

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

**FORM S-8
REGISTRATION STATEMENT**
*UNDER
THE SECURITIES ACT OF 1933*

VERISIGN, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

94-3221585
(I.R.S. Employer
Identification No.)

487 East Middlefield Road
Mountain View, California 94043-1331
(Address of Principal Executive Offices) (Zip Code)

iDefense, Inc. 2001 Stock Incentive Plan
iDefense, Inc. 2003 Stock Incentive Plan
(Full title of the Plan)

Dana L. Evan
Chief Financial Officer
VeriSign, Inc.
487 East Middlefield Road
Mountain View, California 94043
(Name and Address of Agent For Service)

Copies to:

James M. Ulam, Esq.
Senior Vice President, General Counsel
VeriSign, Inc.
487 East Middlefield Road
Mountain View, California 94043

Jeffrey R. Vetter, Esq.
Fenwick & West LLP
Silicon Valley Center
801 California Street
Mountain View, California 94041

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, \$0.001 par value per share (3)	23,515(4)	\$ 0.11	\$ 2,586.65	\$ 0.30

- (1) This Registration Statement shall also cover any additional shares of Registrant's common stock in respect of the securities identified in the above table by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the Registrant's receipt of consideration which results in an increase in the number of outstanding shares of Registrant's common stock.
- (2) Calculated solely for the purposes of this offering under Rule 457(h) of the Securities Act of 1933, as amended, on the basis of the weighted average exercise price of the outstanding options.
- (3) Each share of common stock includes Preferred Stock Purchase Rights that, prior to the occurrence of certain events, will not be exercisable or evidenced separately from the common stock.
- (4) Represents shares subject to issuance upon the exercise of outstanding stock options under the iDefense, Inc. 2001 Stock Incentive Plan, as amended, and the iDefense, Inc. 2003 Stock Incentive Plan, as amended, and assumed by the Registrant on July 13, 2005 pursuant to an Agreement and Plan of Merger by and among Registrant, a wholly owned subsidiary of Registrant, iDefense, Inc. and John Watters, as the Representative.

PART I

Information Required in the Section 10(a) Prospectus

Item 1. Plan Information. (1)

Item 2. Registrant Information and Employee Plan Annual Information. (1)

(1) Information required by Part I to be contained in the Section 10(a) prospectus is omitted from the Registration Statement in accordance with Rule 428 under the Securities Act of 1933, as amended, and the Note to Part I of Form S-8.

PART II

Information Required in the Registration Statement

Item 3. Incorporation of Documents by Reference.

VeriSign, Inc. (the "Registrant") hereby incorporates by reference into this Registration Statement the following documents previously filed with the Securities and Exchange Commission (the "Commission"):

- (a) The Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 filed with the Commission on March 16, 2005 pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act");
- (b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Registrant's Annual Report referred to in (a) above;
- (c) The description of the Registrant's Common Stock contained in the Registrant's Registration Statement on Form 8-A (No. 000-23593) filed with the Commission on September 30, 2002, together with Amendment No. 1 on Form 8-A/A filed with the Commission on March 19, 2003, and including any other amendments or reports filed for the purpose of updating such description; and
- (d) The description of the Registrant's Preferred Stock Purchase Rights contained in the Registrant's Registration Statement on Form 8-A (No. 000-23593) filed with the Commission on September 30, 2002, including any amendments or reports filed for the purpose of updating such description.

All reports and definitive proxy or information statements filed pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing such documents, except as to specific sections of such statements as set forth therein. Unless expressly incorporated into this Registration Statement, a report furnished on Form 8-K prior or subsequent to the date hereof shall not be incorporated by reference into this Registration Statement. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in any subsequently filed document which also is deemed to be incorporated by reference herein modifies or supersedes such statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

As of the date of this Registration Statement, attorneys of Fenwick & West LLP and family members thereof beneficially own an aggregate of approximately 200 shares of Registrant's common stock.

Item 6. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law (the "DGCL") authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Securities Act").

As permitted by the DGCL, the Registrant's Certificate of Incorporation, as amended, provides that its directors shall not be liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its

stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL (regarding unlawful payments of dividends and unlawful stock purchases or redemptions), or (iv) for any transaction from which the director derived an improper personal benefit.

In addition, as permitted by Section 145 of the DGCL, the Bylaws of the Registrant, as amended, provide that:

(i) the Registrant is required to indemnify to the fullest extent authorized by law, subject to certain very limited exceptions, any person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or an officer of the Registrant or is or was serving at the request of the Registrant as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "indemnitee"), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith;

(ii) the Registrant is required to advance expenses, as incurred, to its indemnitees in connection with defending a legal proceeding; provided, however, that, if the DGCL so requires, an advancement of expenses to a director or officer will be made only if an undertaking is delivered to the corporation to repay all amounts advanced if it is ultimately determined that indemnification is unavailable;

(iii) an indemnitee may bring suit against the Registrant to recover the unpaid amount of any claim within 60 days after a written claim has been received by the Registrant;

(iv) the rights conferred in the Bylaws, as amended, are not exclusive. The Registrant's obligation to indemnify an indemnitee must be reduced by any amounts such indemnitee receives (1) from insurance policies purchased by the Registrant, (2) from another corporation, partnership, joint venture, trust or other enterprise for whom the indemnitee was serving at the request of the Registrant, or (3) under any other applicable indemnification provision;

(v) the Registrant may indemnify and advance expenses to employees and agents of the Registrant to the same extent as it provides indemnification and advancement of expenses to its directors and officers, except as otherwise directed by law, its Certificate of Incorporation, the Bylaws, agreement or vote.

The Registrant has entered into Indemnification Agreements with each of its current directors and executive officers to give such directors and executive officers additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's Certificate of Incorporation and to provide additional procedural protections. As of the filing date of this Registration Statement, except as set forth in the Registrant's Annual Report on Form 10-K for 2004, there is no pending litigation or proceeding involving a director, officer or employee of the Registrant regarding which indemnification is sought, nor is the Registrant aware of any threatened litigation that may result in claims for indemnification.

The Registrant, with approval by the Registrant's Board of Directors, has obtained directors' and officers' liability insurance.

See also the undertakings set out in response to Item 9.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.1	Third Amended and Restated Certificate of Incorporation of the Registrant.	S-1	333-40789	3.02	January 29, 1998	
4.2	Amended and Restated Bylaws of the Registrant, effective December 18, 2002.	10-Q	000-23593	3.1	May 14, 2003	
4.3	Article II, Section 2 of the Amended and Restated Bylaws of the Registrant, as amended and restated, effective May 3, 2005.	8-K	000-23593	3.1	May 6, 2005	
4.4	Certificate of Amendment of Third Amended and Restated Certificate of Incorporation of the Registrant dated May 27, 1999.	S-8	333-82941	4.03	July 15, 1999	
4.5	Certificate of Amendment of Third Amended and Restated Certificate of Incorporation of the Registrant dated June 8, 2000.	S-8	333-39212	4.03	June 14, 2000	
4.6	Rights Agreement dated as of September 27, 2002, between the Registrant and Mellon Investor Services LLC, as Rights Agent, which includes as Exhibit A the Form of Certificate of Designations of Series A Junior Participating Preferred Stock, as Exhibit B the Summary of Stock Purchase Rights and as Exhibit C the Form of Rights Certificate.	8-A	000-23593	4.01	September 30, 2002	
4.7	Amendment to Rights Agreement dated as of February 11, 2003, between the Registrant and Mellon Investor Services LLC, as Rights Agent.	8-A/A	000-23593	4.02	March 19, 2003	
4.8	iDefense, Inc. 2001 Stock Incentive Plan, as amended.					X
4.9	Form of Incentive Stock Option Grant Notice and Option Agreement and Non-Statutory Option Grant Notice and Agreement under the iDefense, Inc. 2001 Stock Incentive Plan, as amended.					X
4.10	iDefense, Inc. 2003 Stock Incentive Plan, as amended.					X
4.11	Form of Incentive Stock Option Grant Notice and Option Agreement and Non-Statutory Option Grant Notice and Agreement under the iDefense, Inc. 2003 Stock Incentive Plan, as amended.					X
5.01	Opinion and Consent of Fenwick & West LLP.					X
23.1	Consent of Independent Registered Public Accounting Firm.					X
23.2	Consent of Fenwick & West LLP (contained in Exhibit 5.1).					X
24	Power of Attorney (incorporated by reference to Page II-5 of this Registration Statement).					X

Item 9. Undertakings.

A. The undersigned Registrant hereby undertakes: (1) to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act; (ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement - notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement; provided, however, that clauses (1)(i) and (1)(ii) shall not apply if the information required to be included in a post-effective amendment by those clauses is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act that are incorporated by reference into this Registration Statement; (2) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and (3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act) that is incorporated by reference into this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the indemnification provisions summarized in Item 6, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Mountain View, state of California, on August 5, 2005.

VeriSign, Inc.

By: /s/ Stratton D. Sclavos

Stratton D. Sclavos
President, Chief Executive Officer and Chairman of the Board

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned officers and directors of VeriSign, Inc., a Delaware corporation, do hereby constitute and appoint Stratton D. Sclavos, Dana L. Evan and James M. Ulam, and each of them, the lawful attorneys-in-fact and agents with full power and authority to do any and all acts and things and to execute any and all instruments which said attorneys and agents, and any one of them, determine may be necessary or advisable or required to enable said corporation to comply with the Securities Act of 1933, as amended, and any rules or regulations or requirements of the Securities and Exchange Commission in connection with this Registration Statement. Without limiting the generality of the foregoing power and authority, the powers granted include the power and authority to sign the names of the undersigned officers and directors in the capacities indicated below to this Registration Statement, to any and all amendments, both pre-effective and post-effective, and supplements to this Registration Statement, and to any and all instruments or documents filed as part of or in conjunction with this Registration Statement or amendments or supplements thereof, and each of the undersigned hereby ratifies and confirms that all said attorneys and agents, or any one of them, shall do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Stratton D. Sclavos _____ Stratton D. Sclavos	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	August 5, 2005
/s/ Dana L. Evan _____ Dana L. Evan	Executive Vice President, Finance and Administration and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	August 5, 2005
/s/ D. James Bidzos _____ D. James Bidzos	Vice Chairman of the Board	August 5, 2005
/s/ William L. Chenevich _____ William L. Chenevich	Director	August 5, 2005

<hr/> <u>/s/ Scott G. Kriens</u> Scott G. Kriens	Director	August 5, 2005
<hr/> <u>/s/ Len J. Lauer</u> Len J. Lauer	Director	August 5, 2005
<hr/> <u>/s/ Roger H. Moore</u> Roger H. Moore	Director	August 5, 2005
<hr/> <u>/s/ Edward A. Mueller</u> Edward A. Mueller	Director	August 5, 2005
<hr/> <u>/s/ Gregory L. Reyes</u> Gregory L. Reyes	Director	August 5, 2005
<hr/> <u>/s/ William A. Roper, Jr. .</u> William A. Roper, Jr	Director	August 5, 2005
<hr/> <u>/s/ Louis A. Simpson</u> Louis A. Simpson	Director	August 5, 2005

EXHIBIT INDEX

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5.01	Opinion and Consent of Fenwick & West LLP.					X
23.1	Consent of Independent Registered Public Accounting Firm.					X
23.2	Consent of Fenwick & West LLP (contained in Exhibit 5.1).					X
24	Power of Attorney (incorporated by reference to Page II-5 of this Registration Statement).					X

iDEFENSE, Inc.
a Delaware corporation
2001 STOCK INCENTIVE PLAN
November 1, 2001

1. **Purpose.** The purpose of the **iDEFENSE, Inc. 2001 Stock Incentive Plan** (the "Plan") is to further the long term stability and financial success of **iDEFENSE, Inc.** (the "Company") by retaining and attracting key employees and non-employee directors of the Company and its affiliates, through the use of stock incentives. It is believed that ownership of Company Stock will stimulate the efforts of those employees and directors of the Company upon whose efforts, interest and judgment the Company is and will be largely dependent for success. It is also believed that Incentive Awards granted to employees and directors under this Plan will strengthen their desire to remain with the Company and will further identify their interests with the interests of the Company's shareholders. The Plan is intended to conform to the provisions of Securities and Exchange Commission Rule 16b-3, if Company Stock becomes Publicly Traded in the future.

2. **Definitions.** As used in the Plan, the following terms have the meanings indicated:

(a) "Act" means the Securities Exchange Act of 1934, as amended.

(b) "Applicable Withholding Taxes" means the aggregate amount of federal, state and local income and payroll taxes that the Company is required by applicable law to withhold in connection with any Incentive Award.

(c) "Board" means the board of directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor or replacement provision of the Code.

(e) "Company" means iDEFENSE, Inc., a Delaware corporation.

(f) "Company Stock" means common stock of the Company. In the event of a change in the capital structure of the Company (including any change in connection with Company Stock becoming Publicly Traded) the shares resulting from such a change shall be deemed to be Company Stock within the meaning of the Plan.

(g) "Date of Grant" means the date on which an Incentive Award is granted by the Board or such later date specified by the Board as the date as of which the grant of the Incentive Award is to be effective.

(h) "Disability" or "Disabled" means, as to an Incentive Stock Option, a disability within the meaning of Code Section 22(e)(3). As to all other Incentive Awards, the Board shall determine whether a Disability exists and such determination shall be conclusive.

- (i) "Employee" means an individual employed by the Company or the Parent or a Subsidiary of the Company:
- (j) "Fair Market Value" means, if the Company Stock is not Publicly Traded, the value of a share of Company Stock determined by the Board in good faith. If the Company Stock is Publicly Traded, the value of a share of Company Stock, determined as follows:
- (i) If such Company Stock is then quoted on the Nasdaq National Market, its closing price on the Nasdaq National Market on the date of determination, as reported in *The Wall Street Journal*;
 - (ii) If such Company Stock is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Company Stock is listed or admitted to trading, as reported in *The Wall Street Journal*;
 - (iii) If such Company Stock is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination, as reported in *The Wall Street Journal*;
 - (iv) If none of the foregoing is applicable, by the Board in good faith.
- (k) "Incentive Award" means, collectively, an award of Restricted Stock or an Option granted under the Plan.
- (l) "Incentive Stock Option" means an Option intended to meet the requirements of, and to qualify for favorable federal income tax treatment under, Code Section 422. Incentive Stock Options may be granted only to Employees.
- (m) "Non-Employee Director" means a member of the Board who is not an Employee of the Company or the Parent or a Subsidiary of the Company.
- (n) "Nonstatutory Stock Option" means an Option which does not meet the requirements of Code Section 422, or even if meeting the requirements of Code Section 422, is not intended to be an Incentive Stock Option and is so designated.
- (o) "Option" means a right to purchase Company Stock granted under the Plan, at a price determined in accordance with the Plan.
- (p) "Parent" means, with respect to any corporation, a parent of that corporation within the meaning of Code Section 424(e).
- (q) "Participant" means an Employee or Non-Employee Director who receives an Incentive Award under the Plan.
- (r) "Publicly Traded" means a registration statement for Company Stock filed by the Company with the Securities and Exchange Commission has become effective.

(s) "Restricted Stock" means Company Stock awarded upon the terms and subject to the restrictions set forth in Section 6.

(t) "Rule 16b-3" means Rule 16b-3 of the Securities and Exchange Commission promulgated under the Act. A reference in the Plan to Rule 16b-3 shall include a reference to any corresponding rule (or number redesignation) of any amendment to Rule 16b-3 enacted after the effective date of the Plan's adoption. The provisions of the Plan relating to Rule 16b-3 shall be applicable only if the Company Stock becomes Publicly Traded.

(u) "Subsidiary" means, with respect to any corporation, a subsidiary of that corporation within the meaning of Code Section 424(f).

(v) "10% Shareholder" means a person who owns, directly or indirectly, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company. Indirect ownership of stock shall be determined in accordance with Code Section 424(d).

(w) "Taxable Year" means the fiscal period used by the Company for reporting taxes on income under the Code.

3. **General.** The following types of Incentive Awards may be granted under the Plan: Restricted Stock, Incentive Stock Options or Nonstatutory Stock Options.

4. **Stock.** Subject to Section 12 of the Plan, there shall be reserved for issuance under the Plan an aggregate of 1,135,000 shares of Company Stock, which shall be authorized but unissued shares. Shares allocable to Incentive Awards or portions thereof granted under the Plan that expire or otherwise terminate unexercised may again be subjected to an Incentive Award under the Plan. The Committee is expressly authorized to make an Incentive Award to a Participant conditioned upon the surrender for cancellation of an existing Incentive Award. If the Company becomes subject to Code Section 162(m), no more than _____ shares may be allocated to Incentive Awards that are granted to any Employee during any single Taxable Year. For purposes of determining the number of shares that are available for Incentive Awards under the Plan, such number shall, to the extent permissible under Rule 16b-3 if the Company Stock is Publicly Traded, include the number of shares under an Incentive Award surrendered by a Participant or retained by the Company in payment of Applicable Withholding Taxes.

5. **Eligibility**

(a) Any Employee or Non-Employee Director of the Company (or Parent or Subsidiary of the Company) who, in the judgment of the Board has contributed or can be expected to contribute to the profits or growth of the Company (or Parent or Subsidiary) shall be eligible to receive Incentive Awards under the Plan. The Board shall have the power and complete discretion, as provided in Section 13, to select eligible Employees to receive Incentive Awards and to determine for each Employee the terms and conditions, the nature of the award and the number of shares to be allocated to each Employee as part of each Incentive Award. The Board shall have the power and complete discretion, as provided in Section 13, to select eligible Non-Employee Directors to receive Incentive Awards and to determine for each Non-Employee Director the nature of the award and the terms and conditions of each Incentive Award.

(b) The grant of an Incentive Award shall not obligate the Company or any Parent or Subsidiary of the Company to pay an Employee or Non-Employee Director any particular amount of remuneration, to continue the employment of the Employee after the grant or to make further grants to the Employee or Non-Employee Director at any time thereafter.

6. Restricted Stock Awards

(a) The Board may make grants of Restricted Stock to Participants. Whenever the Board deems it appropriate to grant Restricted Stock, notice shall be given to the Participant stating the number of shares of Restricted Stock granted and the terms and conditions to which the Restricted Stock is subject, informing him or her that one condition of the grant of restricted stock is the execution of a restricted stock purchase agreement materially in the form of the stock purchase agreement exhibited to this Plan (the "Restricted Stock Purchase Agreement"). This notice, when accepted in writing by the Participant shall, subject to the satisfaction of any conditions (including, without limitation the due execution by the Participant of a Restricted Stock Purchase Agreement), become an award agreement between the Company and the Participant and certificates representing the shares shall be issued and delivered to the Participant.

(b) No shares of Restricted Stock may be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of until the restrictions on such shares as set forth in the Participant's award agreement and Restricted Stock Purchase Agreement have lapsed or been removed pursuant to paragraph (d) or (e) below.

(c) Upon the acceptance by a Participant of an award of Restricted Stock, such Participant shall, subject to the restrictions set forth in paragraph (b) above, have all the rights of a shareholder with respect to such shares of Restricted Stock, including, but not limited to, the right to vote such shares of Restricted Stock and the right to receive all dividends and other distributions paid thereon. Certificates representing Restricted Stock shall bear a legend referring to the restrictions set forth in the Plan, the Participant's award agreement and the Restricted Stock Purchase Agreement.

(d) The Board shall establish as to each award of Restricted Stock the terms and conditions upon which the restrictions set forth in paragraph (b) above, other than those contained in the Restricted Stock Purchase Agreement, shall lapse. Such terms and conditions may include, without limitation, the lapsing of such restrictions, other than those set forth in the Restricted Stock Purchase Agreement (which shall only lapse in accordance with the terms thereof), as a result of the Disability, death or retirement of the Participant.

(e) Notwithstanding the provisions of paragraph (b) above, the Board may at any time, in its sole discretion, accelerate the time at which the restrictions, other than those set out in the Restricted Stock Purchase Agreement, will lapse.

(f) Each Employee shall agree at the time his or her Restricted Stock is granted, and as a condition thereof, to pay to the Company, or make arrangements satisfactory to the Company regarding the payment to the Company of, Applicable Withholding Taxes. Until such amount has been paid or arrangements satisfactory to the Company have been made, no stock certificate free of a legend reflecting the restrictions set forth in paragraph (b) above shall be issued to such Participant. The Company may require the Participant to execute a shareholder agreement or such other form of agreement as it may deem appropriate as a condition to permitting restrictions on Restricted Stock to lapse.

7. Stock Options

(a) Whenever the Committee deems it appropriate to grant Options, written or electronic notice shall be given to the eligible person stating the number of shares for which Options are granted, the Option price per share, whether the Options are Incentive Stock Options or Nonstatutory Stock Options and the conditions to which the grant and exercise of the Options are subject. This notice, when duly accepted in writing by the Participant, shall become a stock option agreement between the Company and the Participant.

(b) The exercise price of shares of Company Stock covered by an Option shall be not less than 100% of the Fair Market Value of such shares on the Date of Grant. If the Employee is a 10% Shareholder and the Option is an Incentive Stock Option, the exercise price shall be not less than 110% of the Fair Market Value of such shares on the Date of Grant.

(c) Options may be exercised in whole or in part at such times as may be specified by the Board in the Participant's stock option agreement; provided that the exercise provisions for Incentive Stock Options shall in all events not be more liberal than the following provisions:

(i) No Incentive Stock Option may be exercised after ten years (or, in the case of an Incentive Stock Option granted to a 10% Shareholder, five years) from the Date of Grant.

(ii) An Incentive Stock Option by its terms, shall be exercisable in any calendar year only to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the Company Stock with respect to which incentive stock options are exercisable for the first time during the calendar year does not exceed \$100,000 (the "Limitation Amount"). Incentive Stock Options granted under the Plan and similar incentive options granted under all other plans of the Company and any Parent or Subsidiary of the Company shall be aggregated for purposes of determining whether the Limitation Amount has been exceeded. The Committee may impose such conditions as it deems appropriate on an Incentive Stock Option to ensure that the foregoing requirement is met. If Incentive Stock Options that first become exercisable in a calendar year exceed the Limitation Amount, the excess Options will be treated as Nonstatutory Stock Options to the extent permitted by law.

(iii) An Incentive Stock Option shall be subject to such other conditions on exercise as may be imposed under the Code.

8. Method of Exercise of Options

(a) Options may be exercised by the Participant by giving written or electronic notice of the exercise to the Company, stating the number of shares the Participant has elected to purchase under the Option. In the case of the purchase of shares under an Option, such notice shall be effective only if accompanied by the exercise price in full in cash.

(b) The Participant shall execute an agreement in materially the same form as the Restricted Stock Purchase Agreement and the Company may require the Participant to execute any additional shareholder agreement or such other form of agreement as it may deem appropriate as a condition to the transfer or issue of Company Stock to the Participant upon exercise of an Option. The Company shall place on any certificate representing Company Stock issued upon the exercise of an Option any legend deemed desirable by the Company's counsel to comply with federal or state securities laws and the terms of the Restricted Stock Purchase Agreement, and the Company may require a customary written indication of the Participant's investment intent. Until the Participant has made any required payment, including any Applicable Withholding Taxes, and has had issued a certificate for the shares of Company Stock acquired, he or she shall possess no shareholder rights with respect to the shares.

(c) Each Employee shall agree as a condition of the exercise of an Option to pay to the Company Applicable Withholding Taxes, or make arrangements satisfactory to the Company regarding the payment to the Company of such amounts. Until Applicable Withholding Taxes have been paid or arrangements satisfactory to the Company have been made, no stock certificate shall be issued upon the exercise of an Option.

(d) If the Company Stock is Publicly Traded, as an alternative to making a cash payment to the Company to satisfy Applicable Withholding Taxes, if the Option so provides, or the Board by separate action so provides, an Employee may, subject to the provisions set forth below, elect to have the Company retain that number of shares of Company Stock that would satisfy all or a specified portion of the Applicable Withholding Taxes. The Board shall have sole discretion to approve or disapprove any such election.

(e) Notwithstanding anything herein to the contrary, if the Company Stock is Publicly Traded, Options shall always be granted and exercised in such a manner as to conform to the provisions of Rule 16b-3.

9. Nontransferability of Options. Options shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the Participant's lifetime only by the Participant.

10. Effective Date of the Plan. This Plan shall be effective on November __, 2001 and shall be submitted to the shareholders of the Company for approval. Until (i) the Plan has been approved by the Company's shareholders, and (ii) the requirements of any applicable federal or state securities laws have been met, no Option shall be exercisable, and no Restricted Stock shall be granted.

11. Termination, Modification, Change.

(a) If not sooner terminated by the Board, this Plan shall terminate at the close of the business day that is the day immediately preceding the ten year anniversary of the effective date (as provided in Section 10). No Incentive Awards shall be made under the Plan after its termination. The Board may terminate the Plan or may amend the Plan in such respects as it shall deem advisable; provided, that, no change shall be made that increases the total number of shares of Company Stock reserved for issuance pursuant to Incentive Awards granted under the Plan (except pursuant to Section 13), expands the class of persons eligible to receive Incentive Awards, or materially increases the benefits accruing to Participants under the Plan, unless such change is authorized by the shareholders of the Company. Notwithstanding the foregoing, the Board may amend the Plan and unilaterally amend Incentive Awards as it deems appropriate to ensure compliance with applicable federal or state securities laws or regulations thereunder, or any applicable Nasdaq or securities exchange listing requirement, and to cause Incentive Stock Options to meet the requirements of the Code and regulations thereunder, or to cause Incentive Awards to meet conditions imposed under Section 17 of the Plan. Except as provided in the preceding sentence, a termination or amendment of the Plan shall not, without the consent of the Participant, detrimentally affect a Participant's rights under an Incentive Award previously granted to the Participant.

(b) Notwithstanding the provisions of subsection (a) above, this subsection (b) will apply if the Company is involved in any merger or similar transaction that the Company intends to treat as a "pooling of interest" for financial reporting purposes. In such a case, the Board may amend the terms of any Incentive Award or of the Plan to the extent that the Company's independent accountants determine that such terms would preclude the use of "pooling of interest" accounting. The authority of the Board to amend the terms of any Incentive Award or of the Plan includes, without limitation, the right (i) to modify Incentive Awards to comply with prior practices of the Company as to the terms of Incentive Awards; (ii) to provide for payment to the Participant of Company Stock or stock of the other party to the transaction equal to the fair value of the Incentive Award; and (iii) to suspend any provisions for payment of an Incentive Award in cash. The authority of the Board under this section may be exercised in the Board's sole and complete discretion.

12. Change in Capital Structure

(a) In the event of a stock dividend, stock split or combination of shares, recapitalization or merger in which the Company is the surviving corporation or other change in the Company's capital stock (including, but not limited to, the creation or issuance to shareholders generally of rights, options or warrants for the purchase of common stock or preferred stock of the Company), the number and kind of shares of stock or securities of the Company to be subject to the Plan and to Incentive Awards then outstanding or to be granted thereunder, the maximum number of shares or securities which may be delivered under the Plan, the maximum number of shares or securities that can be granted to an individual Participant under Section 4, the exercise price, the terms of

Incentive Awards and other relevant provisions shall be appropriately adjusted by the Board, whose determination shall be binding on all persons. If the adjustment would produce fractional shares with respect to any unexercised Option, the Board may adjust appropriately the number of shares covered by the Option so as to eliminate the fractional shares.

(b) Upon a Deemed Liquidation (as defined in the Company's restated certificate of incorporation) the Board may take such actions with respect to outstanding Incentive Awards as the Board deems appropriate, including, without limitation, canceling the outstanding portion of any Option and paying or delivering, or causing to be paid or delivered, to the Participant an amount in cash or securities having a value (as determined by the Board acting in good faith) equal to the product of (A) the number of shares of Company Stock that, as of the date of the consummation of such Liquidation Event, the Participant had become entitled to purchase pursuant to the Option (and had not purchased) multiplied by (B) the amount, if any, by which (1) the formula or fixed price per share paid to holders of shares of Company Stock pursuant to such Liquidation Event exceeds (2) the exercise price applicable to such Option.

(c) Notwithstanding anything in the Plan to the contrary, the Board may take the foregoing actions without the consent of any Participant, and the Board's determination shall be conclusive and binding on all persons for all purposes.

13. **Administration of the Plan.** The Plan shall be administered by the Board. The Board shall have general authority to impose any limitation or condition upon an Incentive Award the Board deems appropriate to achieve the objectives of the Incentive Award and the Plan and, without limitation and in addition to powers set forth elsewhere in the Plan, shall have the following specific authority:

(a) The Board shall have the power and complete discretion to determine (i) which eligible persons shall receive Incentive Awards and the nature of each Incentive Award, (ii) subject to the aggregate number of shares of Company Stock reserved for issuance pursuant to the Plan, the number of shares of Company Stock to be covered by each Incentive Award, (iii) whether Options shall be Incentive Stock Options or Nonstatutory Stock Options, (iv) the Fair Market Value of Company Stock, (v) the time or times when an Incentive Award shall be granted, (vi) whether an Incentive Award shall become vested over a period of time and when it shall be fully vested, (vii) when Options may be exercised, (viii) whether a Disability exists, (ix) the manner in which payment will be made upon the exercise of Options, (x) conditions, in addition to those contained in the Restricted Stock Purchase Agreement, relating to the length of time before disposition of Company Stock received upon the exercise of Options is permitted, (xi) whether to approve a Participant's election to have the Company withhold from the shares to be issued upon the exercise of a Nonstatutory Stock Option the number of shares necessary to satisfy Applicable Withholding Taxes, (xii) notice provisions relating to the sale of Company Stock acquired under the Plan, (xiii) when Incentive Awards may be forfeited or expire, and (xiv) any additional requirements relating to Incentive Awards that the Board deems appropriate. The Board shall have the power to amend the terms of previously granted Incentive Awards so long as the terms as amended are consistent with the terms of the Plan and provided that the consent of the Participant is obtained with respect to any amendment that would be detrimental to him or her, except that such consent will not be required if such amendment is for the purpose of complying with Rule 16b-3 or any requirement of the Code applicable to the Incentive Award.

(b) The Board may adopt rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. The Board may consult with counsel, who may be counsel to the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

(c) With respect to Non-Employee Directors, the Board shall be authorized to make grants of Restricted Stock and Nonstatutory Stock Options in its discretion, provided such grants are made in compliance with other provisions of the Plan.

14. **Notice.** All notices and other communications required or permitted to be given in writing under this Plan shall be deemed to have been duly given if delivered personally or mailed first class, postage prepaid, as follows (a) if to the Company – at its principal business address to the attention of the Chief Financial Officer; (b) if to any Participant – at the last address of the Participant known to the sender at the time the notice or other communication is sent.

15. **Shareholder Rights.** No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Company Stock subject to an Incentive Award unless and until such Participation has satisfied all requirements under the terms of the Incentive Award.

16. **No Employment or other Service Rights.** Nothing in the Plan or any instrument executed or Incentive Award granted under the Plan shall confer upon any Participant any right to continue to serve the Company (or a Parent or Subsidiary of the Company) in the capacity in effect at the time the Incentive Award was granted or shall affect the right of the Company (or a Parent or Subsidiary of the Company) to terminate (i) the employment of an Employee with or without notice and with or without cause, or (ii) the service of a Non-Employee Director pursuant to the bylaws of the Company (or a Parent or Subsidiary of the Company), and any applicable provisions of the corporate law of the state in which the Company (or a Parent or Subsidiary of the Company) is incorporated, as the case may be.

17. **Options Granted to Non-Exempt Employees.** Any Option granted to an Employee who is a nonexempt Employee for purposes of the Fair Labor Standards Act of 1938 (the “FLSA”) shall not be exercisable by the Employee for a period of at least six months after the Date of Grant, to the extent required under the FLSA in order for such Option to be excluded from the Employee’s “regular rate” (as defined under the FLSA). The Board may impose such other conditions or limitations on Options or Stock Appreciation Rights granted to nonexempt Employees as it may deem appropriate to qualify such Options for exemption from such Employees’ regular rate under the FLSA.

18. **Interpretation.** The terms of the Plan shall be governed by the laws of the Commonwealth of Delaware, without regard to the conflict of law provisions of any jurisdiction. The terms of this Plan are subject to all present and future regulations and rulings of the Secretary of the Treasury or his delegate relating to the qualification of Incentive Stock Options under the Code. If any provision of the Plan conflicts with any such regulation or ruling, then that provision of the Plan shall be void and of no effect.

IN WITNESS WHEREOF, this instrument has been executed this 12th day of November, 2001.

iDEFENSE, Inc.

By: /s/ Brian Kelly

Amendment to
iDefense, Inc.
2001 Stock Incentive Plan

This amendment to the iDefense, Inc., a Delaware corporation (the "Company") 2001 Stock Incentive Plan, dated November 1, 2001 (the "Plan") is entered into this 31st day of May 2002 (the "Amendment"). All capitalized terms not otherwise defined in this Amendment shall have the meanings assigned to them in the Plan.

WHEREAS, on May 30, 2002, by written consent, the Shareholders and the Board authorized and approved a reverse ten-to-one stock split pursuant to which every ten shares of issued and outstanding stock of the Company would be converted to one share of issued and outstanding stock of the Company, as a result of which the number of shares that were reserved for issuance under the Plan decreased from 1,135,000 to 113,500;

WHEREAS, on May 30, 2002, by written consent the Shareholders and the Board authorized and approved an amendment to the Plan to increase the number of shares that would be reserved for issuance under the Plan on a post split basis by 4,115,500;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Plan is hereby amended as follows:

1. The text of paragraph 4 shall be deleted in its entirety and replaced with the following language:

"Stock. Subject to Section 12 of the Plan, there shall be reserved for issuance under the Plan an aggregate of 4,229,000 shares of Company Stock, which shall be authorized but unissued shares. Shares allocable to Incentive Awards or portions thereof granted under the Plan that expire or otherwise terminate unexercised may again be subjected to an Incentive Award under the Plan. The Committee is expressly authorized to make an Incentive Award to a Participant conditioned upon the surrender for cancellation of an existing Incentive Award. If the Company becomes subject to Code Section 162(m), no more than 2,114,500 shares may be allocated to Incentive Awards that are granted to any Employee during any single Taxable Year. For purposes of determining the number of shares that are available for Incentive Awards under the Plan, such number shall, to the extent permissible under Rule 16b-3 if the Company Stock is Publicly Traded, include the number of shares under an Incentive Award surrendered by a Participant or retained by the Company in payment of Applicable Withholding Taxes."

IN WITNESS WHEREOF, this amendment is executed as of the 31st day of May, 2002.

iDEFENSE, Inc.

By: /s/ Richard R. Wadsworth

Name: Richard R. Wadsworth

Title: Chief Financial Officer

Amendment to
iDefense, Inc.
2001 Stock Incentive Plan

This amendment to the iDefense, Inc., a Delaware corporation (the "Company") 2001 Stock Incentive Plan, dated November 1, 2001 (the "Plan") is entered into as of the 30th day of April, 2003 (the "Amendment"). All capitalized terms not otherwise defined in this Amendment shall have the meanings assigned to them in the Plan.

WHEREAS, as of April 30, 2003, by written consent, the Stockholders and the Board authorized and approved an amendment to the Plan to increase the number of shares that would be reserved for issuance under the Plan by an additional 502,100 shares, so that an aggregate of 925,000 shares (on a post-split basis), are set aside for the Plan; and

WHEREAS, pursuant to the written consent dated as of April 30, 2003, the Stockholders and the Board authorized and approved an amendment to the Plan to provide that awards under the Plan may be granted to consultants and advisors of the Company.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Plan is hereby amended as follows:

1. A new definition is added to paragraph 2 of the Plan, as follows:

“(x) “Consultant” means any consultant of, or advisor to, the Company.”

2. The definition of “Participant” in paragraph 2(q) of the Plans shall be deleted in its entirety and replaced with the following language:

“(q) “Participant” means an Employee, Consultant or Non-Employee Director who receives an Incentive Award under the Plan.”

3. The text of paragraph 5(a) shall be deleted in its entirety and replaced with the following language:

“(a) Any Employee, Consultant or Non-Employee Director of the Company (or Parent or Subsidiary of the Company) who, in the judgment of the Board has contributed or can be expected to contribute to the profits or growth of the Company (or Parent or Subsidiary) shall be eligible to receive Incentive Awards under the Plan. The Board shall have the power and complete discretion, as provided in Section 13, to select eligible Employees to receive Incentive Awards and to determine for each Employee the terms and conditions, the nature of the award and the number of shares to be allocated to each Employee as part of each Incentive Award. The Board shall have the power and complete discretion, as provided in Section 13, to select eligible Non-Employee

Directors and Consultants to receive Incentive Awards and to determine for each Non-Employee Director and Consultant, the nature of the award and the terms and conditions of each Incentive Award.”

4. The text of paragraph 4 shall be deleted in its entirety and replaced with the following language:

“**Stock.** Subject to Section 12 of the Plan, there shall be reserved for issuance under the Plan an aggregate of 925,000 shares of Company Stock (on a post-split basis), which shall be authorized but unissued shares. Shares allocable to Incentive Awards or portions thereof granted under the Plan that expire or otherwise terminate unexercised may again be subjected to an Incentive Award under the Plan. The Committee is expressly authorized to make an Incentive Award to a Participant conditioned upon the surrender for cancellation of an existing Incentive Award. If the Company is or becomes subject to Code Section 162(m), no more shares may be allocated to Incentive Awards during any single Taxable Year than are permitted under Code Section 162(m). For purposes of determining the number of shares that are available for Incentive Awards under the Plan, such number shall, to the extent permissible under Rule 16b-3 if the Company Stock is Publicly Traded, include the number of shares under an Incentive Award surrendered by a Participant or retained by the Company in payment of Applicable Withholding Taxes.”

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IN WITNESS WHEREOF, this amendment is executed as of the 30th day of April 2003.

iDefense, Inc.

By: /s/ John P. Watters

Name: John P. Watters
Title: Chairman and Chief Executive Officer

By: /s/ Richard R. Wadsworth

Name: Richard R. Wadsworth
Title: Chief Financial Officer

**THIRD AMENDMENT
TO THE
IDEFENSE, INC. 2001 STOCK INCENTIVE PLAN**

THIRD AMENDMENT, to the iDEFENSE, Inc. 2001 Stock Incentive Plan by iDEFENSE, Inc. (the "Company"). The Company maintains the iDEFENSE, Inc. 2001 Stock Incentive Plan, effective as of November 1, 2001 (the "Plan").

WHEREAS, the Company, pursuant to the authority granted under Section 11 of the Plan, now wishes to amend the Plan;

NOW, THEREFORE, the Plan is amended as follows:

1. A new subsection (d) is hereby added to Section 2 of the Plan, and the remaining subsections shall be renumbered accordingly. The text of the new subsection (d) is as follows:

“(d) “Change of Control” means, before the Company Stock is Publicly Traded, an event described in (i), or (ii):

(i) The closing date of any sale or other disposition of substantially all the assets of the Company, other than in the ordinary course of business.

(ii) Any person or persons attaining ownership of more than 50% of the Company Stock, other than (A) any person or persons who own Company Stock as of the effective date specified in Section 11 (the “Existing Shareholders”); (B) any trusts, partnerships or corporations controlled by the Existing Shareholders; (C) the Company (or any subsidiary of the Company); (D) any employee benefit plan of the Company (or any subsidiary of the Company); or (E) any entity holding Company Stock for or pursuant to the terms of any such employee benefit plan.”

After the Company Stock is Publicly Traded, “Change of Control” means an event described in (iii), (iv), (v), or (vi):

(iii) The acquisition by a Group of Beneficial Ownership of 50% or more of the Stock or the Voting Power of the Company, but excluding for this purpose: (A) any acquisition by the Company, a subsidiary of the Company, or an employee benefit plan of the Company or a subsidiary of the Company; or (B) any acquisition of Common Stock of the Company by management employees of the Company. For purposes of this Section, “Group” means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Act, “Beneficial Ownership” has the meaning in Rule 13d-3 promulgated under the Act, “Stock” means the then outstanding shares of common stock, and “Voting Power” means the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors.

(iv) Individuals who constitute the Board on the date immediately after the Company Stock becomes Publicly Traded (the “Incumbent Board”) cease to constitute at least a majority of the Board, provided that any director whose nomination was approved by a majority of the Incumbent Board shall be considered a member of the Incumbent Board unless such individual’s initial assumption of office is in connection with an actual or threatened election contest (as such terms are used in Rule 14a—11 of Regulation 14A promulgated under the Act).

(v) Approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, in which the owners of more than 50% of the Stock or Voting Power of the Company do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of the Stock or Voting Power of the corporation resulting from such reorganization, merger or consolidation.

(vi) A complete liquidation or dissolution of the Company or of its sale or other disposition of all or substantially all of the assets of the Company.”

2. A new subsection (y) is hereby added to Section 2 of the Plan as follows:

“(y) “Total Options” means the aggregate number of Options granted to you under the Plan and the iDefense 2003 Stock Incentive Plan.

3. The following clause is hereby added to the last sentence of Section 6(d):

“or the occurrence of a Change of Control.”

4. A new subsection (d) is hereby added to Section 7 of the Plan as follows:

“(d) To the extent that fewer than two thirds of a Participant’s Total Options have become exercisable pursuant to a Participant’s stock option agreement on the effective date of a Change of Control, such Participant shall on the effective date of a Change of Control be entitled to exercise such number of unexercisable Options as will result in two thirds of such Participant’s Total Options being exercised upon the Change of Control, and the remaining unexercisable Options shall become exercisable upon the sooner of: (i) the time such Options would have been exercisable under their original grant (as amended), or (ii) on the first anniversary of the effective date of the Change of Control; provided, however, that if the Participant is an Employee and such Employee’s employment is actually or constructively terminated by the Company or its successor in a Change of Control (A) in connection with the Change of Control, or (B) at any time after the Change of Control and such termination is for a reason other than for Cause (as such term is defined in the Employee’s employment agreement), the remaining unexercisable Options held by the Employee shall be exercisable immediately upon the effective date of such termination. Notwithstanding the foregoing, if a Participant’s stock option agreement provides that an Option shall become exercisable prior to the dates set forth in this Section 7(d), such Option shall become exercisable in accordance with the Participant’s stock option agreement.”

5. In all respects not amended, the Plan is hereby ratified and confirmed.

* * * * *

To record the adoption of the Third Amendment as set forth above, the Company has caused this document to be signed on December, 2003.

iDEFENSE, Inc.

By: /s/ Philip Parsons

Philip Parsons
Chief Financial Officer

INCENTIVE STOCK OPTION GRANT FORM AND OPTION AGREEMENT**TO BE PRINTED ON COMPANY LETTERHEAD**

_____, 200__

[Name]
 [Street]
 [City, State]

Dear [Employee's Name]:

iDEFENSE, Inc. (the "Company") has designated you to be a recipient of an incentive stock option to purchase shares of the common stock of the Company on the terms set forth in this letter and in the iDEFENSE, Inc. 2001 Stock Incentive Plan (the "Plan"). An incentive stock option is an option that receives special tax treatment under Section 422 of the Internal Revenue Code.

The incentive stock option is granted pursuant to the Plan and is conditioned on approval of the Plan by the shareholders of the Company. If the shareholders do not approve the Plan, then this grant shall be void and of no effect. The Plan is administered by the Company's board of directors (the "Board"). Please refer to the Plan for certain conditions that apply to this option but are not set forth in this letter. A copy of the Plan is attached to this letter.

1. Option. In consideration of your agreements contained in this letter, the Company hereby grants you an incentive stock option (the "Option") to purchase from the Company _____ shares of common stock of the Company ("Company Stock"), at \$_____ per share [\$_____ for 10% Shareholders]. This option price is not less than 100% [110% for 10% Shareholders] of the fair market value of Company Stock on _____ (the "Grant Date"). The grant of the Option is subject to the following terms and conditions:

(a) Subject to paragraph 1(e) hereof, the shares covered by the Option shall vest, and shall be exercisable, in accordance with the following schedule:

<u>Date</u>	<u>Number of Shares That May Be Exercised (Vested Portion of Option)</u>
[First Anniversary of Grant Date]	[25% of Total Shares Granted]
[Second Anniversary of Grant Date]	[50% of Total Shares Granted]
[Third Anniversary of Grant Date]	[75% of Total Shares Granted]
[Fourth Anniversary of Grant Date]	[100% of Total Shares Granted]

(b) Subject to the limitations set forth in this letter and in the Plan, you may exercise the exercisable portion of the Option in whole or in part at any time, or from time to time, from the date of this letter until the first to occur of: (i) [10 years from the Grant Date] [or, in the case of an Option granted to a 10% Shareholder, 5 years from the

Grant Date], (ii) one month from the date on which your employment with the Company (including its parent and subsidiary corporations) terminates for any reason other than your permanent disability or your death, or (iii) one year from the date on which your employment with the Company (including its parent and subsidiary corporations) terminates on account of your death or your permanent disability (as determined by the Committee). In no event may the Option be exercised after [10 years from the Grant Date].

(c) The Option may be exercised during your lifetime only by you. If you die while you are in the employ of the Company or a parent or subsidiary corporation and at a time when you hold any part of the Option that is fully vested and exercisable, then the person to whom your rights under the Option shall have passed by will or by the laws of descent and distribution may exercise any or all of the fully vested and exercisable portion of the Option within one year after your death. Each provision of this paragraph is subject to the condition that in no event may the Option be exercised after [10 years from the Grant Date].

(d) You must be employed by the Company (or a parent or subsidiary corporation) on the relevant date for any shares to vest. If your employment with the Company (or a parent or subsidiary corporation) terminates, any rights you may have under the Option with regard to unvested shares shall be null and void.

(e) If a Liquidation Event (as defined in the Company's restated certificate of incorporation) occurs on a date on which (i) you are employed on a full-time basis by the Company or any Subsidiary or Parent thereof and (ii) this Agreement remains in effect, then you shall thereafter become entitled to exercise the Option with respect to 100% of the shares of Company Stock the subject of this Option until the Option expires and terminates in accordance with the terms of the Plan.

2. Limitation on Incentive Stock Option. Notwithstanding the foregoing, the aggregate fair market value (determined at the time the options are granted) of the stock with respect to which incentive stock options granted to you are exercisable for the first time during a calendar year may not exceed \$100,000 (the "Limitation Amount"). The incentive stock options granted under this letter, the Plan and all other plans of the Company and any parent and subsidiary corporations shall be aggregated for purposes of the Limitation Amount. The portion of an Option that fails to qualify for incentive stock option treatment in a calendar year because of the Limitation Amount shall be treated as a nonqualified stock option that does not receive special tax treatment under Code Section 422.

3. Payment For Option. Any person entitled to exercise the Option may do so by giving written notice of the exercise to the Company, stating the number of shares that he is purchasing and transmitting the exercise price in full in cash.

4. Transferability. This Option is not transferable by you except by will or by the laws of descent and distribution, and the Option is exercisable only by you during your lifetime.

5. Adjustments. If the number of outstanding shares of Company Stock is increased or decreased as a result of a stock dividend, stock split or combination of shares, recapitalization, merger in which the Company is the surviving corporation, or other change in the capitalization, the number and kind of shares with respect to which you have an unexercised Option and the Option price shall be appropriately adjusted by the Board, whose determination shall be binding.

6. Exercise and Notices. To exercise your Option, you must deliver to the Chief Financial Officer of the Company written notice, signed by you, stating the number of shares you have elected to purchase, and payment to the Company as described in paragraph 3. Any notice to be given under the terms of this letter shall be addressed to the Chief Financial Officer at Glenview at Westfields, 14151 Newbrook Drive, Chantilly, Virginia 20151. Any notice to be given to you shall be given to you or your personal representative, legatee or distributee, and shall be addressed to him or her at the address set forth above or your last known address at the time notice is sent. Notices shall be deemed to have been duly given if mailed first class, postage prepaid, addressed as above.

7. Withholding. By signing this letter, you agree to make arrangements satisfactory to the Company to comply with any income tax withholding requirements that may apply upon the exercise of the Option or the disposition of Company Stock received upon the exercise of the Option.

8. Continuation as an Employee of the Company. Neither the Plan nor the Option confers upon you any right to continue as an employee of the Company or limits in any respect the right of the Company to terminate your employment.

9. Delivery of Certificate. The Company may delay delivery of the certificate for shares purchased pursuant to the exercise of an Option until (i) the admission of such shares to listing on any stock exchange on which the Company Stock may then be listed, (ii) receipt of any required representation by you or completion of any registration or other qualification of such shares under any state or federal law or regulation that the Company's counsel shall determine as necessary or advisable, and (iii) receipt by the Company of advice by counsel that all applicable legal requirements have been complied with. As a condition of exercising the Option, you must enter into an agreement with the Company, materially in the form of the restricted stock purchase agreement attached to this letter, restricting your right to transfer shares of Company Stock purchased pursuant to the exercise of an Option, granting the Company a right of first refusal with respect to such shares and obliging you to transfer your shares in certain circumstances. Additionally, you may be required to execute a customary written indication of your investment intent and such other agreements the Company deems necessary or appropriate to comply with applicable securities laws.

10. Acceptance of Option. This letter agreement deals only with the Option you have been granted and not its exercise. Your acceptance of the Option, which shall be deemed to take place when you sign this letter, places no obligation or commitment on you to exercise the Option. By signing below, you indicate your acceptance of the Option and your agreement to the terms and conditions set forth in this letter, which, together with the terms of the Plan, shall

[Name]
_____, 200__
Page 2

become the Company's Stock Option Agreement with you. You also hereby acknowledge receipt of a copy of the Plan and agree to all of the terms and conditions of the Plan. Unless the Company otherwise agrees in writing, this letter will not be effective as a Stock Option Agreement if you do not sign and return a copy.

IN WITNESS WHEREOF, the Company has caused this Stock Option Agreement to be signed, as of this _____ date of _____, 2001.

iDEFENSE, Inc.

Agreed and Accepted:

(Grant Recipient)

NON-STATUTORY STOCK OPTION GRANT FORM AND OPTION AGREEMENT

TO BE PRINTED ON COMPANY LETTERHEAD

_____, 200__

[Name]
[Street]
[City, State]

Dear [Employee's Name]:

iDEFENSE, Inc. (the "Company") has designated you to be a recipient of a non-statutory stock option to purchase shares of the common stock of the Company on the terms set forth in this letter and in the iDEFENSE, Inc. 2001 Stock Incentive Plan (the "Plan").

The grant of this option is made pursuant to the Plan. The Plan is administered by the Board of Directors of the Company (the "Board"). The terms of the Plan are incorporated into this letter and in the case of any conflict between the Plan and this letter, the terms of the Plan shall control. A copy of the Plan is attached to this letter.

1. Non-Statutory Option. In consideration of your agreements contained in this letter, the Company hereby grants you a non-statutory option ("NSO") to purchase from the Company _____ shares of common stock of the Company ("Company Stock") at \$ _____ per share. The exercise price of the NSO is the Fair Market Value (as defined in the Plan) of the Company Stock on _____ (the "Grant Date").

2. Entitlement to Exercise the NSO. The grant of the NSO is subject to the following terms and conditions:

(a) Subject to paragraphs 1(e) hereof, the shares covered by the NSO shall vest, and shall be exercisable, in accordance with the following schedule:

<u>Date</u>	<u>Number of Shares That May Be Exercised (Vested Portion of NSO)</u>
[First Anniversary of Grant Date]	[25% of Total Shares Granted]
[Second Anniversary of Grant Date]	[50% of Total Shares Granted]
[Third Anniversary of Grant Date]	[75% of Total Shares Granted]
[Fourth Anniversary of Grant Date]	[100% of Total Shares Granted]

(b) Except as otherwise stated in this letter and in the Plan, the NSO may be exercised, in whole or in part, from the dates described in subsection (a) above until the earliest of (i) ten years and one day following the Grant Date, (ii) one month from the

date of the termination of your duties with the Company (or a parent or subsidiary corporation) for reasons other than death or disability, or (iii) one year from the termination of your duties with the Company (or a parent or subsidiary corporation) by reason of death or disability. The Board shall, in its discretion, determine whether you are disabled.

(c) Except as otherwise stated in this paragraph, the NSO may be exercised only while you are performing services for the Company or a parent or subsidiary corporation. If your duties with the Company (or a parent or subsidiary corporation) cease for any reason other than your death or disability, you may exercise any or all of the NSO that is then fully vested and exercisable within one month after your duties with the Company (or a parent or subsidiary corporation) terminate. If you are disabled while performing services for the Company (or a parent or subsidiary corporation), you may exercise any or all of NSO that is then fully vested and exercisable within one year after your duties with the Company (or a parent or subsidiary corporation) terminate on account of disability. The Board shall, in its discretion, determine whether you are disabled. If you die while you are performing services for the Company (or a parent or subsidiary corporation), the person to whom your rights under the NSO shall have passed by will or by the laws of distribution may exercise any or all of the NSO that is then fully vested and exercisable within one year after your death.

(d) You must be employed by, or be a director of, the Company (or a parent or subsidiary corporation) on the relevant date for any shares to vest. If your employment with, or your directorship of, the Company (or a parent or subsidiary corporation) terminates, any rights you may have under the Option with regard to unvested shares shall be null and void.

(e) if a Liquidation Event (as defined in the Company's restated certificate of incorporation) occurs on a date on which (i) you are employed on a full-time basis by, or you are a director of, the Company or any Subsidiary or Parent thereof and (ii) this Agreement remains in effect, then you shall thereafter become entitled to exercise the Option with respect to 100% of the shares of Company Stock the subject of this Option until the Option expires and terminates in accordance with the terms of the Plan.

3. Payment Under NSO. You may exercise the NSO in whole or in part, but only with respect to whole shares of Company Stock. You shall make payment of the NSO price in full in cash.

4. Transferability of NSO. The NSO is not transferable by you (other than by will or by the laws of descent and distribution) and, except as otherwise stated in this letter, may be exercised during your lifetime only by you.

5. Adjustments. If the number of outstanding shares of Company Stock is increased or decreased as a result of a stock dividend, stock split or combination of shares, recapitalization, merger in which the Company is the surviving corporation, or other change in the capitalization,

the number and kind of shares with respect to which you have an unexercised NSO and the exercise price shall be appropriately adjusted by the Board, whose determination shall be binding.

6. Exercise and Notices. To exercise your NSO, you must deliver to the Chief Financial Officer of the Company written notice, signed by you, stating the number of shares you have elected to purchase, and payment to the Company as described in paragraph 3. Any notice to be given under the terms of this letter shall be addressed to the Chief Financial Officer at Glenview at Westfields, 14151 Newbrook Drive, Chantilly, Virginia 20151. Any notice to be given to you shall be given to you or your personal representative, legatee or distributee, and shall be addressed to him or her at the address set forth above or your last known address at the time notice is sent. Notices shall be deemed to have been duly given if mailed first class, postage prepaid, addressed as above.

7. Withholding. By signing this letter, you agree to make arrangements satisfactory to the Company to comply with any income tax withholding requirements that may apply upon the exercise of the NSO or the disposition of Company Stock received upon the exercise of the NSO.

8. Continuation as an Employee of the Company. Neither the Plan nor the NSO confers upon you any right to continue as an employee of, or continue to be a director of, the Company or limits in any respect the right of the Company to terminate your employment or your directorship.

9. Delivery of Certificate. The Company may delay delivery of the certificate for shares purchased pursuant to the exercise of an NSO until (i) the admission of such shares to listing on any stock exchange on which the Company Stock may then be listed, (ii) receipt of any required representation by you or completion of any registration or other qualification of such shares under any state or federal law or regulation that the Company's counsel shall determine as necessary or advisable, and (iii) receipt by the Company of advice by counsel that all applicable legal requirements have been complied with. As a condition of exercising the NSO, you must enter into an agreement with the Company, in the form of the restricted stock purchase agreement attached to this letter, restricting your right to transfer shares of Company Stock purchased pursuant to the exercise of the NSO, granting the Company a right of first refusal with respect to such shares and obliging you to transfer your shares in certain circumstances. Additionally, you may be required to execute a customary written indication of your investment intent and such other agreements the Company deems necessary or appropriate to comply with applicable securities laws.

10. Acceptance of NSO. This letter agreement deals only with the NSO you have been granted and not its exercise. Your acceptance of the NSO, which shall be deemed to take place when you sign this letter, places no obligation or commitment on you to exercise the NSO. By signing below, you indicate your acceptance of the NSO and your agreement to the terms and conditions set forth in this letter, which, together with the terms of the Plan, shall become the Company's Stock Option Agreement with you. You also hereby acknowledge receipt of a copy

[Name]
_____, 200__
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of the Plan and agree to all of the terms and conditions of the Plan. Unless the Company otherwise agrees in writing, this letter will not be effective as a Stock Option Agreement if you do not sign and return a copy.

IN WITNESS WHEREOF, the Company has caused this Stock Option Agreement to be signed, as of this _____ date of _____, 2001.

iDEFENSE, Inc.

Agreed and Accepted:

(Grant Recipient)

iDEFENSE, Inc.
a Delaware corporation
2003 STOCK INCENTIVE PLAN

1. Purpose. The purpose of the iDEFENSE, Inc. 2003 Stock Incentive Plan (the "Plan") is to further the long term stability and financial success of iDEFENSE, Inc., a Delaware Corporation (the "Company") by retaining and attracting key employees, non-employee directors and consultants of the Company and its affiliates, through the use of stock incentives. It is believed that ownership of Company Stock will stimulate the efforts of those employees, directors and consultants of the Company upon whose efforts, interest and judgment the Company is and will be largely dependent for success. It is also believed that Incentive Awards granted to employees and directors under this Plan will strengthen their desire to remain with the Company and will further identify their interests with the interests of the Company's shareholders. The Plan is intended to conform to the provisions of Securities and Exchange Commission Rule 16b-3, if Company Stock becomes Publicly Traded in the future.

2. Definitions. As used in the Plan, the following terms have the meanings indicated:

(a) "Act" means the Securities Exchange Act of 1934, as amended.

(b) "Applicable Withholding Taxes" means the minimum aggregate amount of federal, state and local income and payroll taxes that the Company is required by applicable law to withhold in connection with any Incentive Award.

(c) "Board" means the board of directors of the Company.

(d) "Change of Control" means, before the Company Stock is Publicly Traded, an event described in (i), or (ii):

(i) The closing date of any sale or other disposition of substantially all the assets of the Company, other than in the ordinary course of business.

(ii) Any person or persons attaining ownership of more than 50% of the Company Stock, other than (A) any person or persons who own Company Stock as of the effective date specified in Section 11 (the "Existing Shareholders"); (B) any trusts, partnerships or corporations controlled by the Existing Shareholders; (C) the Company (or any subsidiary of the Company); (D) any employee benefit plan of the Company (or any subsidiary of the Company); or (E) any entity holding Company Stock for or pursuant to the terms of any such employee benefit plan.

After the Company Stock is Publicly Traded, "Change of Control" means an event described in (iii), (iv), (v), or (vi):

(iii) The acquisition by a Group of Beneficial Ownership of 50% or more of the Stock or the Voting Power of the Company, but excluding for this purpose: (A) any acquisition by the Company, a subsidiary of the Company, or an

employee benefit plan of the Company or a subsidiary of the Company; or (B) any acquisition of Common Stock of the Company by management employees of the Company. For purposes of this Section, “Group” means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Act, “Beneficial Ownership” has the meaning in Rule 13d-3 promulgated under the Act, “Stock” means the then outstanding shares of common stock, and “Voting Power” means the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors.

(iv) Individuals who constitute the Board on the date immediately after the Company Stock becomes Publicly Traded (the “Incumbent Board”) cease to constitute at least a majority of the Board, provided that any director whose nomination was approved by a majority of the Incumbent Board shall be considered a member of the Incumbent Board unless such individual’s initial assumption of office is in connection with an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Act).

(v) Approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, in which the owners of more than 50% of the Stock or Voting Power of the Company do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of the Stock or Voting Power of the corporation resulting from such reorganization, merger or consolidation.

(vi) A complete liquidation or dissolution of the Company or of its sale or other disposition of all or substantially all of the assets of the Company.

(e) “Code” means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor or replacement provision of the Code.

(f) “Committee” means the committee appointed by the Board (as described in Section 14), or the entire Board if no committee is appointed.

(g) “Company” means iDEFENSE, Inc., a Delaware corporation.

(h) “Company Stock” means common stock of the Company. In the event of a change in the capital structure of the Company (including any change in connection with Company Stock becoming Publicly Traded) the shares resulting from such a change shall be deemed to be Company Stock within the meaning of the Plan.

(i) “Consultant” means any consultant of, or advisor to, the Company.

(j) “Date of Grant” means the date on which an Incentive Award is granted by the Committee or such later date specified by the Committee as the date as of which the grant of the Incentive Award is to be effective.

(k) “Disability” or “Disabled” means, as to an Incentive Stock Option, a disability within the meaning of Code Section 22(e)(3). As to all other Incentive Awards, the Committee shall determine whether a Disability exists and such determination shall be conclusive.

- (l) "Employee" means an individual employed by the Company or the Parent or a Subsidiary of the Company.
- (m) "Fair Market Value" means, if the Company Stock is not Publicly Traded, the value of a share of Company Stock determined by the Committee in good faith. If the Company Stock is Publicly Traded, the value of a share of Company Stock, determined as follows:
- (i) If such Company Stock is then quoted on the Nasdaq National Market, its closing price on the Nasdaq National Market on the date of determination, as reported in The Wall Street Journal;
 - (ii) If such Company Stock is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Company Stock is listed or admitted to trading, as reported in The Wall Street Journal;
 - (iii) If such Company Stock is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable; or
 - (iv) If none of the foregoing is applicable, by the Committee in good faith.
- (n) "Incentive Award" means, collectively, an award of Restricted Stock or an Option granted under the Plan.
- (o) "Incentive Stock Option" means an Option intended to meet the requirements of, and to qualify for favorable federal income tax treatment under, Code Section 422. Incentive Stock Options may be granted only to Employees.
- (p) "Non-Employee Director" means a member of the Board who is not an Employee of the Company or the Parent or a Subsidiary of the Company.
- (q) "Nonstatutory Stock Option" means an Option which does not meet the requirements of Code Section 422, or even if meeting the requirements of Code Section 422, is not intended to be an Incentive Stock Option and is so designated.
- (r) "Option" means a right to purchase Company Stock granted under the Plan, at a price determined in accordance with the Plan.
- (s) "Parent" means, with respect to any corporation, a parent of that corporation within the meaning of Code Section 424(e).
- (t) "Participant" means an Employee, Consultant or Non-Employee Director who receives an Incentive Award under the Plan.

(u) ("Publicly Traded" means a registration statement with respect to Company Stock that was filed by the Company with the Securities and Exchange Commission has become effective.

(v) "Restricted Stock" means Company Stock awarded upon the terms and subject to the restrictions set forth in Section 6.

(w) "Rule 16b-3" means Rule 16b-3 of the Securities and Exchange Commission promulgated under the Act. A reference in the Plan to Rule 16b-3 shall include a reference to any corresponding rule (or number redesignation) of any amendment to Rule 16b-3 enacted after the effective date of the Plan's adoption. The provisions of the Plan relating to Rule 16b-3 shall be applicable only if the Company Stock becomes Publicly Traded.

(x) "Subsidiary" means, with respect to any corporation, a subsidiary of that corporation within the meaning of Code Section 424(f).

(y) "10% Shareholder" means a person who owns, directly or indirectly, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company. Indirect ownership of stock shall be determined in accordance with Code Section 424(d).

(z) "Taxable Year" means the fiscal period used by the Company for reporting taxes on income under the Code.

3. General. The following types of Incentive Awards may be granted under the Plan: Restricted Stock, Incentive Stock Options or Nonstatutory Stock Options.

4. Stock. Subject to Section 12 of the Plan, there shall be reserved for issuance under the Plan an aggregate of 1,129,000 shares of Company Stock, which shall be authorized but unissued shares. Shares allocable to Incentive Awards or portions thereof granted under the Plan that expire or otherwise terminate unexercised may again be subjected to an Incentive Award under the Plan. The Committee is expressly authorized to make an Incentive Award to a Participant conditioned upon the surrender for cancellation of an existing Incentive Award. If the Company is or becomes subject to Code Section 162(m), no more shares may be allocated to Incentive Awards during any single Taxable Year than are permitted under Code Section 162(m). For purposes of determining the number of shares that are available for Incentive Awards under the Plan, such number shall, to the extent permissible under Rule 16b-3 if the Company Stock is Publicly Traded, include the number of shares under an Incentive Award surrendered by a Participant or retained by the Company in payment of Applicable Withholding Taxes.

5. Eligibility.

(a) Any Employee, Consultant or Non-Employee Director of the Company (or Parent or Subsidiary of the Company) who, in the judgment of the Committee has contributed or can be expected to contribute to the profits or growth of the Company (or Parent or Subsidiary of the Company) shall be eligible to receive Incentive Awards under the Plan. The Committee shall have the power and complete discretion, as provided in Section 13, to select eligible Employees to receive Incentive Awards and to determine for each Employee the terms and conditions, the nature of the award and the number of

shares to be allocated to each Employee as part of each Incentive Award. Both the Board and the Committee shall have the power and complete discretion, as provided in Section 13, to select eligible Non-Employee Directors and Consultants to receive Incentive Awards and to determine for each Non-Employee Director or Consultant the nature of the award and the terms and conditions of each Incentive Award.

(b) The grant of an Incentive Award shall not obligate the Company or any Parent or Subsidiary of the Company to pay an Employee, Non-Employee Director or Consultant any particular amount of remuneration, to continue the employment of the Employee after the grant or to make further grants to the Employee, Non-Employee Director or Consultant at any time thereafter.

6. Restricted Stock Awards.

(a) The Committee may make grants of Restricted Stock to Participants. Whenever the Committee deems it appropriate to grant Restricted Stock, written or electronic notice shall be given to the Participant stating the number of shares of Restricted Stock granted and the terms and conditions to which the Restricted Stock is subject informing him or her that one condition of the grant of Restricted Stock is the execution of a restricted stock purchase agreement materially in the form of the stock purchase agreement exhibited to this Plan (the "Restricted Stock Purchase Agreement"). This notice, when accepted in writing by the Participant shall, subject to the satisfaction of any conditions (including, without limitation the due execution by the Participant of a Restricted Stock Purchase Agreement), become an award agreement between the Company and the Participant and certificates representing the shares shall be issued and delivered to the Participant. Restricted Stock may be awarded by the Committee in its discretion without receipt of consideration from Participants.

(b) No shares of Restricted Stock may be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of until the restrictions on such shares as set forth in the Participant's award agreement and Restricted Stock Purchase Agreement have lapsed or been removed pursuant to paragraph (d) or (e) below.

(c) Upon the acceptance by a Participant of an award of Restricted Stock, such Participant shall, subject to the restrictions set forth in paragraph (b) above, have all the rights of a shareholder with respect to such shares of Restricted Stock, including, but not limited to, the right to vote such shares of Restricted Stock and the right to receive all dividends and other, distributions paid thereon. Certificates representing Restricted Stock shall bear a legend referring to the restrictions set forth in the Plan and the Participant's award agreement and the Restricted Stock Purchase Agreement.

(d) The Committee shall establish as to each award of Restricted Stock the terms and conditions upon which the restrictions set forth in paragraph (b) above, other than those contained in the Restricted Stock Purchase Agreement, shall lapse. Such terms and conditions may include, without limitation, the lapsing of such restrictions, other than those set forth in the Restricted Stock Purchase Agreement (which shall only lapse in accordance with the terms thereof), as a result of the Disability, death or retirement of the Participant or the occurrence of a Change of Control.

(e) Notwithstanding the provisions of paragraph (b) above, the Committee may at any time, in its sole discretion, accelerate the time at which the restrictions, other than those set out in the Restricted Stock Purchase Agreement, will lapse.

(f) Each Employee shall agree at the time his or her Restricted Stock is granted, and as a condition thereof, to pay to the Company, or make arrangements satisfactory to the Company regarding the payment to the Company of, Applicable Withholding Taxes. Until such amount has been paid or arrangements satisfactory to the Company have been made, no stock certificate free of a legend reflecting the restrictions set forth in paragraph (b) above shall be issued to such Participant. The Company may require the Participant to execute a shareholder agreement or any such other form of agreement as it may deem appropriate as a condition to permitting restrictions on Restricted Stock to lapse.

7. Stock Options.

(a) Whenever the Committee deems it appropriate to grant Options, written or electronic notice shall be given to the eligible person stating the number of shares for which Options are granted, the Option price per share, whether the Options are Incentive Stock Options or Nonstatutory Stock Options and the conditions to which the grant and exercise of the Options are subject. This notice, when duly accepted in writing by the Participant, shall become a stock option agreement between the Company and the Participant.

(b) The exercise price of shares of Company Stock covered by an Incentive Stock Option shall be not less than 100% of the Fair Market Value of such shares on the Date of Grant. The exercise price of shares of Company Stock covered by a Nonstatutory Stock Option shall be not less than 85% of the Fair Market Value of such shares on the Date of Grant. If the Participant to whom an Option is granted is a 10% Shareholder and the Option is an Incentive Stock Option, the exercise price of the Incentive Stock Option shall be not less than 110% of the Fair Market Value of the Company Stock on the Date of Grant.

(c) Options may be exercised in whole or in part at such times as may be specified by the Committee in the Participant's stock option agreement; provided that the exercise provisions for Incentive Stock Options shall in all events not be more liberal than the following provisions:

(i) No Incentive Stock Option may be exercised after ten years (or, in the case of an Incentive Stock Option granted to a 10% Shareholder, five years) from the Date of Grant.

(ii) An Incentive Stock Option by its terms, shall be exercisable in any calendar year only to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the Company Stock with respect to which incentive stock options are exercisable for the first time during the calendar year does not exceed \$100,000 (the "Limitation Amount"). Incentive Stock Options granted under the Plan and similar incentive options granted under all other plans of the Company and any parent or Subsidiary of the Company shall be aggregated for purposes of determining whether the Limitation Amount has been exceeded. The Committee may impose such conditions as it deems appropriate on an Incentive Stock Option

to ensure that the foregoing requirement is met. If Incentive Stock Options that first become exercisable in a calendar year exceed the Limitation Amount, the excess Options will be treated as Nonstatutory Stock Options to the extent permitted by law.

(iii) An Incentive Stock Option shall be subject to such other conditions on exercise as may be imposed under the Code.

(d) The Committee may, in its discretion, grant Options that by their terms become fully exercisable upon a Change of Control, notwithstanding other conditions on exercisability in the stock option agreement.

8. Method of Exercise of Options.

(a) Options may be exercised by the Participant by giving written or electronic notice of the exercise to the Company, stating the number of shares the Participant has elected to purchase under the Option. In the case of the purchase of shares under an Option, such notice shall be effective only if accompanied by the exercise price in full in cash.

(b) The Participant shall execute an agreement in materially the same form as the Restricted Stock Purchase Agreement and the Company may require the Participant to execute any additional shareholder agreement or any such other form of agreement as it may deem appropriate as a condition to the transfer or issue of Company Stock to the Participant upon exercise of an Option. The Company shall place on any certificate representing Company Stock issued upon the exercise of an Option any legend deemed desirable by the Company's counsel to comply with federal or state securities laws and the terms of the Restricted Stock Purchase Agreement, and the Company may require a customary written indication of the Participant's investment intent. Until the Participant has made any required payment, including payment of any Applicable Withholding Taxes, and has had issued a certificate for the shares of Company Stock acquired, the Participant shall possess no shareholder rights with respect to the shares.

(c) Each Participant shall agree as a condition of the exercise of an Option to pay to the Company Applicable Withholding Taxes, or make arrangements satisfactory to the Company regarding the payment to the Company of such amounts. Until Applicable Withholding Taxes have been paid or arrangements satisfactory to the Company have been made, no stock certificate shall be issued upon the exercise of an Option.

(d) If the Company Stock is Publicly Traded, as an alternative to making a cash payment to the Company to satisfy Applicable Withholding Taxes, if the Option so provides, or the Committee by separate action so provides, a Participant may, subject to the provisions set forth below, elect to have the Company retain that number of shares of Company Stock that would satisfy all or a specified portion of the Applicable Withholding Taxes. The Committee shall have sole discretion to approve or disapprove any such election.

(e) Notwithstanding anything herein to the contrary, if the Company Stock is Publicly Traded, Options shall always be granted and exercised in such a manner as to conform to the provisions of Rule 16b-3.

9. Nontransferability of Options. Options and Restricted Stock (except and only to the extent otherwise set forth in the applicable Restricted Stock Purchase Agreement) shall not be transferable except by will or the laws of descent and distribution, and shall be exercisable during the Participant's lifetime only by the Participant.

10. Effective Date of the Plan. This Plan shall be effective on August 1, 2003 and shall be submitted to the shareholders of the Company for approval. Until the requirements of any applicable federal or state securities laws have been met, no Option shall be exercisable, and no Restricted Stock shall be granted.

11. Termination, Modification, Change. If not sooner terminated by the Committee, this Plan shall terminate at the close of the business day that is the day immediately preceding the ten-year anniversary of the effective date (as provided in Section 10). No Incentive Awards shall be made under the Plan after its termination. The Committee may terminate the Plan or may amend the Plan in such respects as it shall deem advisable; provided, that, no change shall be made that increases the total number of shares of Company Stock reserved for issuance pursuant to Incentive Awards granted under the Plan (except pursuant to Section 12), expands the class of persons eligible to receive Incentive Awards, or materially increases the benefits accruing to Participants under the Plan, unless such change is authorized by the shareholders of the Company. Notwithstanding the foregoing, the Committee may amend the Plan and unilaterally amend Incentive Awards as it deems appropriate to ensure compliance with applicable federal or state securities laws or regulations thereunder, or any applicable Nasdaq or securities exchange listing requirement, and to cause Incentive Stock Options to meet the requirements of the Code and regulations thereunder, or to cause Incentive Awards to meet conditions imposed under Section 17 of the Plan. Except as provided in the preceding sentence, a termination or amendment of the Plan shall not, without the consent of the Participant, detrimentally affect a Participant's rights under an Incentive Award previously granted to the Participant.

12. Change in Capital Structure.

(a) In the event of a stock dividend, stock split or combination of shares, recapitalization or merger in which the Company is the surviving corporation or other change in the Company's capital stock (including, but not limited to, the creation or issuance to shareholders generally of rights, options or warrants for the purchase of common stock or preferred stock of the Company), the number and kind of shares of stock or securities of the Company to be subject to the Plan and to Incentive Awards then outstanding or to be granted thereunder, the maximum number of shares or securities which may be delivered under the Plan pursuant to Section 4, and the exercise price, terms of Incentive Awards and other relevant provisions shall be appropriately adjusted by the Committee, whose determination shall be binding on all persons. If the adjustment would produce fractional shares with respect to any unexercised Option, the Committee may adjust appropriately the number of shares covered by the Option so as to eliminate the fractional shares.

(b) Upon a Deemed Liquidation (if and to the extent defined in the Company's restated certificate of incorporation) the Board may take such actions with respect to outstanding Incentive Awards as the Board deems appropriate, including, without limitation, canceling the outstanding portion of any Option and paying or delivering, or causing to be paid or delivered, to the Participant an amount in cash or

securities having a value (as determined by the Board acting in good faith) equal to the product of (A) the number of shares of Company Stock that, as of the date of the consummation of such Liquidation Event, the Participant had become entitled to purchase pursuant to the Option (and had not purchased) multiplied by (B) the amount, if any, by which (1) the formula or fixed price per share paid to the holders of shares of Company Stock pursuant to such Liquidation Event exceeds (2) the exercise price applicable to such Option.

(c) Notwithstanding anything in the Plan to the contrary, the Committee may take the foregoing actions without the consent of any Participant, and the Committee's determination shall be conclusive and binding on all persons for all purposes.

13. Administration of the Plan. The Plan shall be administered by the Committee. The Committee shall consist of not less than two (2) members of the Board, who shall be appointed by the Board, unless at any time the Board consists of less than two (2) members, in which case the sole member shall serve as the Committee. Subject to paragraph (d) below, if the Company Stock is Publicly Traded, the Committee shall be the Compensation Committee of the Board unless the Board shall appoint another committee to administer the plan. The Committee shall have general authority to impose any limitations or condition upon an Incentive Award the Board deems appropriate to achieve the objectives of the Incentive Award and the Plan and, without limitation and in addition to powers set forth elsewhere in the Plan, shall have the following specific authority:

(a) The Committee shall have the power and complete discretion to determine (i) which eligible persons shall receive Incentive Awards and the nature of each Incentive Award, (ii) subject to the aggregate number of shares of Company Stock reserved for issuance pursuant to the Plan, the number of shares of Company Stock to be covered by each Incentive Award, (iii) whether Options shall be Incentive Stock Options or Nonstatutory Stock Options, (iv) the Fair Market Value of Company Stock, (v) the time or times when an Incentive Award shall be granted, (vi) whether an Incentive Award shall become vested over a period of time and when it shall be fully vested, (vii) when Options may be exercised, (viii) whether a Disability exists, (ix) the manner in which payment will be made upon the exercise of Options, (x) conditions, in addition to those contained in the Restricted Stock Purchase Agreement, relating to the length of time before disposition of Company Stock received upon the exercise of Options is permitted, (xi) whether to approve a Participant's election to have the Company withhold from the shares to be issued upon the exercise of a Nonstatutory Stock Option the number of shares necessary to satisfy Applicable Withholding Taxes, (xii) notice provisions relating to the sale of Company Stock acquired under the Plan, (xiii) when Incentive Awards may be forfeited or expire, and (xiv) any additional requirements relating to Incentive Awards that the Committee deems appropriate. The Committee shall have the power to amend the terms of previously granted Incentive Awards so long as the terms as amended are consistent with the terms of the Plan and provided that the consent of the Participant is obtained with respect to any amendment that would be detrimental to him or her, except that such consent will not be required if such amendment is for the purpose of complying with Rule 16b-3 or any requirement of the Code applicable to the Incentive Award.

(b) The Committee may adopt rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Committee shall

be final and conclusive. The Committee may consult with counsel, who may be counsel to the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

(c) A majority of members of the committee shall constitute a quorum, and all action of the Committee shall be taken by a majority of the members present. Any action may be taken by a written instrument signed by all of the members, and any action so taken shall be fully effective as if it had been taken at a meeting.

(d) The Board from time to time may appoint members previously appointed and may fill vacancies, however caused, in the Committee. If a committee of the Board is appointed to serve as the Committee, such Committee shall have, in connection with the administration of the Plan, the powers possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise, subject, however to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board.

(e) With respect to Non-Employee Directors, the Board shall be authorized to make grants of Restricted Stock and Nonstatutory Stock Options in its discretion, provided such grants are made in compliance with other provisions of the Plan. In such case, the Board shall hold the same general and specific authority granted to the Committee under this Section 13 and other provisions of the Plan.

14. Notice. All notices and other communications required or permitted to be given in writing under this Plan shall be deemed to have been duly given if delivered personally or mailed first class, postage prepaid, as follows (a) if to the Company—at its principal business address to the attention of the Chief Financial Officer; (b) if to any Participant at the last address of the Participant known to the sender at the time the notice or other communication is sent.

15. Shareholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Company Stock subject to an Incentive Award unless and until such Participation has satisfied all requirements under the terms of the Incentive Award.

16. No Employment or other Service Rights. Nothing in the Plan or any instrument executed or Incentive Award granted under the Plan shall confer upon any Participant any right to continue to serve the Company (or a Parent or Subsidiary of the Company) in the capacity in effect at the time the Incentive Award was granted or shall affect the right of the Company (or a Parent or Subsidiary of the Company) to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company (or a Parent or Subsidiary of the Company), or (iii) the service of a Non-Employee Director pursuant to the bylaws of the Company (or a Parent or Subsidiary of the Company), and any applicable provisions of the corporate law of the state in which the Company (or a Parent or Subsidiary of the Company) is incorporated, as the case may be.

17. Options Granted to Non-Exempt Employees. Any Option granted to an Employee who is a nonexempt Employee for purposes of the Fair Labor Standards Act of 1938 (the "FLSA") shall not be exercisable by the Employee for a period of at least six months after the Date of Grant, to the extent required under the FLSA for such Option to be excluded from the Employee's "regular rate" (as defined under the FLSA). The Committee may impose such other

conditions or limitations on Options granted to nonexempt Employees as it may deem appropriate to qualify such Options for exemption from such Employees' regular rate under the FLSA.

Interpretation. The terms of the Plan shall be governed by the laws of the Commonwealth of Virginia, without regard to the conflict of law provisions of any jurisdiction. The terms of this Plan are subject to all present and future regulations and rulings of the Secretary of the Treasury or his delegate relating to the qualification of Incentive Stock Options under the Code. If any provision of the Plan conflicts with any such regulation or ruling, then that provision of the Plan shall be void and of no effect.

IN WITNESS WHEREOF, this instrument is effective as of the 1st day of August, 2003.

iDEFENSE, Inc.

By: /s/ Philip M. Parsons

Philip M. Parsons
Chief Financial Officer

**FIRST AMENDMENT
TO THE
iDEFENSE, INC. 2003 STOCK INCENTIVE PLAN**

FIRST AMENDMENT, to the iDEFENSE, Inc. 2003 Stock Incentive Plan by the iDEFENSE, Inc. (the "Company"). The Company maintains the iDEFENSE, Inc. 2003 Stock Incentive Plan, effective as of August 1, 2003 (the "Plan").

WHEREAS, the Company, pursuant to the authority granted under Section 11 of the Plan, now wishes to amend the Plan;

NOW, THEREFORE, the Plan is amended as follows:

1. A new subsection (aa) is hereby added to Section 2 of the Plan as follows:

"(aa) "Total Options" means the aggregate number of Options granted to you under the Plan and the iDefense 2001 Stock Incentive Plan."

2. Subsection (d) of Section 7 of the Plan is hereby deleted in its entirety and replaced with the following:

"(d) To the extent that fewer than two thirds of a Participant's Total Options have become exercisable pursuant to a Participant's stock option agreement on the effective date of a Change of Control, such Participant shall on the effective date of a Change of Control be entitled to exercise such number of unexercisable Options as will result in two thirds of such Participant's Total Options being exercised upon the Change of Control, and the remaining unexercisable Options shall become exercisable upon the sooner of: (i) the time such Options would have been exercisable under their original grant (as amended), or (ii) on the first anniversary of the effective date of the Change of Control; provided, however, that if the Participant is an Employee and such Employee's employment is actually or constructively terminated by the Company or its successor in a Change of Control (A) in connection with the Change of Control, or (B) at any time after the Change of Control and such termination is for a reason other than for Cause (as such term is defined in the Employee's employment agreement), the remaining unexercisable Options held by the Employee shall be exercisable immediately upon the effective date of such termination. Notwithstanding the foregoing, if a Participant's stock option agreement provides that an Option shall become exercisable prior to the dates set forth in this Section 7(d), such Option shall become exercisable in accordance with the Participant's stock option agreement."

3. In all respects not amended, the Plan is hereby ratified and confirmed.

* * * * *

To record the adoption of the First Amendment as set forth above, the Company has caused this document to be signed on this 24th day of December, 2003.
iDEFENSE, INC.

By: /s/ Philip M. Parsons

Philip Parsons
Chief Financial Officer

**Amendment to
iDefense, Inc.
2003 Stock Incentive Plan**

This amendment to the iDefense, Inc., a Delaware corporation (the "Company") 2003 Stock Incentive Plan, dated August 1, 2003 (the "Plan") is entered into this 13th day of September, 2004 (the "Amendment"). All capitalized terms not otherwise defined in this Amendment shall have the meanings assigned to them in the Plan.

WHEREAS, on September 13, 2004, by written consent the Shareholders and the Board authorized and approved an amendment to the Plan to increase the number of shares that would be reserved for issuance under the Plan to 2,095,239;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Plan is hereby amended as follows:

1. The text of paragraph 4 shall be deleted in its entirety and replaced with the following language:

"Stock. Subject to Section 12 of the Plan, there shall be reserved for issuance under the Plan an aggregate of 2,095,239 shares of Company Stock, which shall be authorized but unissued shares. Shares allocable to Incentive Awards or portions thereof granted under the Plan that expire or otherwise terminate unexercised may again be subjected to an Incentive Award under the Plan. The Committee is expressly authorized to make an Incentive Award to a Participant conditioned upon the surrender for cancellation of an existing Incentive Award. If the Company becomes subject to Code Section 162(m), no more shares may be allocated to Incentive Awards during any single Taxable Year than are permitted under Code Section 162(m). For purposes of determining the number of shares that are available for Incentive Awards under the Plan, such number shall, to the extent permissible under Rule 16b-3 if the Company Stock is Publicly Traded, include the number of shares under an Incentive Award surrendered by a Participant or retained by the Company in payment of Applicable Withholding Taxes."

IN WITNESS WHEREOF, this amendment is executed as of the 13th day of September, 2004.

iDefense, Inc.

By: /s/ Philip M. Parsons

Name: Philip M. Parsons
Title: Chief Financial Officer

INCENTIVE STOCK OPTION GRANT FORM AND OPTION AGREEMENT

TO BE PRINTED ON COMPANY LETTERHEAD

_____, 200__

[Name]
[Street]
[City, State]

Dear [Employee's Name]:

iDEFENSE, Inc., a Delaware corporation (the "Company") has designated you to be a recipient of an incentive stock option to purchase shares of the common stock of the Company on the terms set forth in this letter and in the iDEFENSE, Inc. 2003 Stock Incentive Plan (the "Plan"). An incentive stock option is an option that receives special tax treatment under Section 422 of the Internal Revenue Code.

The incentive stock option is granted pursuant to the Plan and is conditioned on approval of the Plan by the shareholders of the Company. If the shareholders do not approve the Plan, then this grant shall be void and of no effect. The Plan is administered by a Compensation Committee (the "Committee") appointed by the Board of Directors of the Company. The terms of the Plan are incorporated into this letter and in the case of any conflict between the Plan and this letter, the terms of the Plan shall control. Please refer to the Plan for certain conditions not set forth in this letter. A copy of the Plan is attached to this letter.

1. Option. In consideration of your agreements contained in this letter, the Company hereby grants you an incentive stock option (the "Option") to purchase from the Company _____ shares of common stock of the Company ("Company Stock"), at \$ _____ per share [\$ _____ for 10% Shareholders]. This option price is not less than 100% [110% for 10% Shareholders] of the fair market value of Company Stock on _____ (the "Grant Date"). The grant of the Option is subject to the following terms and conditions:

(a) The shares covered by the Option shall vest, and shall be exercisable, in accordance with the following schedule:

<u>Date</u>	<u>Number of Shares that may be Exercised (Vested Portion of Option)</u>
[First Anniversary of Grant Date]	[25% of Total Shares Granted]
[Second Anniversary of Grant Date]	[50% of Total Shares Granted]
[Third Anniversary of Grant Date]	[75% of Total Shares Granted]
[Fourth Anniversary of Grant Date]	[100% of Total Shares Granted]

(b) Subject to the limitations set forth in this letter and in the Plan, you may exercise the exercisable portion of the Option in whole or in part at any time, or from time to time, from the date of this letter until the first to occur of: (i) [10 years from the Grant Date] [or, in the case of an Option granted to a 10% Shareholder, 5 years from the Grant Date], (ii) three (3) months from the date on which your employment with the Company (including its parent and subsidiary corporations) terminates for any reason other than your permanent disability or your death, or (iii) one year from the date on which your employment with the Company (including its parent and subsidiary corporations) terminates on account of your death or your permanent disability (as determined by the Committee). In no event may the Option be exercised after [1.0 years from the Grant Date].

(c) The Option may be exercised during your lifetime only by you. If you die while you are in the employ of the Company or a parent or subsidiary corporation and at a time when you hold any part of the Option that is fully vested and exercisable, then the person to whom your rights under the Option shall have passed by will or by the laws of descent and distribution may exercise any or all of the fully vested and exercisable portion of the Option within one year after your death. Each provision of this paragraph is subject to the condition that in no event may the Option be exercised after [10 years from the Grant Date].

(d) You must be employed by the Company (or a parent or subsidiary corporation) on the relevant date for any shares to vest. If your employment with the Company (or a parent or subsidiary corporation) terminates, any rights you may have under the Option with regard to unvested shares shall be null and void.

2. Limitation on Incentive Stock Option. Notwithstanding the foregoing, the aggregate fair market value (determined at the time the options are granted) of the stock with respect to which incentive stock options granted to you are exercisable for the first time during a calendar year may not exceed \$100,000 (the "Limitation Amount"). The incentive stock options granted under this letter, the Plan and all other plans of the Company and any parent and subsidiary corporations shall be aggregated for purposes of the Limitation Amount. The portion of an Option that fails to qualify for incentive stock option treatment in a calendar year because of the Limitation Amount shall be treated as a nonqualified stock option that does not receive special tax treatment under Code Section 422.

3. Payment For Option. Any person entitled to exercise the Option may do so by giving written notice of the exercise to the Company, stating the number of shares that he is purchasing and transmitting the exercise price in full in cash.

4. Transferability. This Option is not transferable by you except by will or by the laws of descent and distribution, and the Option is exercisable only by you during your lifetime.

5. Adjustments. If the number of outstanding shares of Company Stock is increased or decreased as a result of a stock dividend, stock split or combination of shares, recapitalization, merger in which the Company is the surviving corporation, or other change in the capitalization

of the Company without the receipt of consideration by the Company, the number and kind of shares with respect to which you have an unexercised Option and the Option price shall be appropriately adjusted by the Committee, whose determination shall be binding.

6. Exercise and Notices. To exercise your Option, you must deliver to the Chief Financial Officer of the Company written notice, signed by you, stating the number of shares you have elected to purchase, and payment to the Company as described in paragraph 3. Any notice to be given under the terms of this letter shall be addressed to the Chief Financial Officer at iDEFENSE, Inc. 1875 Campus Common Drive, Suite 210, Reston, Virginia 20191. Any notice to be given to you shall be given to you or your personal representative, legatee or distributee, and shall be addressed to him or her at the address set forth above or your last known address at the time notice is sent. Notices shall be deemed to have been duly given if mailed first class, postage prepaid, addressed as above.

7. Withholding. By signing this letter, you agree to make arrangements satisfactory to the Company to comply with any income tax withholding requirements that may apply upon the exercise of the Option or the disposition of Company Stock received upon the exercise of the Option.

8. Continuation of Employee of the Company. Neither the Plan nor the Option confers upon you any right to continue as an employee of the Company or limits in any respect the right of the Company to terminate your employment.

9. Delivery of Certificate. The Company may delay delivery of the certificate for shares purchased pursuant to the exercise of an Option until (i) the admission of such shares to listing on any stock exchange on which the Company Stock may then be listed, (ii) receipt of any required representation by you or completion of any registration or other qualification of such shares under any state or federal law or regulation that the Company's counsel shall determine as necessary or advisable, and (iii) receipt by the Company of advice by counsel that all applicable legal requirements have been complied with. As a condition of exercising the Option, you must enter into an agreement with the Company materially in the form of the restricted stock purchase agreement attached to this letter, restricting your right to transfer shares of Company Stock purchased pursuant to the exercise of an Option, and granting the Company a right of first refusal with respect to such shares. Additionally, you may be required to execute a customary written indication of your investment intent and such other agreements the Company deems necessary or appropriate to comply with applicable securities laws.

10. Acceptance of Option. This letter agreement deals only with the Option you have been granted and not its exercise. Your acceptance of the Option, which shall be deemed to take place when you sign this letter, places no obligation or commitment on you to exercise the Option. By signing below, you indicate your acceptance of the Option and your agreement to the terms and conditions set forth in this letter, which, together with the terms of the Plan, shall become the Company's Stock Option Agreement with you. You also hereby acknowledge receipt of a copy of the Plan and agree to all of the terms and conditions of the Plan. Unless the Company otherwise agrees in writing, this letter will not be effective as a Stock Option Agreement if you do not sign and return a copy.

[Name]
_____, 200__
Page 4

IN WITNESS WHEREOF, the Company has caused this Stock Option Agreement to be signed, as of this _____ date of _____, 200__.

iDEFENSE, INC.

Name:
Title:

Agreed and Accepted:

(Grant Recipient)

NON-STATUTORY STOCK OPTION GRANT FORM AND OPTION AGREEMENT

TO BE PRINTED ON COMPANY LETTERHEAD

_____, 200__

[Name]
[Street]
[City, State]

Dear [Employee's Name]:

iDEFENSE, Inc., a Delaware corporation (the "Company") has designated you to be a recipient of a non-statutory stock option to purchase shares of the common stock of the Company on the terms set forth in this letter and in the iDEFENSE, Inc. 2003 Stock Incentive Plan (the "Plan").

The grant of this option is made pursuant to the Plan. The Plan is administered by a Stock Option Committee (the "Committee") appointed by the Board of Directors of the Company. The terms of the Plan are incorporated into this letter and in the case of any conflict between the Plan and this letter, the terms of the Plan shall control. A copy of the Plan is attached to this letter.

1. Non-Statutory Option. In consideration of your agreements contained in this letter, the Company hereby grants you a non-statutory option ("NSO") to purchase from the Company _____ shares of common stock of the Company ("Company Stock") at \$ _____ per share. The exercise price of the NSO is the Fair Market Value (as defined in the Plan) of the Company Stock on _____ (the "Grant Date").

2. Entitlement to Exercise the NSO. The grant of the NSO is subject to the following terms and conditions:

(a) The shares covered by the NSO shall vest, and shall be exercisable, in accordance with the following schedule:

<u>Date</u>	<u>Number of Shares that May be Exercised (Vested Portion of NSO)</u>
[First Anniversary of Grant Date]	[25% of Total Shares Granted]
[Second Anniversary of Grant Date]	[50% of Total Shares Granted]
[Third Anniversary of Grant Date]	[75% of Total Shares Granted]
[Fourth Anniversary of Grant Date]	[100% of Total Shares Granted]

(b) Except as otherwise stated in this letter and in the Plan, the NSO may be

exercised, in whole or in part, from the dates described in subsection (a) above until the earliest of (i) ten years and one day following the Grant Date, (ii) three (3) months from the termination of your duties with the Company (or a parent or subsidiary corporation) for reasons other than death or disability, or (iii) one year from the termination of your duties with the Company (or a parent or subsidiary corporation) by reason of death or disability. The Committee shall, in its discretion, determine whether you are disabled.

(c) Except as otherwise stated in this paragraph, the NSO may be exercised only while you are performing services for the Company or a parent or subsidiary corporation. If your duties with the Company (or a parent or subsidiary corporation) cease for any reason other than your death or disability, you may exercise any or all of the NSO that is then fully vested and exercisable within three months after your duties with the Company (or a parent or subsidiary corporation) terminate. If you are disabled while performing services for the Company (or a parent or subsidiary corporation), you may exercise any or all of NSO that is then fully vested and exercisable within one year after your duties with the Company (or a parent or subsidiary corporation) terminate on account of disability. The Committee shall, in its discretion, determine whether you are disabled. If you die while you are performing services for the Company (or a parent or subsidiary corporation), the person to whom your rights under the NSO shall have passed by will or by the laws of distribution may exercise any or all of the NSO that is then fully vested and exercisable within one year after your death.

(d) You must be employed by, or be a director of, the Company (or a parent or subsidiary corporation) on the relevant date for any shares to vest. If your employment with, or your directorship of, the Company (or a parent or subsidiary corporation) terminates, any rights you may have under the Option with regard to unvested shares shall be null and void.

3. Payment Under NSO. You may exercise the NSO in whole or in part, but only with respect to whole shares of Company Stock. You shall make payment of the NSO price in full in cash.

4. Transferability of NSO. The NSO is not transferable by you (other than by will or by the laws of descent and distribution) and, except as otherwise stated in this letter, may be exercised during your lifetime only by you.

5. Adjustments. If the number of outstanding shares of Company Stock is increased or decreased as a result of a stock dividend, stock split or combination of shares, recapitalization, merger in which the Company is the surviving corporation, or other change in the Company's capitalization without the receipt of consideration by the Company, the number and kind of shares with respect to which you have an unexercised NSO and the exercise price shall be appropriately adjusted by the Committee, whose determination shall be binding.

6. Exercise and Notices. To exercise your NSO, you must deliver to the Chief Financial Officer of the Company written notice, signed by you, stating the number of shares you

have elected to purchase, and payment to the Company as described in paragraph 3. Any notice to be given under the terms of this letter shall be addressed to the Chief Financial Officer at iDEFENSE, Inc. 1875 Campus Common Drive, Suite 210, Reston, Virginia 20191. Any notice to be given to you shall be given to you or your personal representative, legatee or distributee, and shall be addressed to him or her at the address set forth above or your last known address at the time notice is sent. Notices shall be deemed to have been duly given if mailed first class, postage prepaid, addressed as above.

7. Withholding. By signing this letter, you agree to make arrangements satisfactory to the Company to comply with any income tax withholding requirements that may apply upon the exercise of the NSO or the disposition of Company Stock received upon the exercise of the NSO.

8. Continuation as an Employee of the Company. Neither the Plan nor the NSO confers upon you any right to continue as an employee of, or continue to be a director of, the Company or limits in any respect the right of the Company to terminate your employment or your directorship.

9. Delivery of Certificate. The Company may delay delivery of the certificate for shares purchased pursuant to the exercise of an NSO until (i) the admission of such shares to listing on any stock exchange on which the Company Stock may then be listed, (ii) receipt of any required representation by you or completion of any registration or other qualification of such shares under any state or federal law or regulation that the Company's counsel shall determine as necessary or advisable, and (iii) receipt by the Company of advice by counsel that all applicable legal requirements have been complied with. As a condition of exercising the NSO, you must enter into an agreement with the Company materially in the form of the restricted stock purchase agreement attached to this letter, restricting your right to transfer shares of Company Stock purchased pursuant to the exercise of the NSO, and granting the Company a right of first refusal with respect to such shares. Additionally, you may be required to execute a customary written indication of your investment intent and such other agreements the Company deems necessary or appropriate to comply with applicable securities laws.

10. Acceptance of NSO. This letter agreement deals only with the NSO you have been granted and not its exercise. Your acceptance of the NSO, which shall be deemed to take place when you sign this letter, places no obligation or commitment on you to exercise the NSO. By signing below, you indicate your acceptance of the NSO and your agreement to the terms and conditions set forth in this letter, which, together with the terms of the Plan, shall become the Company's Stock Option Agreement with you. You also hereby acknowledge receipt of a copy of the Plan and agree to all of the terms and conditions of the Plan. Unless the Company otherwise agrees in writing, this letter will not be effective as a Stock Option Agreement if you do not sign and return a copy.

[Name]
_____, 200__
Page 4

IN WITNESS WHEREOF, the Company has caused this Stock Option Agreement to be signed, as of this _____ date of _____, 200__.

iDEFENSE, INC.

Name:
Title:

Agreed and Accepted:

(Grant Recipient)

[On the Letterhead of Fenwick & West]

August 5, 2005

VeriSign, Inc.
487 East Middlefield Road
Mountain View, California 94043-1331

Gentlemen/Ladies:

At your request, we have examined the Registration Statement on Form S-8 (the "**Registration Statement**") to be filed by VeriSign, Inc., a Delaware corporation (the "**Company**"), with the Securities and Exchange Commission on or about August 5, 2005 in connection with the registration under the Securities Act of 1933, as amended, of an aggregate of 33,314 shares of the Company's Common Stock (the "**Stock**"), all of which are subject to issuance by the Company upon the exercise of stock options granted under the iDefense, Inc. 2001 Stock Incentive Plan, as amended, and iDefense, Inc. 2003 Stock Incentive Plan, as amended (the "**Plans**"). In rendering this opinion, we have examined such matters of fact as we have deemed necessary in order to render the opinion set forth herein, which included examination of the following.

- (1) the Plans;
- (2) the Company's Third Amended and Restated Certificate of Incorporation, represented by Company to be true and complete as of July 25, 2005;
- (3) the Company's Amended and Restated Bylaws, represented by Company to be true and complete as of July 25, 2005;
- (4) the Registration Statement, together with the Exhibits filed as a part thereof or incorporated therein by reference, including the Plans and related forms;
- (5) the Prospectuses prepared in connection with the Registration Statement;
- (6) resolutions of the Company's Board of Directors, dated July 11, 2005, furnished to us by the Company;
- (6) the Company's verification of the number of the Company's issued and outstanding shares of capital stock as of July 25, 2005 and outstanding options to purchase the Company's capital stock reserved for issuance or issued, as of July 25, 2005; and
- (7) the Agreement and Plan of Merger dated July 13, 2005 by and among the Company, iDefense Acquisition Corporation, iDefense, Inc. and John Watters, as the Representative, and all exhibits thereto, as well as the Agreement of Merger filed with the Delaware Secretary of State on July 13, 2005.

In our examination of documents for purposes of this opinion, we have assumed, and express no opinion as to, the genuineness of all signatures on original documents, the authenticity and completeness of all documents submitted to us as originals, the conformity to originals and completeness of all documents submitted to us as copies, the legal capacity of all persons or entities executing the same, the lack of any undisclosed termination, modification, waiver or amendment to any document reviewed by us and the due authorization, execution and delivery of all documents where due authorization, execution and delivery are prerequisites to the effectiveness thereof. We have also assumed that the certificates representing the Stock have been, or will be when issued, properly signed by authorized officers of the Company or their agents.

As to matters of fact relevant to this opinion, we have relied solely upon our examination of the documents referred to above and have assumed the current accuracy and completeness of the information obtained from the documents referred to above and the representations and warranties made by representatives of the Company to us, including, but not limited to, those set forth in the Management Certificate. We have made no independent investigation or other attempt to verify the accuracy of any of such information or to determine the existence or non-existence of any other factual matters.

We are admitted to practice law in the State of California, and we render this opinion only with respect to, and express no opinion herein concerning the application or effect of the laws of any jurisdiction other than the existing laws of the United States of America and of the State of California and of the Delaware General Corporation Law, the Delaware Constitution and reported judicial decisions relating thereto.

Based upon the foregoing, it is our opinion that the aggregate 23,515 shares of Stock that may be issued and sold by the Company upon the exercise of stock options granted under the Plans, when issued, sold and delivered in accordance with the Plans and stock option grant agreements entered into thereunder and in the manner and for the consideration stated in the Plans and the relevant stock option grant agreements, will be validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to all references to us, if any, in the Registration Statement, the Prospectuses constituting a part thereof and any amendments thereto. This opinion is intended solely for use in connection with the issuance and sale of shares subject to the Registration Statement and is not to be relied upon for any other purpose. We assume no obligation to advise you of any fact, circumstance, event or change in the law or the facts that may hereafter be brought to our attention whether or not such occurrence would affect or modify the opinions expressed herein.

Very truly yours,

FENWICK & WEST LLP

By: /s/ Jeffrey R. Vetter

Jeffrey R. Vetter, a Partner

Consent of Independent Registered Public Accounting Firm

The Board of Directors
VeriSign, Inc.:

We consent to the incorporation by reference in the registration statement on Form S-8 of VeriSign, Inc. of our reports dated March 15, 2005, with respect to the consolidated balance sheets of VeriSign, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity, comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2004, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, and the effectiveness of internal control over financial reporting as of December 31, 2004, which reports appear in the December 31, 2004 annual report on Form 10-K of VeriSign, Inc.

By: /s/ KPMG LLP

Mountain View, California
August 2, 2005