not be effective following consummation of a Change-in-Control or if consummation of a Change-in-Control occurs within one year after the date of adoption of such modification or

amendment. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

- 12.4 Entire Agreement. This Agreement represents the entire agreement and understanding between the parties as to the subject matter herein (whether oral or written and whether express or implied) and expressly supersedes any existing agreement or understanding providing for any change control, severance, termination or similar benefits by and between the Executive and the Company.
- 12.5 Withholding Taxes; Section 409A. All payments made under this Agreement shall be subject to reduction to reflect all federal, state, local and other taxes required to be withheld by applicable law. Notwithstanding any provision in Section 2 to the contrary, to the extent (i) any payments to which the Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with the Executive's termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code, and (ii) Executive is deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment shall not be made or commence until the earliest of (i) the expiration of the six (6)-month period measured from the date of Executive's "separation from service" (as such term is at the time defined in Treasury Regulations under Section 409A of the Code) with the Company; or (ii) the date of Executive's death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive's beneficiary in one lump sum.
- 12.6 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.
- 12.7 Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Virginia, without regard to where the Executive has Executive's residence or principal office or where Executive performs Executive's duties hereunder.
- 12.8 Effective Date; Term of Agreement.
- 12.8.1 Effective Date. The "Effective Date" of this Agreement is [HIRE / PROMOTION DATE].

12.8.2 Term of Agreement. This Agreement shall commence on the Effective Date and shall have an initial term that shall extend until [August 24, 20XX]. Thereafter, this Agreement shall be extended automatically without further action as of [August 24, 20XX] and on each anniversary thereafter, for terms of one year unless at least ninety (90) days prior to any such date the Board shall notify Executive in writing of such non-renewal, such notice of non-renewal to be provided by the Board to the Executive at least ninety (90) days before the end of the then current term. If the written notice of non-renewal is not provided by the Board to the Executive before the last ninety (90) days of a term then the Agreement will not terminate until the end of the immediately subsequent term. Any termination of this Agreement shall not be effective if consummation of a Change-in-Control occurs within one year after such requested Agreement termination date. Notwithstanding the foregoing, following the occurrence of a Change-in-Control this Agreement shall terminate only at such time as all of the parties' respective obligations under this Agreement have been discharged.

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

**EXECUTIVE**

Employee Name

**VERISIGN, INC.**

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

Title: Executive Chairman, President and CEO

## EXHIBIT A

### TERMINATION RELEASE AGREEMENT

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

#### 1. GENERAL RELEASE AND WAIVER OF CLAIMS.

- (a) The payments set forth in the Change-in-Control and Retention Agreement fully satisfy any and all accrued salary, vacation pay, bonus and commission pay, stock-based compensation, profit sharing, termination benefits or other compensation to which you may be entitled by virtue of your employment with the Company or your termination of employment. You acknowledge that you have no claims and have not filed any claims against the Company based on your employment with or the separation of your employment with the Company.
- (b) To the fullest extent permitted by law, you hereby release and forever discharge the Company, its successors, subsidiaries and affiliates, directors, shareholders, current and former officers, agents and employees (all of whom are collectively referred to as “**Releasees**”) from any and all existing claims, demands, causes of action, damages and liabilities, known or unknown, that you ever had, now have or may claim to have had arising out of or relating in any way to your employment or non-employment with the Company through the Effective Date of this Agreement (as defined in Section 10), including, without limitation, claims based on any oral, written or implied employment agreement, claims for wages, bonuses, commissions, stock-based compensation, expense reimbursement, and any claims that the terms of your employment with the Company, or the circumstances of your separation, were wrongful, in breach of any obligation of the Company or in violation of any of your rights, contractual, statutory or otherwise. Each of the Releasees is intended to be a third party beneficiary of this General Release and Waiver of Claims.
  - (i) Release of Statutory and Common Law Claims. Such rights include, but are not limited to, your rights under the following federal and state statutes: the Employee Retirement Income Security Act (ERISA) (regarding employee benefits); the Occupational Safety and

Health Act (safety matters); the Family and Medical Leave Act of 1993; the Worker Adjustment and Retraining Act (WARN) (notification requirements for employers who are curtailing or closing an operation) and common law; tort; wrongful discharge; public policy; workers' compensation retaliation; tortious interference with contractual relations, misrepresentation, fraud, loss of consortium; slander, libel, defamation, intentional or negligent infliction of emotional distress; claims for wages, bonuses, commissions, stock-based compensation or fringe benefits; vacation pay; sick pay; insurance reimbursement, medical expenses, and the like.

- (ii) Release of Discrimination Claims. You understand that various federal, state and local laws prohibit age, sex, race, disability, benefits, pension, health and other forms of discrimination, harassment and retaliation, and that these laws can be enforced through the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, and similar state and local agencies and federal and state courts. You have decided voluntarily to enter into this Agreement, release any such claims you may have and waive the right to recover any amounts to which you may have been entitled under such laws, including but not limited to, any claims you may have based on age or under the Age Discrimination in Employment Act of 1967 (ADEA; 29 U.S.C. Section 621 et. seq.) (age); the Older Workers Benefit Protection Act (OWBPA) (age); Title VII of the Civil Rights Act of 1964 (race, color, religion, national origin or sex); the 1991 Civil Rights Act; the Vocational Rehabilitation Act of 1973 (disability); the Americans with Disabilities Act of 1990 (disability); 42 U.S.C. Sections 1981, 1986 and 1988 (race); the Equal Pay Act of 1963 (prohibits pay differentials based on sex); the Immigration Reform and Control Act of 1986; Executive Order 11246 (race, color, religion, sex or national origin); Executive Order 11141 (age); Vietnam Era Veterans Readjustment Assistance Act of 1974 (Vietnam era veterans and disabled veterans); and Virginia state statutes and local laws of similar effect.
- (iii) Releasees and you do not intend to release claims which you may not release as a matter of law (including, but not limited to, indemnification claims under applicable law). To the fullest extent permitted by law, any dispute regarding the scope of this general release shall be determined by an arbitrator under the procedures set forth below.

**2. Covenant Not to Sue.**

- (a)** To the fullest extent permitted by law, you agree that you will not now or at any time in the future pursue any charge, claim, or action of any kind, nature and character whatsoever against any of the Releasees, or cause or knowingly permit any such charge, claim or action to be pursued, in any federal, state or municipal court, administrative agency, arbitral forum, or other tribunal, arising out of any of the matters covered by Section 1 above.
- (b)** You further agree that you will not pursue, join, participate, encourage, or directly or indirectly assist in the pursuit of any legal claims against the Releasees, whether the claims are brought on your own behalf or on behalf of any other person or entity.
- (c)** Nothing herein prohibits you from: (1) providing truthful testimony in response to a subpoena or other compulsory legal process, and/or (2) filing a charge or complaint or participating in a lawful governmental investigation with a government agency such as the Equal Employment Opportunity Commission, the National Labor Relations Board, or the Financial Industry Regulatory Authority; provided that you hereby agree that you are waiving any right you may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any investigation or proceeding conducted by such a government agency. Notwithstanding the foregoing, nothing herein prohibits you from filing a charge or complaint with or participating in a lawful governmental investigation by the U.S. Securities and Exchange Commission (the "SEC"), and this Agreement does not limit your right to receive an award for information provided to the SEC.



3. **Arbitration of Disputes.** Except for claims for injunctive relief arising out of a breach of Sections 8 or 9 of the Amended and Restated Change-in-Control and Retention Agreement, you and the Company agree to submit to mandatory binding arbitration any disputes between you and the Company arising out of or relating to this Agreement. You agree that the American Arbitration Association will administer any such arbitration(s) under its National Rules for the Resolution of Employment Disputes, with administrative and arbitrator's fees to be borne by the Company. The arbitrator shall issue a written arbitration decision stating his or her essential findings and conclusions upon which the award is based. The parties agree that the arbitration award shall be enforceable in any court having jurisdiction to enforce this Agreement. This Agreement does not extend or waive any statutes of limitations or other provisions of law that specify the time within which a claim must be brought. Notwithstanding the foregoing, each party retains the right to seek preliminary injunctive relief in a court of competent jurisdiction to preserve the status quo or prevent irreparable injury before a matter can be heard in arbitration.
4. **Review of Agreement.** You may take up to forty-five (45) days from the date you receive this Agreement, to consider whether to sign this Agreement. You are hereby advised to consult with an attorney before signing this Agreement and you acknowledge and agree that you have been given ample opportunity to do so. You understand that this Agreement will not become effective until you return the original of this Agreement, properly signed by you, to the Company, Attention: General Counsel, and after expiration of the revocation period (described in Section 5 below) without revocation by you.
5. **Revocation of Agreement.** You acknowledge and understand that you may revoke this Agreement by sending a written notice of revocation to Attention: General Counsel, VeriSign, Inc., 12061 Bluemont Way, Reston, VA 12090, any time up to seven (7) calendar days after you sign it. After the revocation period has passed, however, you may no longer revoke your Agreement.
6. **Entire Agreement.** This Agreement and the Change-in-Control and Retention Agreement are the entire agreement between you and the Company with respect to the subject matter herein and supersede all prior negotiations and agreements, whether written or oral, relating to this subject matter. You acknowledge that neither the Company nor its agents or attorneys, made any promise or representation, express or implied, written or oral, not contained in this Agreement to induce you to execute this Agreement. You acknowledge that you have signed this Agreement voluntarily and without coercion, relying only on such promises, representations and warranties as are contained in this document and understand that you do not waive any right or claim that may arise after the date this Agreement becomes effective.

7. **Modification.** By signing below, you acknowledge your understanding that this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by another written agreement that specifically refers to this Agreement, executed by you and the Company's authorized representatives.
8. **Governing Law.** This Agreement is governed by, and is to be interpreted according to, the laws of the State of Virginia.
9. **Savings and Severability Clause.** Should any court, arbitrator or government agency of competent jurisdiction declare or determine any of the provisions of this Agreement to be illegal, invalid or unenforceable, the remaining parts, terms or provisions shall not be affected thereby and shall remain legal, valid and enforceable. Further, if a court, arbitrator or agency concludes that any claim under Section 1 above may not be released as a matter of law, the General Release in Section 1 shall otherwise remain effective as to any and all other claims.
10. **Effective Date.** The effective date of this Agreement shall be the eighth day following the date this Agreement was signed, without having been revoked within seven (7) days thereafter, by you (the "***Effective Date***").

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

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

REVIEWED, UNDERSTOOD AND AGREED:

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

DO NOT SIGN PRIOR TO THE TERMINATION DATE

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

I, D. James Bidzos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of VeriSign, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2017

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

/S/ D. JAMES BIDZOS

**D. James Bidzos**  
*Chief Executive Officer*

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

I, George E. Kilguss, III, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 27, 2017

By: \_\_\_\_\_ /S/ GEORGE E. KILGUSS, III

**George E. Kilguss, III**  
*Chief Financial Officer*

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

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

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2017, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2017

/S/ D. JAMES BIDZOS

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**D. James Bidzos**  
*Chief Executive Officer*

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

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

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2017, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2017

/S/ GEORGE E. KILGUSS, III

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**George E. Kilguss, III**  
*Chief Financial Officer*