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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2007

OR

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

For the transition period from to

Commission File Number: 000-23593

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

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

Class	Shares Outstanding June 29, 2007
Common stock, $.001 par value	243,838,287

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EXPLANATORY NOTE

In our 2006 Annual Report on Form 10-K, we restated the consolidated balance sheet as of December 31, 2005, and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows for each of the fiscal years ended December 31, 2005 and December 31, 2004. In addition, we restated the unaudited quarterly financial information and financial statements for interim periods of 2005, and unaudited Condensed Consolidated Financial Statements for the three months ended March 31, 2006.

Annual reports on Form 10-K and Quarterly Reports on Form 10-Q, filed on or before May 10, 2006, affected by the restatements have not been amended and should not be relied upon, and are superseded in their entirety by our 2006 Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q filed on July 12, 2007.

This Quarterly Report on Form 10-Q should be read in conjunction with our 2006 Annual Report on Form 10-K, as well as any Current Reports filed on Form 8-K.

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PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

	Financial Statement Description	Page
•	Condensed Consolidated Balance Sheets as of March 31, 2007 and December 31, 2006	5
•	Condensed Consolidated Statements of Income for the Three Months Ended March 31, 2007 and 2006	6
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VERISIGN, INC. AND SUBSIDIARIES

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

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 523,024	$ 478,749
Short-term investments	147,929	198,656
Accounts receivable, net of allowance for doubtful accounts of $6,110 and $8,083 at March 31, 2007 and December 31, 2006, respectively	219,562	319,305
Prepaid expenses and other current assets	96,536	217,196
Deferred tax assets	80,621	84,318
Current assets of discontinued operations	30,761	34,356
Total current assets	1,098,433	1,332,580
Property and equipment, net	581,346	605,292
Goodwill	1,262,351	1,449,493
Other intangible assets, net	276,766	333,430
Restricted cash	48,976	49,437
Long-term deferred tax assets	209,534	177,805
Other assets, net	37,210	25,214
Investments in unconsolidated entities	103,751	—
Long-term assets of discontinued operations	7,055	1,217
Total long-term assets	2,526,989	2,641,888
Total assets	$ 3,625,422	$ 3,974,468
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 301,711	$ 675,105
Accrued restructuring costs	15,361	3,818
Deferred revenue	485,058	448,413
Short-term debt	—	199,000
Deferred tax liabilities	1,106	1,414
Current liabilities of discontinued operations	30,685	31,743
Total current liabilities	833,921	1,359,493
Long-term deferred revenue	171,062	159,439
Long-term accrued restructuring costs	440	937
Long-term tax liability	44,106	—
Other long-term liabilities	14,754	5,175
Long-term deferred tax liabilities	12,972	24,815
Long-term liabilities of discontinued operations	—	34
Total long-term liabilities	243,334	190,400
Total liabilities	1,077,255	1,549,893
Minority interest in subsidiaries	49,150	47,716
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock—par value $.001 per share		
Authorized shares: 5,000,000		
Issued and outstanding shares: none	—	—
Common stock—par value $.001 per share		
Authorized shares: 1,000,000,000		
Issued and outstanding shares: 243,860,598 and 243,844,122 (excluding 35,471,662 shares held in treasury at March 31, 2007 and December 31, 2006)	244	244
Additional paid-in capital	23,333,652	23,314,511
Accumulated deficit	(20,829,745)	(20,929,498)
Accumulated other comprehensive loss	(5,134)	(8,398)
Total stockholders' equity	2,499,017	2,376,859
Total liabilities and stockholders' equity	$ 3,625,422	$ 3,974,468

See accompanying Notes to Condensed Consolidated Financial Statements.

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VERISIGN, INC. AND SUBSIDIARIES

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

	Three Months Ended March 31,	
	2007	2006 (As Restated) (1)
Revenues	$373,049	$ 370,109
Costs and expenses:		
Cost of revenues	150,640	136,967
Sales and marketing	78,950	90,550
Research and development	45,162	28,259
General and administrative	51,589	60,515
Restructuring, impairments and other charges	27,012	3,409
Amortization of other intangible assets	31,787	28,000
Acquired in-process research and development	—	10,900
Total costs and expenses	385,140	358,600
Operating (loss) income	(12,091)	11,509
Other income, net	81,387	28,721
Income from continuing operations before income taxes, earnings from unconsolidated entities and minority interest	69,296	40,230
Income tax expense	(8,762)	(24,215)
Earnings from unconsolidated entities, net of tax	448	—
Minority interest, net of tax	(569)	(647)
Net income from continuing operations	60,413	15,368
Net income from discontinued operations, net of tax	1,340	1,118
Net income	$ 61,753	$ 16,486
Basic net income per share from:		
Continuing operations	$ 0.24	$ 0.06
Discontinued operations	0.01	0.01
Net income	$ 0.25	$ 0.07
Diluted net income per share from:		
Continuing operations	$ 0.24	$ 0.06
Discontinued operations	0.01	0.01
Net income	$ 0.25	$ 0.07
Shares used in per share computation:		
Basic	243,852	245,603
Diluted	248,357	248,083

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

See accompanying Notes to Condensed Consolidated Financial Statements.

VERISIGN, INC. AND SUBSIDIARIES

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

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006 (As Restated) (1)
Cash flows from operating activities:		
Net income	$ 61,753	$ 16,486
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on divestiture of majority stake in Jamba	(74,999)	—
Depreciation of property and equipment	28,176	24,611
Amortization of other intangible assets	31,787	28,000
Acquired in-process research and development	—	10,900
Provision for doubtful accounts	(1,156)	650
Stock-based compensation and other	16,725	17,094
Restructuring, impairments and other charges	27,012	3,409
Net gain on sale of investments	(829)	(21,274)
Earnings from unconsolidated entities, net of tax	(448)	—
Minority interest, net of tax	569	647
Deferred income taxes	5,123	1,115
Changes in operating assets and liabilities:		
Accounts receivable	(45,859)	16,216
Prepaid expenses and other current assets	75,746	(2,710)
Accounts payable and accrued liabilities	(127,657)	2,475
Deferred revenue	48,034	40,508
Net cash provided by operating activities	43,977	138,127
Cash flows from investing activities:		
Purchases of investments	(135,882)	(38,187)
Proceeds from maturities and sales of investments	191,912	85,607
Purchases of property and equipment	(15,125)	(66,797)
Cash paid in business combinations, net of cash acquired	—	(166,458)
Proceeds received on divestiture of majority stake in Jamba, net of cash contributed	152,643	—
Net proceeds received on long-term note receivable	—	47,786
Other assets	1,138	(827)
Net cash provided by (used in) investing activities	194,686	(138,876)
Cash flows from financing activities:		
Proceeds from issuance of common stock from option exercises and employee stock purchase plan	—	29,564
Change in net assets of subsidiary and other	7	538
Repurchase of common stock	—	(75,000)
Repayment of debt	(199,000)	(1,077)
Net cash used in financing activities	(198,993)	(45,975)
Effect of exchange rate changes on cash and cash equivalents	791	562
Net increase (decrease) in cash and cash equivalents	40,461	(46,162)
Cash and cash equivalents at beginning of period	501,784	478,660
Cash and cash equivalents at end of period	542,245	432,498
Cash and cash equivalents of discontinued operations at end of period	(19,221)	(1,248)
Cash and cash equivalents of continuing operations at end of period	$ 523,024	$ 431,250
Cash flows from discontinued operations:		
Net cash used in operating activities	$ (150)	$ (631)
Supplemental cash flow disclosures:		
Cash paid for income taxes, net of refunds received	$ 6,524	$ 6,955

(1) See Note 2, “Restatement of Condensed Consolidated Financial Statements,” of the Notes to Condensed Consolidated Financial Statements.

See accompanying Notes to Condensed Consolidated Financial Statements.

VERISIGN, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation and Summary of Significant Accounting Policies

Interim Financial Statements

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by VeriSign, Inc. and its subsidiaries (the Company) in accordance with the instructions for Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, therefore, do not include all information and notes normally provided in audited financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals and other adjustments) considered necessary for a fair presentation have been included. The results of operations for any interim period are not necessarily indicative, nor comparable to the results of operations for any other interim period or for a full fiscal year. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related notes, together with management's discussion and analysis of financial position and results of operations contained in VeriSign's fiscal 2006 Annual Report on Form 10-K filed with the SEC (the "2006 Form 10-K") on July 12, 2007.

In the first quarter of 2007, VeriSign decided to sell its wholly owned JAMBA Service GmbH subsidiary ("Jamba Service"). The associated assets and liabilities of Jamba Service have been classified as held for sale and its operations have been reported in net income from discontinued operations for all periods presented in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144 ("SFAS 144"), "*Accounting for the Impairment or Disposal of Long Lived Assets*." In November 2005, VeriSign sold its payment gateway business. Accordingly, the Condensed Consolidated Financial Statements have been reclassified for all periods presented to reflect its payment gateway business as discontinued operations in accordance with SFAS 144. Unless noted otherwise, discussions in the Notes to Condensed Consolidated Financial Statements pertain to continuing operations.

Reclassifications

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

Critical Accounting Policies and Use of Estimates

VeriSign has made no material changes to its critical accounting policies, which are included in its 2006 Form 10-K.

The Company adopted FIN No. 48 ("FIN 48"), "*Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*," on January 1, 2007. FIN 48 is an interpretation of SFAS No. 109 ("SFAS 109"), "*Accounting for Income Taxes*," and it seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. Under FIN 48, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of tax expense. The impact on adoption of FIN 48 is more fully described in note 14.

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Note 2. Restatement of Condensed Consolidated Financial Statements

In this Form 10-Q, VeriSign is restating its Condensed Consolidated Statement of Income and the related Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2006.

In its 2006 Form 10-K, VeriSign restated its consolidated balance sheet as of December 31, 2005, and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows for each of the fiscal years ended December 31, 2005 and December 31, 2004, as a result of an independent stock option investigation commenced under the direction of an ad hoc group of the Company's independent directors who had not served on the Compensation Committee before 2005 ("Ad Hoc Group"). In total, the restatement resulted in additional stock-based compensation and related payroll tax expenses, net of income taxes, of $165.5 million recorded in fiscal years 1998 to 2005 and $1.5 million in the first quarter of 2006. In addition, the Company restated its unaudited quarterly financial information for all interim periods of fiscal year 2005 and the interim period ended March 31, 2006.

As part of the restatement, the Company also made other adjustments to previously stated Condensed Consolidated Financial Statements to the first quarter of 2006. The other adjustments resulted in a decrease in net income of approximately $1.8 million during the three months ended March 31, 2006.

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The following table presents the impact of the financial statement adjustments and the reclassification for discontinued operations on the Company's previously reported Condensed Consolidated Statement of Income:

	Three Months Ended March 31, 2006			
	As Previously Reported	Adjustments	Reclassifications	As Restated
	(in thousands, except per share amounts)			
Revenues	$ 373,604	$ (786) (A)	$ (2,709)	$370,109
Costs and expenses:				
Cost of revenues	138,912	122	(2,067)	136,967
Sales and marketing	90,387	423	(260)	90,550
Research and development	28,033	247	(21)	28,259
General and administrative	58,493	2,022	—	60,515
Restructuring, impairments and other charges	3,409	—	—	3,409
Amortization of other intangible assets	28,000	—	—	28,000
Acquired in-process research and development	10,900	—	—	10,900
Total costs and expenses	358,134	2,814 (B)	(2,348)	358,600
Operating income	15,470	(3,600)	(361)	11,509
Non-operating income:				
Other income, net	28,797	79 (C)	(155)	28,721
Income from continuing operations before income taxes, earnings from unconsolidated entities and minority interest	44,267	(3,521)	(516)	40,230
Income tax expense	(24,627)	205	207	(24,215)
Minority interest	(647)	—	—	(647)
Net income from continuing operations	18,993	(3,316)	(309)	15,368
Net income from discontinued operations	778	31 (D)	309	1,118
Net income	$ 19,771	$ (3,285)	$ —	$ 16,486
Basic net income per share from:				
Continuing operations	$ 0.08	$ (0.02)	$ —	$ 0.06
Discontinued operations	—	0.01	—	0.01
Net income	$ 0.08	$ (0.01)	$ —	$ 0.07
Diluted net income per share from:				
Continuing operations	$ 0.08	$ (0.02)	$ —	$ 0.06
Discontinued operations	—	0.01	—	0.01
Net income	$ 0.08	$ (0.01)	$ —	$ 0.07
Shares used in per share computation:				
Basic	245,603	—	—	245,603
Diluted	248,905	(822)	—	248,083

(A) Recognition of previously unrecognized revenue relating to the Company's Jamba business in EMEA and correction of $1.1 million of revenue to reverse billed services that were not delivered under contractual terms.
(B) Includes $1.9 million of additional stock-based compensation expense as a result of the restatement and a charge of $1.2 million to correct an accounting error related to software maintenance amortization.
(C) Primarily due to a foreign exchange gain that resulted from revenue adjustments to the Company's Jamba business in EMEA.
(D) Additional stock-based compensation expense relating to the Company's stock option investigation allocated to discontinued operations.

The following table presents the impact of the financial statement adjustments and the reclassification for discontinued operations on the Company's previously reported Condensed Consolidated Statement of Cash Flows:

	Three Months Ended March 31, 2006		
	As Previously Reported	Adjustments	As Restated
		(in thousands)	
Cash flows from operating activities:			
Net income	$ 19,771	$ (3,285)	$ 16,486
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment	24,444	167	24,611
Amortization of other intangible assets	28,000	—	28,000
Acquired in-process research and development	10,900	—	10,900
Provision for doubtful accounts	(650)	1,300	650
Stock-based compensation and other	15,146	1,948	17,094
Restructuring, impairments and other charges	1,966	1,443	3,409
Net gain on sale of investments	(21,274)	—	(21,274)
Minority interest	647	—	647
Deferred income taxes	(3,298)	4,413	1,115
Changes in operating assets and liabilities:			
Accounts receivable	17,525	(1,309)	16,216
Prepaid expenses and other current assets	(2,930)	220	(2,710)
Accounts payable and accrued liabilities	(38,127)	40,602	2,475
Deferred revenue	41,601	(1,093)	40,508
Net cash provided by operating activities	93,721	44,406	138,127
Cash flows from investing activities:			
Purchases of investments	(38,353)	166	(38,187)
Proceeds from maturities and sales of investments	86,054	(447)	85,607
Purchases of property and equipment	(26,813)	(39,984)	(66,797)
Cash paid in business combinations, net of cash acquired	(166,458)	—	(166,458)
Net proceeds received on long-term note receivable	47,786	—	47,786
Other assets	—	(827)	(827)
Net cash used in investing activities	(97,784)	(41,092)	(138,876)
Cash flows from financing activities:			
Proceeds from issuance of common stock from option exercises and employee stock purchase plan	29,926	(362)	29,564
Change in net assets of subsidiary	(494)	1,032	538
Repurchase of common stock	(75,000)	—	(75,000)
Excess tax benefits from stock-based compensation	5,840	(5,840)	—
Repayment of debt	(824)	(253)	(1,077)
Net cash used in financing activities	(40,552)	(5,423)	(45,975)
Effect of exchange rate changes on cash and cash equivalents	287	275	562
Net decrease in cash and cash equivalents	(44,328)	(1,834)	(46,162)
Cash and cash equivalents at beginning of period	476,826	1,834	478,660
Cash and cash equivalents at end of period	432,498	—	432,498
Cash and cash equivalents of discontinued operations at end of period	(1,248)	—	(1,248)
Cash and cash equivalents of continuing operations at end of period	$ 431,250	$ —	$ 431,250
Cash flows from discontinued operations:			
Net cash used in operating activities	$ (586)	(45)	$ (631)

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Note 3. Stock-Based Compensation

On March 29, 2005, the SEC published Staff Accounting Bulletin ("SAB") No. 107, which provides the Staff's views on a variety of matters relating to stock-based payments. SAB 107 requires stock-based compensation to be classified in the same expense line items as cash compensation. The following table sets forth the total stock-based compensation recognized on the Company's Condensed Consolidated Statements of Income:

	Three Months Ended March 31,	
	2007	2006 (As Restated) (1)
Stock-based compensation:		
Cost of revenue	$ 3,418	$ 3,899
Sales and marketing	5,003	3,499
Research and development	3,050	2,246
General and administrative	5,159	6,894
Total stock-based compensation	16,630	16,538
Tax benefit associated with stock-based compensation expense	3,936	4,270
Net effect of stock-based compensation expense on net income	$12,694	$ 12,268
Net effect of stock-based compensation expense on net income per share:		
Basic	$ 0.05	$ 0.05
Diluted	$ 0.05	$ 0.05

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

VeriSign currently uses the Black-Scholes option pricing model to determine the fair value of stock options and 1998 Employee Stock Purchase Plan ("Purchase Plan") options. The determination of the fair value of stock-based payment awards using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables. The following table sets forth the weighted average assumptions used to estimate the fair value of the stock options and Purchase Plan options:

	Three Months Ended March 31,	
	2007	2006
Stock options:		
Volatility	34%	37%
Risk-free interest rate	4.67%	4.61%
Expected term	3.0 years	3.06 years
Dividend yield	zero	zero
Employee Stock Purchase Plan options:		
Volatility	n/a	39%
Risk-free interest rate	n/a	4.44%
Expected term	n/a	1.25 years
Dividend yield	n/a	zero

Employee Stock Purchase Plan

As a result of the independent review of the Company's historical stock option granting practices and due to not being current in its SEC filings, the Company was precluded from selling shares under its Purchase Plan during the three months ended March 31, 2007. The Company terminated the six-month purchase period ended January 31, 2007 under its Purchase Plan and no shares were issued. In February 2007, the Company refunded

Purchase Plan contributions totaling approximately $11.6 million. The Company has suspended its employee payroll withholdings for the purchase of its common stock under the Purchase Plan from February 1, 2007 to the date of the filing of this report.

Note 4. Joint Ventures

On January 31, 2007, VeriSign finalized two joint venture agreements with Fox Entertainment ("Fox"), a subsidiary of News Corporation, to provide mobile entertainment to consumers on a global basis. Under the terms of the agreements, Fox owns a 51% interest and VeriSign owns a 49% interest in the joint ventures. One of the joint ventures, Netherlands Mobile Holdings, C.V., is based in the Netherlands, and the other, US Mobile Holdings LLC, is based in the United States. VeriSign contributed 51% of its stake in wholly owned subsidiary Jamba's business to consumer business to the Netherlands joint venture and Fox contributed its Fox Mobile Entertainment assets to the U.S.-based joint venture. Fox paid VeriSign approximately $192.4 million in cash for the divestiture of 51% of its stake in Jamba and VeriSign paid Fox approximately $4.9 million in cash for its contribution of Fox Mobile Entertainment assets. The Company recognized a gain of approximately $75.0 million upon the divestiture of majority stake in Jamba and recorded its interests in the joint ventures as investments in unconsolidated entities as of March 31, 2007. The Company's condensed consolidated financial statements for the three months ended March 31, 2007 includes one month of Jamba's consolidated activity.

In connection with the joint ventures, VeriSign and Fox entered into various put and call agreements. Under the put and call agreements, VeriSign has the option ("the put") to sell all of its interests in the joint ventures to Fox at particular times within five years of the date of the agreements at prices determined pursuant to the terms of the put and call agreements. Fox has the option ("the call") to purchase all of VeriSign's interests in the joint ventures at particular times within five years of the date of the agreements at a price determined pursuant to the put and call agreements. The Company calculated the fair value of its written call options to be $10.9 million using the Black-Scholes option pricing model. The Company has recorded the fair value of the call options as a long-term liability, and will continue to mark-to-market the calls at each reporting period.

Note 5. Discontinued Operations

In the first quarter of 2007, VeriSign decided to sell Jamba Service, a subsidiary which was not divested with Jamba in connection with the joint ventures. The Company is actively marketing Jamba Service, and currently expects to consummate the sale of this business in the third quarter of 2007. The associated assets and liabilities of Jamba Service have been classified as discontinued operations and its operations reported in net income from discontinued operations for all periods presented in accordance with SFAS 144. Jamba Service is part of the Communications Services Group segment.

On November 18, 2005, the Company completed the sale of certain assets related to its payment gateway business pursuant to an Asset Purchase Agreement, dated October 10, 2005 (the "Agreement"), among PayPal, Inc., PayPal International Limited (collectively, "PayPal"), a wholly owned subsidiary of eBay Inc. Under the Agreement, PayPal acquired certain assets related to VeriSign's payment gateway business and assumed certain liabilities related thereto for $370 million in cash. The payment gateway business was part of the Internet Services Group segment. The Company determined that the disposed payment gateway business should be accounted for as discontinued operation in accordance with SFAS 144. Consequently, the results of operations of the payment gateway business have been excluded from the Company's results from continuing operations for all periods presented and have instead been presented as discontinued operations.

In connection with the sale of the payment gateway business, the Company entered into a Transitional Service Agreement ("TSA") with PayPal to provide certain transitional network and customer support services. The related fees were recorded as a direct reduction to the respective costs and expenses included in discontinued operations. The expected cash flows under the TSA do not represent a significant continuation of the direct cash

flows of the disposed payment gateway business. In April 2006, PayPal elected to terminate the customer support services provided by VeriSign under the TSA. In September 2006, PayPal elected to terminate the billing services, production services and other transitional services provided under the TSA.

The following table represents revenues from the held-for-sale Jamba Service subsidiary and the disposed payment gateway businesses and the components of earnings from the discontinued operations:

	Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Revenues	$ 4,397	$ 2,660
Income from discontinued operations before income taxes	2,110	1,325
Income tax expense	(770)	(207)
Net income from discontinued operations	$ 1,340	$ 1,118

The following table presents the carrying amounts of major classes of assets and liabilities relating to Jamba Service and the payment gateway businesses at March 31, 2007 and December 31, 2006 respectively:

	March 31, 2007	December 31, 2006
	(In thousands)	
Assets:		
Cash and cash equivalents	$ 19,221	$ 23,036
Accounts receivable, net	9,209	11,254
Prepaid expenses and other current assets	40	66
Deferred tax assets	2,291	—
Current assets of discontinued operations	30,761	34,356
Long-term assets of discontinued operations	7,055	1,217
Total assets of discontinued operations	$ 37,816	$ 35,573
Liabilities:		
Accounts payable and accrued liabilities	$ 24,720	$ 24,995
Deferred revenue	5,965	6,533
Deferred tax liabilities	—	215
Current liabilities of discontinued operations	30,685	31,743
Long-term liabilities of discontinued operations	—	34
Total liabilities of discontinued operations	$ 30,685	$ 31,777

Note 6. Restructuring, Impairments and Other Charges

The following table presents the restructuring, impairments and other charges:

	Three Months Ended March 31,	
	2007	2006
	(In thousands)	
2007 restructuring plan charges	$ 24,681	$ —
2002 and 2003 restructuring plan charges	94	1,460
Total restructuring charges	24,775	1,460
Impairments and other charges	2,237	1,949
Total restructuring, impairments and other charges	$ 27,012	$ 3,409

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2007 Restructuring Plan

In January 2007, VeriSign initiated a restructuring plan to execute a company-wide reorganization replacing the previous business unit structure with a new combined worldwide sales and services team, and an integrated development and products organization. The restructuring plan included workforce reductions, abandonment of excess facilities, and other exit costs. To date, VeriSign has recorded $24.7 million in restructuring charges under its 2007 restructuring plan.

Workforce reduction: VeriSign recorded restructuring charges related to workforce reduction in accordance with SFAS No. 112 ("SFAS 112"), *Employers' Accounting for Postemployment Benefits an amendment of FASB Statements No. 5 and 43* since benefits were provided pursuant to a severance plan which used a standard formula of paying benefits based upon tenure with the Company. The accounting for these restructuring charges has met the four requirements of SFAS 112 which are: (i) the Company's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered; (ii) the obligation relates to rights that vest or accumulate; (iii) payment of the compensation is probable; and (iv) the amount can be reasonably estimated. The 2007 restructuring plan resulted in a workforce reduction of approximately 350 employees across both segments starting in the first quarter of 2007 followed by the next four quarters. All severance related charges will be paid by the end of the first quarter of 2008.

Excess facilities: Excess facilities restructuring charges take into account the fair value of lease obligations of the abandoned space, including the potential for sublease income. Estimating the amount of sublease income requires management to make estimates for the space that will be rented, the rate per square foot that might be received and the vacancy period of each property. These estimates could differ materially from actual amounts due to changes in the real estate markets in which the properties are located, such as the supply of office space and prevailing lease rates. Changing market conditions by location and considerable work with third-party leasing companies requires the Company to periodically review each lease and change its estimates on a prospective basis, as necessary. VeriSign recorded additional charges for excess facilities located primarily in the United States and Europe that were either abandoned or downsized relating to lease terminations and non-cancelable lease costs.

Other exit costs: VeriSign recorded other exit costs primarily relating to the realignment of its organization.

Consolidated restructuring charges associated with the 2007 restructuring plan are as follows:

	Three Months Ended March 31, 2007 (In thousands)
Workforce reduction	$ 22,115
Excess facilities	1,060
Other exit costs	1,506
Total restructuring charges	$ 24,681

Approximately $2.3 million of the workforce reduction charges related to stock compensation for certain severed employees.

At March 31, 2007, the accrued restructuring costs associated with the 2007 restructuring plan were $12.3 million and consisted of the following:

	Restructuring Charges	Cash Payments	Non-cash Write-offs	Accrued Restructuring Costs at March 31, 2007
		(In thousands)		
Workforce reduction	$ 22,115	$ (9,211)	$(2,297)	$ 10,607
Excess facilities	1,060	(197)	—	863
Other exit costs	1,506	(705)	—	801
Total accrued restructuring costs	$ 24,681	$(10,113)	$(2,297)	$ 12,271
Included in current portion of accrued restructuring costs				$ 12,058
Included in long-term portion of accrued restructuring costs				$ 213

Cash payments totaling approximately $4.3 million related to the abandonment of excess facilities under the 2007 restructuring plan will be paid over the respective lease terms, the longest of which extends through 2011. The present value of future cash payments related to lease terminations due to the abandonment of excess facilities is expected to be as follows:

	Contractual Lease Payments	Anticipated Sublease Income	Net
		(In thousands)	
2007 (remaining 9 months)	$ 582	$ —	$582
2008	812	(741)	71
2009	791	(726)	65
2010	781	(711)	70
2011	771	(696)	75
	$ 3,737	$ (2,874)	$863

2003 Restructuring Plan

In November 2003, VeriSign initiated a restructuring plan related to the sale of its Network Solutions business and the realignment of other business units. The restructuring plan resulted in reductions in workforce, abandonment of excess facilities, disposals of property and equipment, and other charges.

2002 Restructuring Plan

In April 2002, VeriSign initiated a plan to restructure its operations to rationalize, integrate and align resources. This restructuring plan included workforce reductions, abandonment of excess facilities, write-offs of abandoned property and equipment, and other charges.

To date, VeriSign has recorded $161.1 million in restructuring charges under its 2003 and 2002 restructuring plans.

Consolidated net restructuring charges associated with the 2002 and 2003 restructuring plans are as follows:

	Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Workforce reduction	$ —	$ (108)
Excess facilities	94	1,580
Exit costs	—	(12)
Total restructuring charges	$ 94	$ 1,460

At March 31, 2007, the accrued restructuring costs associated with the 2003 and 2002 restructuring plans were approximately $3.5 million and consisted of the following:

	Accrued Restructuring Costs at December 31, 2006	Reversals and Adjustments to Restructuring Charges	Cash Payments	Accrued Restructuring Costs at March 31, 2007
	(In thousands)			
Excess facilities	$ 4,613	$ 94	$ (1,319)	$ 3,388
Exit costs	142	—	—	142
Total accrued restructuring costs	$ 4,755	$ 94	$ (1,319)	$ 3,530
Included in current portion of accrued restructuring costs	$ 3,818			$ 3,303
Included in long-term portion of accrued restructuring costs	$ 937			$ 227

Cash payments totaling approximately $3.4 million related to the abandonment of excess facilities under both restructuring plans will be paid over the respective lease terms, the longest of which extends through 2008. The present value of future cash payments related to lease terminations due to the abandonment of excess facilities is expected to be as follows:

	Contractual Lease Payments	Anticipated Sublease Income	Net
	(In thousands)		
2007 (remaining 9 months)	$ 2,508	$ (27)	$ 2,481
2008	907	—	907
	$ 3,415	$ (27)	$ 3,388

Impairments and Other Charges

The following table presents the impairments and other charges:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	(In thousands)	
Impairment of other intangible assets	$ —	$ 1,950
Other charges	2,237	(1)
Total impairments and other charges	$ 2,237	$ 1,949

Impairment of other intangible assets

During the three months ended March 31, 2006, VeriSign wrote off approximately $2.0 million of other intangible assets specifically related to abandoned technology acquired for a specific customer. There were no impairments of other intangible assets during the three months ended March 31, 2007.

Other Charges

Other charges comprised of excess and obsolete property and equipment that were, disposed of or abandoned. During the three months ended March 31, 2007, VeriSign recorded a charge of approximately $2.2 million for excess and obsolete property and equipment.

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Note 7. Goodwill and Other Intangible Assets

The following table summarizes the changes in the carrying amount of goodwill as allocated to the Company's operating segments during the three months ended March 31, 2007:

	Internet Services Group	Communications Services Group	Total
	(In thousands)		
Balance at December 31, 2006	$ 415,792	$ 1,033,701	$1,449,493
Adjustment for divestiture of Jamba and discontinued operations of Jamba Services	—	(187,249)	(187,249)
Other adjustments	312	(205)	107
Balance at March 31, 2007	$ 416,104	$ 846,247	$1,262,351

VeriSign's other intangible assets are comprised of:

	As of March 31, 2007		
	Gross Carrying Value	Accumulated Amortization and Impairment	Net Carrying Value
	(In thousands)		
Customer relationships	$459,303	$ (346,784)	$112,519
Technology in place	236,251	(145,710)	90,541
Carrier relationships	36,300	(4,754)	31,546
Non-compete agreement	34,498	(11,970)	22,528
Trade name	16,644	(5,224)	11,420
Other	11,040	(2,828)	8,212
Total other intangible assets	$794,036	$ (517,270)	$276,766

	As of December 31, 2006		
	Gross Carrying Value	Accumulated Amortization and Impairment	Net Carrying Value
	(In thousands)		
Customer relationships	$459,088	$ (331,279)	$127,809
Technology in place	237,238	(138,866)	98,372
Carrier relationships	64,000	(15,345)	48,655
Non-compete agreement	40,196	(13,785)	26,411
Trade name	34,557	(11,480)	23,077
Other	11,250	(2,144)	9,106
Total other intangible assets	$846,329	$ (512,899)	$333,430

Fully amortized other intangible assets are not included in the above tables. For the three months ended March 31, 2007 and 2006, amortization of other intangible assets was $31.8 million and $28.0 million, respectively. During the three months ended March 31, 2007, $25.6 million of the intangible assets decreased due to the divestiture of majority stake in Jamba as a result of the joint ventures with Fox.

Estimated future amortization expense related to other intangible assets at March 31, 2007 is as follows:

	(In thousands)
2007 (remaining 9 months)	$ 85,459
2008	55,095
2009	46,511
2010	34,685
2011	23,139
Thereafter	31,877
	$ 276,766

Note 8. Other Balance Sheet Items

Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	March 31, 2007	December 31, 2006
	(In thousands)	
Prepaid expenses	$ 31,011	$ 73,375
Other current assets	65,525	63,821
Securities litigation receivable	—	80,000
Prepaid expenses and other current assets	$ 96,536	$ 217,196

Prepaid expenses as of March 31, 2007 excludes Jamba's prepaid expenses due to the divestiture of a majority stake in Jamba in January 2007 as a result of the joint ventures with Fox. The Company had recorded an $80.0 million receivable to account for the settlement of the Securities Litigation and Derivative Litigation as of December 31, 2006. Under the terms of the settlement, liability insurers for the Company and its directors and officers paid $80.0 million in settlement of the lawsuits during the three months ended March 31, 2007.

Other Assets, net

Other assets, net, consist of the following:

	March 31, 2007	December 31, 2006
	(In thousands)	
Long-term note receivable	$ 15,000	$ —
Long-term investments	9,269	11,234
Other	12,941	13,980
Other assets	$ 37,210	$ 25,214

Long-term note receivable as of March 31, 2007 included a working capital loan provided under a promissory note to an unconsolidated entity under the joint ventures described in Note 4, "Joint Ventures", of the Notes to Condensed Consolidated Financial Statements. The promissory note bears an interest rate of 6% per annum and is receivable in December 2011. The promissory note may be optionally prepaid by the borrower at any time before maturity.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	March 31, 2007	December 31, 2006
	(In thousands)	
Accounts payable	$ 34,694	$ 33,910
Employee compensation	60,121	109,775
Customer deposits	81,907	73,845
Taxes payable and other tax liabilities	30,220	225,727
Other accrued liabilities	94,769	151,848
Securities litigation payable (1)	—	80,000
	$ 301,711	$ 675,105

(1) VeriSign recorded the $80.0 million payable to account for the settlement of the In re VeriSign, Inc. Securities Litigation and In re VeriSign, Inc. Derivative Litigation. Under terms of the settlement, liability insurers for the Company and its directors and officers will pay $80.0 million in settlement of the lawsuits. Under the terms of the settlement, liability insurers for the Company and its directors and officers paid $80.0 million in settlement of the lawsuits during the three months ended March 31, 2007.

Note 9. Comprehensive Income

Comprehensive income consists of net income adjusted for unrealized gains and losses on marketable securities classified as available-for-sale and foreign currency translation adjustments.

	Three Months Ended March 31,	
	2007	2006 (As Restated) (1)
	(In thousands)	
Net income	$61,753	$ 16,486
Change in unrealized gain on investments, net of tax	1,645	73
Foreign currency translation adjustments	1,619	1,032
Comprehensive income	$65,017	$ 17,591

(1) See Note 2, “Restatement of Condensed Consolidated Financial Statements,” of the Notes to Condensed Consolidated Financial Statements.

Note 10. Credit Facility

On June 7, 2006, VeriSign entered into a credit agreement (the “Credit Agreement”) with a syndicate of banks and other financial institutions related to a $500 million senior unsecured revolving credit facility (the “Facility”), under which VeriSign, or certain designated subsidiaries may be borrowers. On February 28, 2007, the outstanding loan balance under the Facility of $199 million was repaid. As of March 31, 2007, there were no outstanding borrowings under the Facility. Any borrowings under the Facility will be used for working capital, capital expenditures, permitted acquisitions and repurchases of VeriSign’s common stock and other lawful corporate purposes. The terms of the Credit Agreement and Facility are more fully described in VeriSign’s 2006 Form 10-K.

Note 11. Calculation of Net Income Per Share

Basic net income per share is computed by dividing net income (numerator) by the weighted-average number of shares of common stock outstanding (denominator) during the period. Diluted net income per share gives effect to dilutive common equivalent shares, including unvested stock options, unvested restricted stock units, employee stock purchases and warrants using the treasury stock method.

The following table represents the computation of basic and diluted net income per share:

	Three Months Ended March 31,	
	2007	2006 (As Restated) (1)
	(In thousands, except per share data)	
Net income:		
Net income from continuing operations	$ 60,413	$ 15,368
Net income from discontinued operations, net of tax	1,340	1,118
Net income	$ 61,753	$ 16,486
Weighted-average shares:		
Weighted-average common shares outstanding	243,852	245,603
Weighted-average potential common shares outstanding:		
Stock options	3,767	2,370
Unvested restricted stock units	436	3
Other	302	107
Shares used to compute diluted net income per share	248,357	248,083
Net income per share:		
Basic:		
Net income from continuing operations	$ 0.24	$ 0.06
Net income from discontinued operations	0.01	0.01
	$ 0.25	$ 0.07
Diluted:		
Net income from continuing operations	$ 0.24	$ 0.06
Net income from discontinued operations	0.01	0.01
	$ 0.25	$ 0.07

(1) See Note 2, “Restatement of Condensed Consolidated Financial Statements,” of the Notes to Condensed Consolidated Financial Statements.

Weighted-average potential common shares do not include stock options with an exercise price that exceeded the average fair market value of VeriSign’s common stock for the period. The following table sets forth the weighted-average stock options outstanding that were excluded from the above calculation because their effect was anti-dilutive and the respective weighted-average exercise prices:

	Three Months Ended March 31,	
	2007	2006
	(In thousands, except per share data)	
Weighted-average stock options outstanding	18,901	23,787
Weighted-average exercise price	$ 40.27	$ 39.67

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Note 12. Segment Information

Description of segments

VeriSign operates its business in two reportable segments: the Internet Services Group and the Communications Services Group.

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

The segments were determined based primarily on how the chief operating decision maker ("CODM") views and evaluates VeriSign's operations. VeriSign's Chief Executive Officer has been identified as the CODM as defined by SFAS No. 131, *"Disclosures about Segments of an Enterprise and Related Information."* Other factors, including customer base, homogeneity of products, technology and delivery channels, were also considered in determining the reportable segments. Additionally, the performance of the Internet Services Group and the Communications Services Group is the measure used by the CODM for purposes of making decisions about allocating resources between the segments.

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

	Internet Services Group	Communications Services Group	Unallocated Corporate Expenses	Total Segments
		(In thousands)		
Three months ended March 31, 2007:				
Revenues	$211,635	$ 161,414	$ —	$ 373,049
Cost of revenues	38,413	95,506	16,721	150,640
Gross margin	$173,222	$ 65,908	$ (16,721)	$ 222,409

	Internet Services Group	Communications Services Group	Unallocated Corporate Expenses	Total Segments
		(In thousands)		
Three months ended March 31, 2006 (As Restated) (1):				
Revenues	$175,571	$ 194,538	$ —	$ 370,109
Cost of revenues	38,340	87,252	11,375	136,967
Gross margin	$137,231	$ 107,286	$ (11,375)	$ 233,142

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2007	2006 (As Restated) (1)
	(In thousands)	
Gross margin from reportable segments	$222,409	$ 233,142
Operating expenses *	234,500	221,633
Operating (loss) income	(12,091)	11,509
Other income, net	81,387	28,721
Income from continuing operations before income taxes, earnings from unconsolidated entities and minority interest	$ 69,296	$ 40,230

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

* Operating expenses include sales and marketing, research and development, general and administrative, restructuring, impairments and other charges, amortization of other intangible assets and acquired in-process research and development.

Geographic information

The following table presents a comparison of revenues by geographic regions:

	Three Months Ended March 31,	
	2007	2006 (As Restated) (1)
	(In thousands)	
Americas:		
United States	$297,774	$ 261,185
Other (2)	10,819	8,915
Total Americas	308,593	270,100
EMEA (3)	40,124	75,075
APAC (4)	24,332	24,934
Total revenues	$373,049	$ 370,109

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

(2) Canada and Latin America

(3) Europe, the Middle East and Africa ("EMEA")

(4) Australia, Japan and Asia Pacific ("APAC")

VeriSign primarily operates in the United States, Canada, Latin America, Europe, Japan, Australia, South Africa, and India. In general, revenues are attributed to the country in which the contract originated. However, revenues from all digital certificates issued from the Mountain View, California facility and domain names issued from the Dulles, Virginia facility are attributed to the United States because it is impracticable to determine the country of origin.

The following table shows a comparison of property and equipment, net of accumulated depreciation by geographic region:

	March 31, 2007	December 31, 2006
	(In thousands)	
Americas:		
United States	$559,357	$ 575,321
Other	1,546	1,599
Total Americas	560,903	576,920
EMEA	4,178	11,780
APAC	16,265	16,592
Property and equipment, net	$581,346	$ 605,292

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

Note 13. Other Income, Net

The following table presents the components of other income, net:

	Three Months Ended March 31,	
	2007	2006 (As Restated) (1)
	(In thousands)	
Interest income	$ 8,577	$ 7,574
Interest expense	(2,354)	(28)
Net gain on sale of investments	829	21,274
Net gain on divestiture of majority stake in Jamba	74,999	—
Other, net	(664)	(99)
Total other income, net	$81,387	$ 28,721

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

Note 14. Income Taxes

For the three months ended March 31, 2007 and March 31, 2006, VeriSign recorded income tax expense from continuing operations of $8.8 million and $24.2 million respectively. The decrease in the tax expense is attributed primarily to decreased taxable income and the favorable tax regime in which the majority stake in Jamba was sold during the quarter ended March 31, 2007.

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

The Company adopted the provisions of FIN 48 on January 1, 2007. The cumulative effect of adopting FIN 48 was a decrease in tax reserves of $9.3 million, an increase in long-term deferred tax assets of $28.7 million, and a decrease in the January 1, 2007 accumulated deficit balance of $38.0 million. At the adoption date of January 1, 2007, the Company had an unrecognized tax benefit for income taxes associated with uncertain tax positions of $87.6 million. Of this amount, $86.2 million would impact the Company's effective tax rate if recognized.

In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of tax expense. At January 1, 2007, the Company had $8.4 million of accrued interest and penalties. For the quarter ended March 31, 2007, the Company expensed an additional amount of $1.1 million for interest and penalties related to income tax liabilities through income tax expense.

During the first quarter of 2006, the U.S. Internal Revenue Service commenced its audit of the Company's U.S. income tax returns for 2004. The Company is also under examination by various state and international taxing jurisdictions. Because the Company uses historic net operating loss carryforwards and other tax attributes to offset its taxable income in current and future years, such attributes can be adjusted by the IRS and other taxing authorities until the statute closes on the year in which such attribute was utilized. The Company does not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months.

Note 15. Recent Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "*The Fair Value Option for Financial Assets or Financial Liabilities*," which provides companies with an option to report selected financial assets and liabilities at fair value. The objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of Statement No. 157 ("SFAS 157") "*Fair Value Measurements*". The Company is currently evaluating the effect of SFAS 159, and the impact it will have on its financial position and results of operations.

In September 2006, the FASB issued SFAS 157, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided the company has not yet issued financial statements, including for interim periods, for that fiscal year. The Company is currently evaluating the effect of SFAS 157, and the impact it will have on its financial position and results of operations.

Note 16. Subsequent Events

On July 9, 2007, VeriSign entered into a Consulting and Separation Agreement with Mr. Sclavos in connection with his resignation on May 27, 2007. Pursuant to the terms of the agreement, Mr. Sclavos will provide consulting services to the Company for a one-year period at the rate of $5,000 per month and is

prohibited from engaging in certain competitive activities or soliciting customers of the Company during such period. The Company will pay Mr. Sclavos severance of $1,969,380 within twenty-one days of the effective date of the agreement and $1,969,380 on June 15, 2008, subject to his compliance with the terms of the agreement. In the event of a change-in-control of the Company, all severance payments will accelerate and become immediately due and payable.

The Company accelerated all of Mr. Sclavos' outstanding options to purchase shares of the Company's common stock and restricted stock units that are scheduled to vest within twenty-four months after Mr. Sclavos' resignation. Accordingly, vesting for restricted stock units with respect to approximately 156,000 shares of the Company's common stock and the following stock options were accelerated:

Grant Date	Exercise Price	# of Shares Accelerated
10/29/03	$ 15.87	86,340
11/1/05	$ 23.46	192,650
8/1/06	$ 17.94	400,813
	Total:	679,803

On May 31, 2007, in anticipation of entering into this agreement, the Company paid Mr. Sclavos severance in the amount of $1,031,580 and $115,422 for all unpaid wages and unused paid time off accrued through his resignation date.

The Company will also pay Mr. Sclavos $5,459,430 within twenty-one days of the effective date of the agreement in connection with an option to purchase 300,000 shares of the Company's common stock that was previously granted to Mr. Sclavos but was erroneously deleted from the Company's records as more fully described in the Explanatory Note appearing in the 2006 Form 10-K.

On July 10, 2007, Dana L. Evan, the Company's then-current Executive Vice President, Finance and Administration, and Chief Financial Officer resigned from her positions.

On July 5, 2007 and July 12, 2007, the Board of Directors appointed Albert E. Clement as the Chief Accounting Officer and Executive Vice President, Finance and Chief Financial Officer, respectively, of the Company.

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

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

Except for historical information, this Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our anticipated costs and expenses and revenue mix. Forward-looking statements include, among others, those statements including the words "expects," "anticipates," "intends," "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to those discussed in the section titled "Risk Factors" in Part II, Item 1A.You should carefully review the risks described in other documents we file from time to time with the Securities and Exchange Commission, including the Quarterly Reports on Form 10-Q or Current Reports on Form 8-K that we file in 2007 and our Annual Report on Form 10-K for the year ended December 31, 2006, which was filed on July 12, 2007, which discuss our business in greater detail. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.

The following information has been adjusted to reflect the restatement of the our financial results, which is more fully described in the "Explanatory Note" immediately preceding Part I, Item 1 and in Note 2, "Restatement of Condensed Consolidated Financial Statements", of the Notes to Condensed Consolidated Financial Statements of this Form 10-Q. All restated results included in Item 2 are for three months ended March 31, 2006. The net of tax impact of the restatements on our results of operations amounted to $3.3 million in the first quarter of 2006.

Overview

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

We operate intelligent infrastructure services that enable and protect billions of interactions every day across the world's voice and data networks. In 2007, our business consists of two reportable segments: the Internet Services Group and the Communications Services Group.

The Internet Services Group consists of the Security Services business and Information Services business. The Security Services business provides products and services that protect online and network interactions, enabling companies to manage reputational, operational and compliance risk, including the following types of services: SSL certificate services; managed security services; iDefense security intelligence services; authentication services, including managed PKI services, unified authentication services and VeriSign Identity Protection services; and global security consulting service. The Information Services business operates the

authoritative directory of all .com, .net, .cc, and .tv domain names, and provides other services, including intelligent supply chain services, real-time publisher services, and digital brand management services.

The Communications Services Group provides managed solutions to fixed line, broadband, mobile operators and enterprise customers through our integrated communications, content and commerce platforms. Our communications service offerings include connectivity and interoperability services and intelligent database services; commerce services, such as billing and operational support system services, mobile commerce, self care and analytics services; and content services, such as digital content and messaging services.

During the first quarter of 2007, the growth in the Internet Services Group was primarily due to an increase in domain name registrations and renewal rates and an increase in the sale of SSL certificates. The Internet Services Group recorded revenues of $211.6 million during the first quarter, an increase of 21% from the same period last year.

Communications Services Group revenues for the three months ended March 31, 2007, were $161.4 million; down 17% from the same period last year. The decline was primarily related to the divestiture of majority stake in Jamba which recorded revenues of $24.6 million during the three months ended March 31, 2007, a decrease of 67% from the same period last year.

We derive the majority of our revenues and cash flows from a relatively small number of products and services sold primarily in the United States, Europe and Japan. In the Internet Services Group, more than 93% of the revenues during the first quarter of 2007 were derived from the sale of registry services, managed authentication and security services, and web certificates. In the Communications Services Group, approximately 87% of the revenues were derived from the sale of mobile and broadband content services, network connectivity services, intelligent database services and billing and payment services.

Acquisitions and Dispositions

On January 31, 2007, we finalized two joint venture agreements with Fox Entertainment ("Fox"), a subsidiary of News Corporation, to provide mobile entertainment to consumers on a global basis. Under the terms of the agreements, Fox owns a 51% interest and we own a 49% interest in the joint ventures. One of the joint ventures, Netherlands Mobile Holdings, C.V., is based in the Netherlands, and the other is based in the United States. We contributed our Jamba "business to consumer" business to the Netherlands joint venture and Fox contributed its Fox Mobile Entertainment assets to the U.S.-based joint venture. Fox paid us approximately $192.4 million in cash for our contribution of the Jamba business and we paid Fox approximately $4.9 million in cash for its contribution of Fox Mobile Entertainment assets. We recognized a gain of approximately $75.0 million upon the divestiture of majority stake in Jamba.

Critical Accounting Policies and Significant Management Estimates

We have made no material changes to our critical accounting policies, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

We adopted FIN 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* on January 1, 2007. FIN 48 is an interpretation of FASB Statement 109, *Accounting for Income Taxes*, and it seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. Under FIN 48, an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. In accordance with our accounting policy, we recognize accrued interest and penalties related to unrecognized tax benefits as a component of tax expense.

Recent Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "*The Fair Value Option for Financial Assets or Financial Liabilities*" which provides companies with an option to report selected financial assets and liabilities at fair value. The objective is to reduce both complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS 157, ("SFAS 157") **"Fair Value Measurements"**. We are currently evaluating the effect of SFAS 159 and the impact it will have on our financial position and results of operations.

In September 2006, the FASB issued SFAS 157, which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted, provided we have not yet issued financial statements, including for interim periods, for that fiscal year. We are currently evaluating the effect of SFAS 157 and the impact it will have on our financial position and results of operations.

Results of Operations

Revenues

We have two reportable segments: the Internet Services Group and the Communications Services Group. A comparison of revenues is presented below.

	Three Months Ended March 31,		%
	2007	2006	Change
		(As Restated) (1)	
	(Dollars in thousands)		
Internet Services Group	211,635	175,571	21%
Communications Services Group	161,414	194,538	(17)%
Total revenues	$373,049	$ 370,109	1%

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

Internet Services Group

Internet Services Group revenues increased $36.1 million for the three months ended March 31, 2007, as compared to the same period last year. Our security services revenues increased $10.1 million during the three months ended March 31, 2007, as compared to the same period last year as a result of a higher installed base of digital certificates. Information services revenues increased by $26.0 million in the United States during the three months ended March 31, 2007, as compared to the same period last year as a result of an increase in managed active domain names ending in *.com* and *.net*.

The following table compares active domain names ending in *.com* and *.net* managed by our information services business and the approximate installed base of Web site digital certificates in our commerce site services business as of March 31, 2007 and 2006:

	March 31,		%
	2007	2006	Change
Active domain names ending in *.com* and *.net*	69.2 million	54.0 million	28%
Installed base of Web site digital certificates	850,000	508,000	67%

The GeoTrust acquisition in September 2006 increased our installed base of digital certificates by an additional 279,000 units. Excluding the GeoTrust acquisition, the installed base of digital certificates increased by 12% during the three months ended March 31, 2007, compared to the same period last year.

Communications Services Group

Communications Services Group revenues decreased approximately $33.1 million for the three months ended March 31, 2007, respectively, as compared to the same period last year. Revenue from our Jamba business-to-consumer content services decreased $46.3 million during the three months ended March 31, 2007, as compared to the same period last year as a result of the joint ventures with Fox and the related deconsolidation of Jamba in our consolidated financial statements during the quarter.

Communication and Commerce services revenues, which include our network services, intelligent database services, billing and payments services and clearing and settlement services, decreased approximately $14.3 million for the three months ended March 31, 2007, as compared to the same period last year. Network services revenues decreased due to customer direct connects and pricing pressures. Intelligent database services revenues decreased due to pricing pressures and customer consolidations, partially offset by an increase of 8% or 1.2 billion in query volumes. Commerce revenues decreased due to key customer losses for the prepaid and clearing businesses. These declines were partially offset by increases in our mobile content and messaging services revenues and broadband content services revenues of $22.8 million as a result of our business acquisitions over the past twelve months and an increase in the volume of short messaging and multimedia mobile messaging services. Professional and consulting services revenues increased by approximately $13.6 million during the three months ended March 31, 2007, due to the acquisition of inCode Telecom Group, Inc. in November 2006.

The following table shows a comparison of the approximate number of quarterly short messages and multimedia mobile messages:

	Three Months Ended March 31,		%
	2007	2006	Change
Short messages and multimedia mobile messages	16.2 billion	7.4 billion	119%

Revenues by Geographic Region

The following tables show a comparison of our revenues by geographic region:

	Three Months Ended March 31,		%
	2007	2006 (As Restated) (1)	Change
	(Dollars in thousands)		
Americas:			
United States	$297,774	$ 261,185	14%
Other (2)	10,819	8,915	21%
Total Americas	308,593	270,100	14%
EMEA (3)	40,124	75,075	(47)%
APAC (4)	24,332	24,934	(2)%
Total revenues	$373,049	$ 370,109	1%

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

(2) Canada and Latin America

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(3) Europe, the Middle East and Africa (“EMEA”)
(4) Australia, Japan and Asia Pacific (“APAC”)

Revenues increased $38.5 million in the Americas region in the three months ended March 31, 2007, compared to the same period last year, primarily due to our business acquisitions in the communication and security services group over the past twelve months, as well as increased information services revenues in the United States. Revenues in the EMEA region decreased $35.0 million in the three months ended March 31, 2007, compared to the same period last year, due to decrease in content services primarily as a result of the divestiture of majority stake in Jamba during the quarter. APAC revenues decreased $0.6 million during the three months ended March 31, 2007, compared to the same period last year, primarily due to the decrease in affiliate revenues partially offset by an increase in security services revenues in Japan and Australia.

Cost of revenues

Cost of revenues consists primarily of content licensing costs, carrier costs for our SS7 and IP-based networks, costs related to providing digital certificate enrollment and issuance services, billing services, operational costs for the domain name registration business, customer support and training, consulting and development services, operational costs related to the management and monitoring of our clients’ network security infrastructures, and costs of facilities and computer equipment used in these activities.

A comparison of cost of revenues is presented below:

	Three Months Ended March 31,		%
	2007	2006 (As Restated) (1)	Change
	(Dollars in thousands)		
Cost of revenues	$150,640	$ 136,967	10%
Percentage of revenue	40%	37%	

(1) See Note 2, “Restatement of Condensed Consolidated Financial Statements,” of the Notes to Condensed Consolidated Financial Statements.

Cost of revenues increased approximately $13.7 million for the three months ended March 31, 2007 as compared to the same period last year. Salary and employee benefits increased $8.8 million for the three months ended March 31, 2007 primarily as a result of an increase in headcount due to our business acquisitions during 2006 offset by a reduction in headcount due to the 2007 restructuring plan. Travel expenses increased $2.7 million during the three months ended March 31, 2007 primarily due to professional services businesses acquired in 2006. Telecommunication expenses increased $1.4 million primarily due to increased spending on capacity for global constellation sites. Expenses related primarily to redeployed employees of $3.2 million were included in cost of revenues from the general and administrative expense category during the three months ended March 31, 2007, primarily due to the realignment of business divisions as a result of the 2007 restructuring plan.

As a percentage of revenues, cost of revenues increased for the three months ended March 31, 2007 compared to the same period last year primarily as a result of increased expenses due to new business acquisitions and a decline in revenue from our content services business units.

Sales and marketing

Sales and marketing expenses consist primarily of costs related to sales, marketing and policy activities. These expenses include salaries, sales commissions, sales operations and other personnel-related expenses, travel and related expenses, trade shows, costs of lead generation, costs of computer and communications equipment and support services, facilities costs, consulting fees and costs of marketing programs, such as Internet, television, radio, print and direct mail advertising costs.

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A comparison of sales and marketing expenses is presented below:

	Three Months Ended March 31,		% Change
	2007	2006 (As Restated) (1)	
	(Dollars in thousands)		
Sales and marketing	$78,950	$ 90,550	(13)%
Percentage of revenue	21%	24%	

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

Sales and marketing expenses decreased $11.6 million for the three months ended March 31, 2007 as compared to the same period last year. Advertising and marketing expenses decreased $23.6 million during the three months ended March 31, 2007 primarily due to a reduction in spending in our content services business as a result of the divestiture of majority stake in Jamba. Salary and employee benefit costs increased $10.6 million for the three months ended March 31, 2007 primarily as a result of an increase in headcount due to our business acquisitions during 2006 offset by a reduction in headcount due to the 2007 restructuring plan. Expenses related to redeployed employees of $1.3 million were included in sales and marketing from the general and administrative expense category during the three months ended March 31, 2007, primarily due to the realignment of business divisions as a result of the 2007 restructuring plan.

As a percentage of revenues, sales and marketing expenses decreased for the three months ended March 31, 2007 primarily due to decreases in advertising for our content services, which were partially offset by increased salary and employee benefit costs as a result of additional headcount due to our new business acquisitions and the increase in stock-based compensation expense.

Research and development

Research and development expenses consist primarily of costs related to research and development personnel, including salaries and other personnel-related expenses, consulting fees and the costs of facilities, computer and communications equipment and support services used in service and technology development.

We believe that continued development of new and enhanced services and technologies are necessary to maintain our leadership position in the marketplace. Accordingly, we intend to continue to recruit experienced research and development personnel both domestically and internationally and to make other investments in research and development.

A comparison of research and development expenses is presented below:

	Three Months Ended March 31,		% Change
	2007	2006 (As Restated) (1)	
	(Dollars in thousands)		
Research and development	$45,162	$ 28,259	60%
Percentage of revenue	12%	8%	

(1) See Note 2, "Restatement of Condensed Consolidated Financial Statements," of the Notes to Condensed Consolidated Financial Statements.

Research and development expenses increased approximately $16.9 million for the three months ended March 31, 2007 as compared to the same period last year. Salary and employee benefit expenses increased $7.9 million for the three months ended March 31, 2007 primarily as a result of an increase in headcount due to

our business acquisitions during 2006 offset by a reduction in headcount due to the 2007 restructuring plan. Contract and professional services expenses increased $3.2 million for the three months ended March 31, 2007 primarily due to increased use of outside services to support new product initiatives. Expenses related to redeployed employees of $4.2 million were included in research and development from the general and administrative expense category during the three months ended March 31, 2007, primarily due to the realignment of business divisions as a result of the 2007 restructuring plan.

As a percentage of revenues, research and development expenses increased for the three months ended March 31, 2007 compared to the same period last year primarily due to an increase in headcount as a result of acquisitions.

General and administrative

General and administrative expenses consist primarily of salaries and other personnel-related expenses for our executive, administrative, legal, finance, information technology and human resources personnel, facilities, computer and communications equipment, management information systems, support services, professional services fees, certain tax and license fees and bad debt expense.

A comparison of general and administrative expenses is presented below:

	Three Months Ended March 31,		% Change
	2007	2006 (As Restated) (1)	
	(Dollars in thousands)		
General and administrative	$51,589	$ 60,515	(15)%
Percentage of revenue	14%	16%	

(1) See Note 2, “Restatement of Condensed Consolidated Financial Statements,” of the Notes to Condensed Consolidated Financial Statements.

General and administrative expenses decreased approximately $8.9 million for the three months ended March 31, 2007 as compared to the same period last year. Salary and employee benefit costs increased approximately $2.8 million during the three months ended March 31, 2007 due to an increase in headcount as a result of business acquisitions in 2006. Expenses related to redeployed employees of $8.7 million were included in general and administrative into the other expense categories during the three months ended March 31, 2007, primarily due to the realignment of business divisions as a result of the 2007 restructuring plan. Bad debt expense decreased approximately $1.9 million during the three months ended March 31, 2007, compared to the same period last year, primarily due to recoveries.

As a percentage of revenues, general and administrative expenses decreased for the three months ended March 31, 2007 compared to the same period last year primarily due to the reclassification of expenses allocated to other cost categories.

Restructuring, impairments and other charges

A comparison of restructuring, impairments and other charges is presented below:

	Three Months Ended March 31,	
	2007	2006
	(Dollars in thousands)	
2007 restructuring plan charges	$ 24,681	$ —
2002 and 2003 restructuring plan charges	94	1,460
Total restructuring charges	24,775	1,460
Impairments and other charges	2,237	1,949
Total restructuring, impairments and other charges	$ 27,012	$ 3,409

2007 Restructuring Plan

In January 2007, we initiated a restructuring plan to execute a company-wide reorganization replacing our previous business unit structure with a new combined worldwide sales and services team, and an integrated development and products organization. The restructuring plan included workforce reductions, abandonment of excess facilities and other charges as described in Note 6, "Restructuring, Impairments and Other Charges", of the Notes to Condensed Consolidated Financial Statements.

2003 Restructuring Plan

In November 2003, we initiated a restructuring plan related to the sale of our Network Solutions business and the realignment of other business units.

2002 Restructuring Plan

In April 2002, we initiated a plan to restructure our operations to rationalize, integrate and align resources.

Impairments and Other Charges

During the three months ended March 31, 2006, VeriSign wrote off approximately $2.0 million of other intangible assets specifically related to abandoned technology acquired for a specific customer. There were no impairments of other intangible assets during the three months ended March 31, 2007.

Other charges comprised of excess and obsolete property and equipment that were disposed of or abandoned. During the three months ended March 31, 2007, VeriSign recorded a charge of approximately $2.2 million for excess and obsolete property and equipment.

Amortization of other intangible assets

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

	Three Months Ended March 31,	
	2007	2006
	(Dollars in thousands)	
Amortization of other intangible assets	$ 31,787	$ 28,000

Amortization of other intangible assets increased approximately $3.8 million for the three months ended March 31, 2007 as compared to the same period last year primarily due to amortization related to intangible assets acquired from our business acquisitions over the past twelve months.

Acquired in-process research and development

During the three months ended March 31, 2006, we wrote off $10.9 million of in-process research and development ("IPR&D"). The IPR&D was primarily related to our acquisition of Kontiki. At the date of the acquisition, the projects associated with the IPR&D efforts had not yet reached technological feasibility and the research and development in process had no alternative future uses. Accordingly, these amounts were charged to expense on the acquisition date.

Other income, net

Other income, net consists primarily of interest earned on our cash, cash equivalents, and investments, interest expense related to our borrowings, gains and losses on the sale or impairment of equity investments, gains and losses on divestiture of subsidiary, and the net effect of foreign currency gains and losses.

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

	Three Months Ended March 31,	
	2007	2006
		(As Restated) (1)
	(Dollars in thousands)	
Interest income	$ 8,577	$ 7,574
Interest expense	(2,354)	(28)
Net gain on sale of investments, net of impairments	829	21,274
Net gain on divestiture of majority stake in Jamba	74,999	—
Other, net	(664)	(99)
Total other income, net	$81,387	$28,721

(1) See Note 2, “Restatement of Condensed Consolidated Financial Statements,” of the Notes to Condensed Consolidated Financial Statements.

Other income, net, increased approximately $52.7 million during the three months ended March 31, 2007 as compared to the same period last year. Interest income increased approximately $1.0 million during the three months ended March 31, 2007 primarily as a result of higher cash balances as compared to the same period last year. Interest expense increased approximately $2.3 million for the three months ended March 31, 2007 due to interest related to our borrowings under the credit facility as described in Note 10, “Credit Facility”, of the Notes to Condensed Consolidated Financial Statements. During the three months ended March 31, 2007, we recorded a gain of $75.0 million upon the divestiture of majority stake in our wholly owned subsidiary, Jamba. The net gain on sale of investments for the three months ended March 31, 2006 included approximately $21.3 million of gain on sale of our remaining equity stake in Network Solutions that was previously written off.

Earnings from unconsolidated entities, net of tax

Earnings from unconsolidated entities, net of tax, represents the net income earned from the joint ventures entered into with Fox during the three months ended March 31, 2007, as described in Note 4, “Joint Ventures”, of the Notes to Condensed Consolidated Financial Statements. We recorded earnings of approximately $0.4 million from the joint ventures during the three months ended March 31, 2007.

Minority interest, net of tax

Minority interest, net of tax, represents the portion of net income belonging to minority shareholders of our consolidated subsidiaries.

A comparison of minority interest, net of tax, is presented below:

	Three Months Ended March 31,	
	2007	2006
	(Dollars in thousands)	
Minority interest, net of tax	$ (569)	$ (647)

Minority interest, net of tax, decreased during the three months ended March 31, 2007 as compared to the same period last year primarily from a decrease in net income from our VeriSign Japan subsidiary for the respective period.

Income tax expense

For the three months ended March 31, 2007, we recorded income tax expense of $8.8 million, compared to an income tax expense of $24.2 million for the three months ended March 31, 2006. The decrease in the tax expense is attributed primarily to decreased taxable income and the favorable tax jurisdiction in which the majority stake in Jamba was sold during the quarter ended March 31, 2007.

We apply a valuation allowance to certain deferred tax assets which we do not believe that it is more likely than not that they will be realized. These deferred assets consist primarily of investments with differing book and tax bases and net operating losses related to certain foreign operations.

We adopted the provisions of FIN 48 on January 1, 2007. The cumulative effect of adopting FIN 48 was a decrease in tax reserves of $9.3 million, an increase in long-term deferred tax assets of $28.7 million, and a decrease in the January 1, 2007 accumulated deficit balance of $38.0 million. At the adoption date of January 1, 2007, the unrecognized tax benefit for income taxes associated with uncertain tax positions was $87.6 million. Interest and penalties related to income tax liabilities are included in income tax expense. At January 1, 2007, we had $8.4 million of accrued interest and penalties. For the quarter ended March 31, 2007, we expensed an additional amount of $1.1 million for interest and penalties related to income tax liabilities through income tax expense.

Liquidity and Capital Resources

	March 31, 2007	December 31, 2006
	(Dollars in thousands)	
Cash and cash equivalents	$523,024	$ 478,749
Short-term investments	147,929	198,656
Subtotal	670,953	677,405
Restricted cash and investments	48,976	49,437
Total	$719,929	$ 726,842

At March 31, 2007, our principal source of liquidity was $671.0 million of cash, cash equivalents and short-term investments, consisting principally of commercial paper, medium term investment-grade corporate notes, corporate bonds and notes, U.S. government and agency securities and money market funds.

Net cash provided by operating activities

Net cash provided by operating activities of approximately $44.0 million for the three months ended March 31, 2007 consisted of net income of $61.8 million plus non-cash items totaling $32.0 million, which primarily included depreciation of property and equipment of approximately $28.2 million, amortization of other intangible assets of approximately $31.8 million, restructuring charges of approximately $27.0 million, stock-based compensation of $16.7 million, and deferred income taxes of approximately $5.1 million, primarily offset by a gain on the divestiture of majority stake in Jamba of approximately $75.0 million. Changes in operating assets and liabilities decreased operating cash flow by $49.7 million.

Net cash provided by investing activities

Net cash provided by investing activities of approximately $194.7 million for the three months ended March 31, 2007 was primarily attributed to net proceeds from the divestiture of majority stake in Jamba, net of cash contributed thereon, of $152.6 million, net proceeds from the maturities and sales of investments of $56.0 million, partially offset by purchases of property and equipment of $15.1 million and a decrease in other assets of $1.1 million.

Net cash used in financing activities

Net cash used in financing activities of approximately $199.0 million for the three months ended March 31, 2007 was primarily related to repayment of long-term debt.

Net cash used in discontinued operations

Net cash used in operating activities from discontinued operations of approximately $0.2 million for the three months ended March 31, 2007 was primarily from net income and changes in operating assets and liabilities.

Other Liquidity and Capital Resources Information

On June 7, 2006, we entered into a $500 million senior unsecured revolving credit facility (the "Facility"), as described in Note 10, "Credit Facility", of our Notes to Condensed Consolidated Financial Statements, under which VeriSign, or certain designated subsidiaries may be borrowers. On February 28, 2007, the outstanding loan balance under the Facility of $199.0 million was repaid. As of March 31, 2007, there were no outstanding borrowings under the Facility. Any borrowings under the Facility will be used for working capital, capital expenditures, permitted acquisitions and repurchases of VeriSign's common stock and other lawful corporate purposes. As of the date of the filing of this report, we are not in compliance with certain covenants under our Credit Agreement that requires us to deliver specified financial statements, compliance certificates and certain other documents to our Lenders. The required Lenders under the Facility have waived our compliance with these requirements through July 20, 2007.

In addition, in order to manage our working capital needs, we may enter into transactions under repurchase agreements with financial institutions. These repurchase agreements are collateralized short-term loans for which the collateral may be a Treasury security or federal agency security held by us.

Our planned property and equipment expenditures for 2007 are anticipated to total approximately $200 million, of which we spent approximately $15.1 million during the three months ended March 31, 2007, primarily for computer and communications equipment and computer software within all areas of our businesses.

Future operating lease payments include payments related to leases on excess facilities included in our restructuring plans. The restructuring liability is included on the balance sheet as accrued restructuring costs. Amounts related to the lease terminations due to the abandonment of excess facilities will be paid over the respective lease terms, the longest of which extends through 2011. If sublease rates decrease in these markets, or if it takes longer than expected to sublease these facilities, the actual lease expense could exceed this estimate by an additional $2.9 million over the next five years relating to our restructuring plans. Cash payments totaling approximately $7.7 million related to the abandonment of excess facilities will be paid over the next five years. See Note 6, "Restructuring, Impairments and Other Charges", of our Notes to Condensed Consolidated Financial Statements.

On May 16, 2006, our Board of Directors authorized a $1 billion stock repurchase program to repurchase shares of our common stock on the open market, or in negotiated or block trades. During the three months ended March 31, 2007, no shares were repurchased. At March 31, 2007, approximately $984.7 million remained available for future repurchases under this program.

We believe existing cash and short-term investments, together with funds generated from operations should be sufficient to meet our working capital and capital expenditure requirements. Our philosophy regarding the maintenance of a balance sheet with a large component of cash, cash equivalents and short-term investments reflects our views on potential future capital requirements relating to expansion of our businesses, acquisitions, and share repurchases. We regularly assess our cash management approach and activities in view of our current and potential future needs.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risk profile has not changed significantly from that described in our annual report on Form 10-K for the fiscal year ended December 31, 2006.

Equity investments

We invest in debt and equity securities of technology companies for investment purposes. In most instances, we invest in the equity and debt securities of private companies for which there is no public market, and therefore, carry a high level of risk. These companies are typically in the early stage of development and are expected to incur substantial losses in the near-term. Therefore, these companies may never become publicly traded. Even if they do, an active trading market for their securities may never develop and we may never realize any return on these investments. During the three months ended March 31, 2007 and 2006, we determined that there were no other-than-temporary declines in the value of our non-public equity investments. Due to the inherent risks associated with investments, we may incur future losses on the sale or impairment of our investments.

Interest rate sensitivity

The primary objective of our short-term investment management activities is to preserve principal with the additional goals of maintaining appropriate liquidity and driving after-tax returns. We manage our interest rate risk by maintaining an investment portfolio generally consisting of debt instruments of high credit quality and relatively short maturities. We invest in a variety of securities, including commercial paper, medium-term notes, corporate bonds and notes, U.S. government and agency securities and money market funds. In general, money market funds are not considered to be subject to interest rate risk because the interest paid on such funds fluctuates with the prevailing interest rate. As of March 31, 2007, 62% of our investments subject to interest rate risk mature in less than one year.

Notwithstanding our efforts to manage interest rate risks, there can be no assurance that we will be adequately protected against risks associated with interest rate fluctuations. At any time, a sharp change in interest rates could have a significant impact on the fair value of our investment portfolio. The following table presents the hypothetical changes in fair value of our fixed income securities in our short-term investments portfolio as of March 31, 2007, arising from potential changes in interest rates. The modeling technique estimates the change in fair value from immediate hypothetical parallel shifts in the yield curve of plus or minus 25 basis points ("BPS"), 50 BPS, 100 BPS, and 150 BPS.

Uniform decrease in interest rates						Uniform increase in interest rates		
-1.50%	-1.00%	-0.50%	-0.25%	0.00%	0.25%	0.50%	1.00%	1.50%
1,747	1,164	582	291	—	(291)	(582)	(1,164)	(1,747)

The following table presents the amounts of our cash equivalents and short-term investments that are subject to interest rate risk by range of expected maturity and weighted-average interest rates as of March 31, 2007. This table does not include money market funds because those funds are not considered to be subject to interest rate risk.

	Maturing in				
	Six Months or Less	Six Months to One Year	More than One Year	Total	Estimated Fair Value
			(Dollars in thousands)		
Included in cash and cash equivalents	$ 18,785	$ —	$ —	$ 18,785	$ 18,785
Weighted-average interest rate	5.10%	—	—		
Included in short-term investments	$ 82,003	$ 32,712	$ 34,214	$148,929	$147,929
Weighted-average interest rate	3.99%	3.97%	3.85%		
Included in restricted cash	$ —	$ —	$ 48,976	$ 48,976	$ 48,976
Weighted-average interest rate	—	—	4.65%		

Foreign exchange risk management

We conduct business throughout the world and transact in multiple foreign currencies. As we continue to expand our international operations, we are increasingly exposed to currency exchange rate risks. In the fourth quarter of 2003, we initiated a foreign currency risk management program designed to mitigate foreign exchange risks associated with the monetary assets and liabilities of our operations that are denominated in non-functional currencies. The primary objective of this hedging program is to minimize the gains and losses resulting from fluctuations in exchange rates. We do not enter into foreign currency transactions for trading or speculative purposes, nor do we hedge foreign currency exposures in a manner that entirely offsets the effects of changes in exchange rates. The program may entail the use of forward or option contracts and, in each case, these contracts are limited to a duration of less than 12 months.

At March 31, 2007, we held forward contracts in notional amounts totaling approximately $51.2 million to mitigate the impact of exchange rate fluctuations associated with certain foreign currencies. All forward contracts are recorded at fair market value. We attempt to limit our exposure to credit risk by executing foreign exchange contracts with high-quality financial institutions.

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ITEM 4. CONTROLS AND PROCEDURES

As discussed in Note 2, "Restatement of Condensed Consolidated Financial Statements", of the Notes to Condensed Consolidated Financial Statements, the Ad Hoc Group of independent directors of the Board of Directors conducted a review of our historical stock option granting practices for the period January 1998 through May 2006. During the course of the review, the Ad Hoc Group identified stock option grants with incorrect measurement dates, without required documentation, or with initial grant dates and prices that were subsequently modified. Consequently, we have recorded additional non-cash stock-based compensation expense and related tax effects with regard to past stock option grants. We are restating previously filed financial statements in this quarterly report on Form 10-Q for the three months ended March 31, 2006.

Details of the restatement and its underlying circumstances are discussed in the Explanatory Note and in Note 2, "Restatement of Consolidated Financial Statements", of the Notes to Consolidated Financial Statements reporting our 2006 Form 10-K.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)) as of March 31, 2007. We determined that our disclosure controls and procedures were not effective to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC because of the material weakness in our internal control over financial reporting. Our management, based upon the substantial work performed during the preparation of this report and the related restatement of historical financial information, has concluded that our condensed consolidated financial statements for the periods covered by and included in this report are prepared in accordance with the instruction for Form 10-Q pursuant to the rules and regulations of the SEC and are a fair presentation of our financial position, results of operations and cash flows for each of the periods presented herein.

Changes in Internal Control over Financial Reporting

Subsequent to March 31, 2007, our Board of Directors approved additional internal control policies and procedures intended to remediate the material weakness. As of the date of this filing, we have implemented or are in the process of implementing the following corrective actions:

- Develop and implement detailed equity-based grant policies and procedures and related compensation and human resources practices, including procedures to ensure accurate and timely communication of Compensation Committee actions.
- Validation of critical stock administration data fields including employee termination dates and stock option cancellation dates.
- Designation of individuals in the legal and accounting departments to oversee the documentation of, and accounting for, equity-based grants.
- Additional training for our finance, human resource, stock administration, and legal personnel concerning the equity grant process and the accounting and financial reporting for equity awards and modifications of such awards.
- Awarding equity-based grants (new hire, promotion, and annual performance) at pre-determined dates, with all required approvals documented and finalized on or before those dates.

- Improving the coordination and communication among the human resources, accounting and legal departments to identify, in advance, accounting issues relating to equity-based awards, and to ensure that those awards are properly accounted for under generally accepted accounting principles.

Additionally, we are investing in ongoing efforts to continuously improve our internal control over financial reporting and have committed considerable resources to the improvement of the design, implementation, documentation, testing and monitoring of our internal controls.

As of the date of this filing, we believe that we have made substantial progress in the implementation of the corrective actions noted above and toward remediation of the material weakness.

There was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On September 7, 2001, NetMoneyIN, an Arizona corporation, filed a complaint alleging patent infringement against VeriSign and several other previously-named defendants in the United States District Court for the District of Arizona asserting infringement of U.S. patent Nos. 5,822,737 and 5,963,917. NetMoneyIN amended its complaint on October 15, 2002, alleging infringement by VeriSign and several other defendants of a third U.S. patent (No. 6,381,584) in addition to the two patents previously asserted. On August 27, 2003, NetMoneyIN filed a third amended complaint alleging direct infringement of the same three patents by VeriSign and several other previously-named defendants. NetMoneyIN dropped its claim of active inducement of infringement by VeriSign. Some of the other current defendants include IBM, BA Merchant Services, Wells Fargo Bank, Cardservice International, InfoSpace, E-Commerce Exchange and Paymentech. VeriSign filed an answer denying any infringement and asserting that the three asserted patents are invalid and later filed an amended answer asserting, in addition, that the asserted patents are unenforceable due to inequitable conduct before the U.S. Patent and Trademark Office. The complaint alleged that VeriSign's Payflow payment products and services directly infringe certain claims of NetMoneyIN's three patents and requested the Court to enter judgment in favor of NetMoneyIN, a permanent injunction against the defendants' alleged infringing activities, an order requiring defendants to provide an accounting for NetMoneyIN's damages, to pay NetMoneyIN such damages and three times that amount for any willful infringers, and an order awarding NetMoneyIN attorney fees and costs. NetMoneyIN has withdrawn its allegations of infringement of the '584 patent and the Court has dismissed with prejudice all claims of infringement of the '584 patent. In its ruling on the claim construction issues, the Court found four of the five claims asserted against VeriSign, claims 1, 13 and 14 of the '737 patent and claim 1 of the '917 patent, invalid. NetMoneyIN may file an appeal after a final judgment seeking to overturn this ruling. Thus, only claim 23 of the '737 patent remains in the case. The Court granted the defendants' motion to strike certain of the Plaintiff's assertions of infringement, including all charges of infringement under the so-called "doctrine of equivalents." The Court recently granted the defendants' motion for summary judgment of no inducement and no contributory infringement. Fact and expert witness discovery are completed. On September 29, 2006, VeriSign filed a Motion for Summary Judgment on Non-Infringement. On October 20, 2006, VeriSign filed a Motion for Summary Judgment on Invalidity. On November 1, 2006, NetMoneyIN filed a Motion for Summary Judgment on Infringement. During July, the Court is scheduled to hear oral argument on the pending motions for summary judgment. While we cannot predict the outcome of this lawsuit, VeriSign believes that the allegations are without merit.

Beginning in May of 2002, several class action complaints were filed against VeriSign and certain of its current and former officers and directors in the United States District Court for the Northern District of California. These actions were consolidated under the heading In re VeriSign, Inc. Securities Litigation, Case No. C-02-2270 JW (HRL), on July 26, 2002. The consolidated action seeks unspecified damages for alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, on behalf of a class of persons who purchased VeriSign stock from January 25, 2001 through April 25, 2002. An amended consolidated complaint was filed on November 8, 2002. On April 14, 2003, the court granted in part and denied in part the defendants' motion to dismiss the amended and consolidated complaint. On May 5, 2004, plaintiffs filed a second amended complaint that was substantially identical to the amended consolidated complaint except that it purported to add a claim under Sections 11 and 15 of the Securities Act of 1933 on behalf of a subclass of persons who acquired shares of VeriSign pursuant to the registration statement and prospectus filed October 10, 2001 and amended October 26, 2001 for the acquisition of Illuminet Holdings, Inc. by VeriSign. Plaintiffs' second amended class action complaint was dismissed by the court on November 2, 2005 for failure to adequately plead loss causation. Plaintiffs were given leave to file an amended complaint. Plaintiffs filed a third amended class action Complaint on December 22, 2005. Defendants filed a motion to dismiss the third amended complaint. On April 6, 2006, that motion was granted in part and denied in part. Plaintiffs filed a fourth amended complaint on May 12, 2006. Plaintiffs' request for

reconsideration of the April 6, 2006 order was granted on June 5, 2006. Plaintiffs filed a fifth amended complaint on June 30, 2006. VeriSign moved to dismiss the fifth amended complaint. Parallel derivative actions have also been filed against certain of VeriSign's current and former officers and directors in state courts in California and Delaware. VeriSign is named as a nominal defendant in these actions. Several of these derivative actions were filed in Santa Clara County Superior Court of California and these actions have since been consolidated under the heading In re VeriSign, Inc. Derivative Litigation, Case No. CV 807719.

The consolidated derivative action seeks unspecified damages for alleged breaches of fiduciary duty and violations of the California Corporations Code. Defendants' demurrer to these claims was granted with leave to amend on February 4, 2003. Plaintiffs have indicated their intention to file an amended complaint. Another derivative action was filed in the Court of Chancery New Castle County, Delaware, Case No. 19700-NC, alleging similar breaches of fiduciary duty. Defendants' motion to dismiss these claims was granted by the Court of Chancery with prejudice on September 30, 2003.

On April 24, 2007, the District Court entered Final Judgment and Order dismissing the Securities Litigation with prejudice based on final approval of the parties settlement of the Securities Litigation and the Derivative Litigation. On May 15, 2007, the State Court entered a final Stipulation and Proposed of Dismissal with Prejudice of the Derivative Litigation. Under the terms of the settlement, liability insurers for the Company and its directors and officers paid $80 million in settlement of the lawsuits, within applicable insurance limits. The time for appeal in both matters has now passed.

On August 27, 2004, VeriSign filed a lawsuit against ICANN in the Superior Court of the State of California Los Angeles County. The lawsuit alleges that ICANN breached its *.com* Registry Agreement with VeriSign, including, without limitation, by overstepping its contractual authority and improperly attempting to regulate our business. The complaint seeks, among other things, specific performance of the *.com* Registry Agreement, an injunction prohibiting ICANN from improperly regulating VeriSign, and monetary damages. On November 12, 2004, ICANN filed an answer denying VeriSign's claims and a cross-complaint against VeriSign for declaratory relief and breach of the .com Registry Agreement, alleging that VeriSign's introduction of new services breached the .com Agreement. ICANN seeks a declaration from the court that it has acted in compliance with the parties' contractual obligations with regard to the .com registry; that VeriSign has breached the parties' agreement through VeriSign's actions with respect to, among other things, SiteFinder; and that ICANN has the right to terminate the *.com* registry agreement if VeriSign offers "Registry Services" without ICANN's approval, including among others SiteFinder. On December 28, 2004, VeriSign filed an answer denying the claims in ICANN's cross-complaint and a cross-complaint against ICANN for breach of contract, violation of the unfair competition laws, and declaratory relief, alleging, among other things, that ICANN's accreditation of "thread" registrars is improper and causes direct injury to VeriSign. On February 14, 2005, ICANN filed an answer to VeriSign's cross-complaint denying VeriSign's allegations.

On or about November 12, 2004, ICANN filed a Request for Arbitration before the International Chamber of Commerce International Court of Arbitration (the "ICC") alleging that VeriSign violated its 2001 *.net* Registry Agreement with ICANN when, among other things, VeriSign operated the SiteFinder service without ICANN approval. ICANN seeks a declaration from the ICC that it has acted in compliance with the parties' contractual obligations with regard to the .net registry; that VeriSign has breached the parties' agreement through VeriSign's actions with respect to, among other things, SiteFinder; and that ICANN has the right to terminate the .net registry agreement if VeriSign offers "Registry Services" without ICANN's approval, including among others SiteFinder. ICANN also seeks a declaration that, in evaluating VeriSign's bid to become the "successor" registry operator for the .net top level domain after the term of the 2001 agreement expires on or about June 30, 2005, ICANN is entitled to consider VeriSign's alleged breaches of the existing agreement. VeriSign cannot predict the outcome of this action or the affect this lawsuit will have on our relationship with ICANN.

On January 18, 2005, VeriSign filed a request for arbitration before the ICC against ICANN regarding the process by which ICANN solicited and reviewed bids from companies, including VeriSign, to become the

"successor" registry operator for the .net top level domain after the 2001 Registry Agreement expired on or about June 30, 2005. VeriSign alleges that the "request for proposal" ("RFP") process constitutes a breach of the 2001 .net registry agreement because, among other things, the RFP process fails to constitute an open and transparent process by which ICANN can reasonably select the best qualified successor to operate the .net registry and does not constitute a valid "consensus policy" as defined in the 2001 .net agreement. ICANN has not yet responded to our arbitration request. On June 8, 2005, ICANN announced that it had selected VeriSign as the "successor" registry operator for the .net top level domain, and ICANN and VeriSign have entered into a contract to confirm that selection. VeriSign anticipates that its selection as the .net registry operator will resolve its request for arbitration.

In October 2005, the Company and ICANN announced a proposed settlement of the various claims between them. The settlement was conditioned upon, among other things, approval of the agreement by the United States Department of Commerce. On November 29, 2006, the United States Department of Commerce approved the new .com Registry Agreement. With that approval, the settlement is finalized and implemented. Accordingly, pending litigation with ICANN was dismissed.

On February 14, 2005, Southeast Texas Medical Associates, LLP filed a putative class action lawsuit in the Superior Court of California, alleging violations of the unfair competition laws, breach of express warranty and unjust enrichment relating to our Secure Site Pro SSL certificates. The complaint is brought on behalf of a class of persons who purchased the Secure Site Pro certificate from February 2001 to present. On April 17, 2006, the class was certified and class notice was issued on May 21, 2007. VeriSign disputes these claims. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit.

On March 8, 2005, plaintiff Charles Ford filed a putative class action lawsuit in the Superior Court of California, County of San Diego, alleging fraud, negligent misrepresentation, false advertising, and violations of the California Consumers Legal Remedies Act and unfair competition laws relating to marketing and advertising of mobile phone "ringtones" and other content by VeriSign's subsidiaries, Jamster International Sarl and Jamba! GmbH. The complaint is brought on behalf of classes of persons who responded to advertising by sending a text message on their mobile phones or registered over the Internet to purchase ringtone or other content. On April 18, 2005, VeriSign removed the action to the federal district court for the Southern District of California. VeriSign disputes the claims in this action. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit.

On April 11, 2005, Prism Technologies, LLC filed a complaint against VeriSign in the U.S. District Court for the District of Delaware alleging that VeriSign's "Go Secure suite of application and related hardware and software products and its Unified Authentication solution and related hardware and software products, including the VeriSign Identity Protection ("VIP") product" infringe U.S. Patent No. 6,516,416, entitled "Subscription Access System for Use With an Untrusted Network." Prism Technologies seeks judgment in favor of Prism Technologies, a permanent injunction from infringement, damages in an amount not less than a reasonable royalty, attorneys' fees and costs. Prism Technologies has also named RSA Security, Inc., Netegrity, Inc. Computer Associates International, Inc and Johnson & Johnson as co -defendants. VeriSign responded on June 6, 2005 by filing a counterclaim for declaratory relief and an answer denying any infringement and asserting that the patent is invalid. On November 9, 2006, the Court held a Markman claim construction hearing. On February 9, 2007, Plaintiff withdrew its claim against Go Secure, leaving claims against Unified Authentication and VIP. On April 2, 2007, the Court issued a ruling from the Markman claim construction hearing. On April 13, 2007, the Court granted Defendants' Motion for Leave to File Amended Answers and Counterclaims to add an inequitable conduct defense. On April 23, 2007, on the basis of the Markman claim construction ruling, the Court entered a stipulated Final Judgment of Non-Infringement, dismissing all claims and counterclaims in the case. On April 27, 2007, Plaintiff filed a Notice of Appeal to the Federal Circuit Court of Appeals. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

On June 2, 2005, the Company received an access letter from the U.S. Federal Trade Commission for information to determine whether VeriSign, using the trade name Jamster, was engaging in unfair or deceptive acts or practices in violation of Section 5 of the Federal Trade Commission Act in its advertising, offering and billing for content services and products. The Company also received civil investigative demands from the Illinois State Attorney General (dated June 30, 2005) and from the Florida State Attorney General (dated October 6, 2005). Each of these letters requested information related to the marketing of Jamster ringtone and other downloadable content services.

In August 2005 and October 2005, respectively, VeriSign received two additional similar putative class action lawsuits, one in state court in Arkansas (short title, Page v. VeriSign), alleging claims for fraud, unjust enrichment, and violation of the Arkansas Deceptive Trade Practices Act, and one in federal district court for the Southern District of California (short title, Herrington v. VeriSign), alleging claims for fraud, negligence and negligent misrepresentation, unjust enrichment, quantum meruit, breach of contract, breach of warranty, false advertising, and unfair competition. These lawsuits relate to the marketing and advertising of mobile phone “ringtones” and other mobile phone content by VeriSign and its subsidiary Jamster International Sarl. VeriSign disputes the claims in these actions. On April 14, 2006 the Judicial Panel on Multidistrict Litigation coordinated and consolidated pretrial proceedings in the Ford, Page, and Herrington actions (short title, In Re Jamster Marketing Litigation). On June 16, 2006, the Judicial Panel on Multidistrict Litigation conditionally transferred one additional similar putative class action lawsuit, alleging violations of the Illinois Consumer Fraud Act and Illinois Automatic Contract Renewal Act (short title, Harmon v. VeriSign), from the federal district court for the Northern District of Illinois to the federal district court for the Southern District of California, where it will be coordinated with the Ford matter for pretrial proceedings. Similarly, on September 14, 2006, the Judicial Panel on Multidistrict Litigation conditionally transferred another similar putative class action lawsuit, alleging violations of Florida’s Deceptive and Unfair Trade Practices Act (short title, Edwards v. VeriSign), from the federal district court for the Southern District of Florida to the federal district court for the Southern District of California, where it will likely be coordinated with the Ford matter for pretrial proceedings. While we cannot predict the outcome of these matters, VeriSign believes the allegations are without merit.

On February 24, 2006, GEMA, the German music authors collecting society, submitted an application to the Schiedsstelle, an arbitration board responsible for copyright matters at the German Patent and Copyright Office, requesting arbitration of GEMA’s claim for alleged underpaid royalties in connection with Jamba GmbH’s sale of ringtones as downloadable content for mobile phones. Jamba is a wholly owned subsidiary of VeriSign, Inc. Jamba pays royalties to GEMA on a “per download” basis for ringtones. GEMA claims that Jamba should also pay royalties for all GEMA-represented ringtones made available to Jamba customers, regardless of whether or not the content represented by GEMA has been downloaded by a Jamba customer. On April 11, 2006, the Schiedsstelle notified Jamba that it will conduct an arbitration of GEMA’s claim. Jamba submitted a response to GEMA’s application on May 22, 2006. GEMA submitted an answer to Jamba’s response on August 6, 2006. Jamba submitted a reply to GEMA’s answer on or about October 23, 2006. Arbitration has not yet been scheduled. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit.

On June 26, 2006, VeriSign received a grand jury subpoena from the U.S. Attorney for the Northern District of California requesting documents relating to VeriSign's stock option grants and practices. VeriSign also received an informal inquiry from the Securities and Exchange Commission (“SEC”) requesting documents related to VeriSign's stock option grants and practices. On February 9, 2007, VeriSign received a formal order of investigation from the SEC. VeriSign is cooperating fully with the U.S. Attorney's investigation and the SEC investigation.

On July 6, 2006, a stockholder derivative complaint (Parnes v. Bidzos, et al., and VeriSign) was filed against the Company, as a nominal defendant, and certain of its current and former directors and executive officers related to certain historical stock option grants. The complaint seeks unspecified damages on behalf of VeriSign, constructive trust and other equitable relief. Two other derivative actions were filed, one in federal

court (Port Authority v. Bidzos, et al., and VeriSign), and one in state court (Port Authority v. Bidzos, et al., and VeriSign) on August 14, 2006. VeriSign is named as a nominal defendant in these actions. The federal actions have been consolidated and plaintiffs filed a consolidated complaint on November 20, 2006. Motions to dismiss the consolidated federal court complaint were heard on May 23, 2007. Motions to stay the state court action are pending. On May 15, 2007, a putative class action (Mykityshyn v. Bidzos, et al., and VeriSign) was filed in state court naming the Company and certain current and former officers and directors, alleging false representations and disclosure failures regarding certain historical stock option grants. The plaintiff purports to represent all individuals who owned VeriSign common stock between April 3, 2002 and August 9, 2006. The complaint seeks rescission of amendments to the 1998 and 2006 Option Plans and the cancellation of shares added to the 1998 Option Plan. The complaint also seeks to enjoin defendants from granting any stock options and from allowing the exercise of any currently outstanding options granted under the 1998 and 2006 Option Plans. The complaint seeks an unspecified amount of compensatory damages, costs and attorneys fees. The matter was removed to federal court on June 25, 2007. VeriSign and the individual defendants dispute all of these claims.

On November 7, 2006, a judgment was entered against VeriSign by an Italian trial court in the matter of Penco v. VeriSign, Inc., for Euro 5.8 million plus fees arising from a lawsuit brought by a former consultant who claimed to be owed commissions. VeriSign was granted a stay on execution of the judgment. VeriSign has appealed the lower court's ruling on the merits and the hearing on the appeal is likely to be scheduled in May 2008. VeriSign believes the claims are without merit.

On November 30, 2006, Freedom Wireless, Inc. filed a complaint against VeriSign and other defendants alleging that VeriSign infringes certain patents by making, using, selling or supplying products, methods or services relating to supplying prepaid wireless telephone services to telecommunications companies. VeriSign filed an answer to the complaint on January 25, 2007. The lawsuit is pending in the United States District Court for the Eastern District of Texas. No scheduling conference has been set. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

On January 31, 2007, VeriSign and News Corporation finalized a joint venture giving News Corporation a controlling interest in VeriSign’s wholly owned Jamba subsidiary. Accordingly, effective January 31, 2007, VeriSign transferred to the joint venture direction and control of all litigation relating to Jamba! GmbH and Jamster International Sarl. Litigation and other legal matters covered by that transfer include, but are not limited to, In Re Jamster Marketing Litigation (Ford, Page, Herrington, Harmon and Edwards), the Federal Trade Commission access letter, the Illinois Attorney General Civil Investigative Demand, the Florida Attorney General Subpoena Duces Tecum, and the GEMA application for arbitration.

On May 31, 2007, plaintiffs Karen Herbert, et al., on behalf of themselves and a nationwide class of consumers, filed a complaint against VeriSign, Inc., m-Qube, Inc., and other defendants alleging that defendants collectively operate an illegal lottery under the laws of multiple states by allowing viewers of the NBC television show "Deal or No Deal" to incur premium text message charges in order to participate in an interactive television promotion called "Lucky Case Game." The lawsuit is pending in the United States District Court for the Central District of California, Western Division. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

On June 5, 2007, plaintiffs Cheryl Bentley, et al., on behalf of themselves and a nationwide class of consumers, filed a complaint against VeriSign, Inc., m-Qube, Inc., and other defendants alleging that defendants collectively operate an illegal lottery under the laws of multiple states by allowing viewers of the NBC television show "The Apprentice" to incur premium text message charges in order to participate in an interactive television promotion called "Get Rich With Trump." The lawsuit is pending in the United States District Court for the Central District of California, Western Division. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

On June 7, 2007, plaintiffs Michael and Michele Hardin, on behalf of themselves and a nationwide class of consumers, filed a complaint against VeriSign, Inc. and other defendants alleging that defendants collectively operate various "gambling games" in violation of Georgia state law. Plaintiffs allege that interactive television promotions contained in various broadcasts, including NBC's "Deal or No Deal," wrongly permit participants to incur premium text message charges in order to participate in the promotions to win a prize. The lawsuit is pending in the United States District Court for the Northern District of Georgia, Gainesville Division. While we cannot predict the outcome of this matter, VeriSign believes that the allegations are without merit and intends to vigorously defend against them.

VeriSign is involved in various other investigations, claims and lawsuits arising in the normal conduct of its business, none of which, in our opinion will harm its business. VeriSign cannot assure that it will prevail in any litigation. Regardless of the outcome, any litigation may require VeriSign to incur significant litigation expense and may result in significant diversion of management attention.

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ITEM 1A. RISK FACTORS

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

Note: The following risk factors are intended to be current as of the date of the filing of this report.

Our operating results may fluctuate and our future revenues and profitability are uncertain.

Our operating results have varied in the past and may fluctuate significantly in the future as a result of a variety of factors, many of which are outside our control. These factors include the following:

- the long sales and implementation cycles for, and potentially large order sizes of, some of our security and communications services and the timing and execution of individual customer contracts;
- volume of domain name registrations and customer renewals in our naming services business;
- the mix of all our services sold during a period;
- our success in marketing and market acceptance of our services by our existing customers and by new customers;
- changes in marketing expenses related to promoting and distributing our services;
- customer renewal rates and turnover of customers of our services;
- continued development of our direct and indirect distribution channels for our security services and communications services, both in the U.S. and abroad;
- changes in the level of spending for information technology-related products and services by enterprise customers;
- our success in assimilating the operations, products, services and personnel of any acquired businesses;
- the timing and execution of individual customer contracts, particularly large contracts;
- the impact of price changes in our communications services and security services or our competitors' products and services;
- the impact of Statement of Financial Accounting Standards No. 123R that will require us to record a charge to earnings for stock-based compensation; and
- general economic and market conditions as well as economic and market conditions specific to the telecommunications and Internet industries.

Our operating expenses may increase. If an increase in our expenses is not accompanied by a corresponding increase in our revenues, our operating results will suffer, particularly as revenues from some of our services are recognized ratably over the term of the service, rather than immediately when the customer pays for them, unlike our sales and marketing expenditures, which are expensed in full when incurred.

Due to all of the above factors, our revenues and operating results are difficult to forecast. Therefore, we believe that period-to-period comparisons of our operating results will not necessarily be meaningful, and you should not rely upon them as an indication of future performance. Also, operating results may fall below our expectations and the expectations of securities analysts or investors in one or more future periods. If this were to occur, the market price of our common stock would likely decline.

Our operating results may be adversely affected by the uncertain geopolitical environment and unfavorable economic and market conditions.

Adverse economic conditions worldwide have contributed to downturns in the telecommunications and technology industries in the past and could impact our business in the future, resulting in:

- reduced demand for our services as a result of a decrease in information technology and telecommunications spending by our customers;
- increased price competition for our products and services; and
- higher overhead costs as a percentage of revenues.

Recent political turmoil in many parts of the world, including terrorist and military actions, may continue to put pressure on global economic conditions. If the economic and market conditions in the United States and globally do not continue to improve, or if they deteriorate, we may experience material adverse impacts on our business, operating results, and financial condition as a consequence of the above factors or otherwise.

Our limited operating history under our current business structure may result in significant fluctuations of our financial results.

We have acquired many companies, a number of which operated in different businesses from our then-current business. Therefore, we have only a limited operating history on which to base an evaluation of our consolidated business and prospects. Our success will depend on many factors, many of which are not entirely under our control, including, but not limited to, the following:

- the successful integration of acquired companies;
- the use of the Internet and other Internet Protocol ("IP") networks for electronic commerce and communications;
- the extent to which digital certificates and domain names are used for electronic commerce or communications;
- growth in the number of Web sites;
- growth in wireless networks and communications;
- growth in demand for our services;
- the continued evolution of electronic and mobile commerce as a viable means of conducting business;
- the competition for any of our services;
- the perceived security of electronic commerce and communications over the Internet and other IP networks;
- the perceived security of our services, technology, infrastructure and practices;
- the significant lead times before a new product or service begins generating revenues;
- the varying rates at which telecommunications companies, telephony resellers and Internet service providers use our services;
- the success in marketing and overall demand for our content services to consumers and businesses;
- the loss of customers through industry consolidation or customer decisions to deploy in-house or competitor technology and services; and
- our continued ability to maintain our current, and enter into additional, strategic relationships.

To address these risks we must, among other things:

- successfully market our services to new and existing customers;
- attract, integrate, train, retain and motivate qualified personnel;
- respond to competitive developments;
- successfully introduce new services; and
- successfully introduce enhancements to our services to address new technologies and standards and changing market conditions.

The internal review of our historical stock option granting practices, the restatement of certain of our historical consolidated financial statements, investigations by the SEC and related events have had, and will continue to have, an adverse effect on us.

The Ad Hoc Group of independent directors of the Board of Directors conducted a review of our historical stock option granting practices for the period January 1998 through May 2006. During the course of the review, the Ad Hoc Group identified stock option grants with incorrect measurement dates, without required documentation, or with initial grant dates and exercise prices that were subsequently modified. Consequently, we have recorded additional non-cash stock-based compensation expense and related tax effects with regard to past stock option grants. In this Form 10-Q, we are restating the unaudited quarterly financial information and financial statements for the three months ended March 31, 2006. Details of the restatement and its underlying circumstances are discussed in the Explanatory Note in Note 2 “Restatement of Consolidated Financial Statements” of the Notes to Consolidated Financial Statements in the 2006 Form 10-K.

As a result of the events described above, we have become subject to a number of significant risks, each of which could have an adverse effect on our business, financial condition and results of operations, including:

- we are subject to significant pending civil litigation, including shareholder class action lawsuits and derivative claims made on behalf of us, the defense of which will require us to devote significant management attention and to incur significant legal expense and which litigation, if decided against us, could require us to pay substantial judgments, settlements or other penalties;
- we are subject to a continuing formal order of investigation from the SEC and a grand jury subpoena from the U.S. Attorney for the Northern District of California which could require significant management time and attention and cause us to incur significant accounting and legal expense and which could require us to pay substantial fines or other penalties;
- we are subject to the risk of additional litigation and regulatory proceedings or actions; and
- many members of our senior management team and our Board of Directors have been and will be required to devote a significant amount of time on matters relating to the continuing formal order of investigation from the SEC and a grand jury subpoena from the U.S. Attorney for the Northern District of California, remedial efforts and related litigation.

We have identified a material weakness in our internal controls over financial reporting that could cause investors to lose confidence in the reliability of our financial statements and result in a decrease in the value of our securities.

Our management has identified a material weakness in our internal control over financial reporting as of December 31, 2006 arising from a combination of internal control deficiencies in our stock administration policies and practices, as discussed in Part I, Item 4, “Controls and Procedures”. In addition, due to the identification of a material weakness in internal control over financial reporting, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2006 and the date of this report, our disclosure controls and procedures were not effective.

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

We have expended significant resources in connection with the Section 404 process. In future periods, we will likely continue to expend substantial amounts in connection with the Section 404 process and with ongoing evaluation of, and improvements and enhancements to, our internal control over financial reporting. These expenditures may make it difficult for us to control or reduce the growth of our general and administrative and other expenses, which could adversely affect our results of operations and the price of our securities.

If our cost reduction and restructuring efforts are ineffective, our revenues and profitability may be hurt.

In the first quarter of 2007, we have undertaken various cost reduction and restructuring activities that replaced our previous business unit structure with a functional organization consisting of a combined worldwide sales and services team and an integrated marketing and product development organization. The restructuring, impairment and other charges are estimated to be approximately $27.0 million in the first quarter of 2007; however, if we incur additional restructuring-related charges, our financial condition and results of operations may suffer. In addition, the cost reduction and restructuring activities may not produce the full efficiencies and benefits we expect or the efficiencies and benefits might be delayed. There can be no assurance that these efforts, as well as any potential future cost reduction and restructuring activities, will not adversely affect our business, operations or customer perceptions, or result in additional future charges. In addition, we have recently experienced changes in our management, which together with these cost reduction and restructuring activities, could also cause our remaining employees to leave or result in reduced productivity by our remaining employees, which in turn may affect our revenue and other operating results in the future.

We have faced difficulties assimilating, and may incur costs associated with, acquisitions and dispositions.

We made numerous acquisitions and dispositions in the last six years and will pursue additional acquisitions and dispositions in the future. We have experienced difficulty in, and in the future may face difficulties, integrating the personnel, products, technologies or operations of companies or businesses we acquire or divest. Assimilating acquired businesses and dispositions involve a number of other risks, including, but not limited to:

- the potential disruption of our ongoing business;
- the potential impairment of relationships with our employees, customers and strategic partners;
- the need to manage more geographically-dispersed operations, such as our offices in the states of Georgia, Kansas, Illinois, Massachusetts, New York, Rhode Island, Texas, Virginia, and Washington, and globally in Australia, Europe, India, Japan, South Africa and South America;
- greater than expected costs and/or lower than expected revenues and the assumption of unknown liabilities;
- the diversion of management's attention from our other businesses in identifying, completing and integrating acquisitions;

- the inability to retain the key employees of the acquired businesses;
- adverse effects on the existing customer relationships of acquired companies;
- the inability to incorporate acquired technologies successfully into our operations infrastructure;
- the difficulty of assimilating the operations and personnel of the acquired businesses;
- the potential incompatibility of business cultures;
- additional regulatory requirements;
- any perceived adverse changes in business focus;
- entering into markets and acquiring technologies in areas in which we have little experience;
- the need to incur debt, which may reduce our cash available for operations and other uses, or issue equity securities, which may dilute the ownership interests of our existing stockholders; and
- the inability to maintain uniform standards, controls, procedures and policies.

If we are unable to successfully address any of these risks for future acquisitions and dispositions, our business could be harmed.

Additionally, there is risk that we may incur additional expenses associated with an impairment of a portion of goodwill and other intangible assets due to changes in market conditions for acquisitions and dispositions. Under generally accepted accounting principles, we are required to evaluate goodwill for impairment on an annual basis and to evaluate other intangible assets as events or circumstances indicate that such assets may be impaired. These evaluations could result in further impairments of goodwill or other intangible assets.

We may not realize the benefits we are seeking from our investments in the Jamba joint ventures as a result of lower than predicted operating results, larger funding requirements or lower cash distributions or otherwise.

We have a 49% equity interest in two joint ventures related to our former Jamba business. We will incur our proportionate share of the income or losses of these joint ventures in our consolidated statements of income. We do not have control over the budget, day-to-day management or many of the other operating expenditures of the joint ventures, and therefore, we cannot predict with certainty the extent of the impact on our financial statements of these joint ventures for any particular period. Accordingly, our share of the income or losses of these joint ventures could materially affect our results of operations in future periods.

The joint venture agreements contain provisions requiring minimum cash distributions to the members. However, these provisions are subject to conditions and limitations, and therefore, we cannot assure you that we will ever receive cash distributions from these joint ventures. If the joint ventures require capital to fund their operations, we could be required to make capital contributions or loans to the joint ventures. The business operated by the U.S. joint venture is a newer business and therefore it may be more likely to require additional funding, although we cannot assure that the Netherlands joint venture will not require additional funding as well. If the Netherlands joint venture makes cash distributions to its members, to the extent we seek to use the cash in the U.S., we would be required to pay taxes on those funds if they are brought to the U.S., and therefore we would not receive the full benefit of any cash distribution. Additionally, we could be required to pay additional amounts to the joint ventures if it is later determined that we breached any of the representations of warranties in the formation agreement for the joint ventures.

The value of our investment in these joint ventures is subject to general economic, technological and market trends, as well as to the operating and financial decisions of the management team of the joint venture, all of which are outside of our control. In addition, these joint ventures may not gain the expected number of customers and/or generate the expected level of revenues, and consequently, we may never receive any cash distributions

from these joint ventures, and in fact, they may require additional funding, any of which could diminish the value of or dilute our investment. Our investments in these joint ventures may not provide the economic returns we are seeking and may not increase in value above the minimum amounts that we can require Fox or News Corporation to buy our shares from us. We cannot assure you that the commercial agreements, including the Gateway Services Agreement, will provide us any benefit. It is also possible that Fox and News Corporation could purchase our shares from us in the future, prior to the businesses of the joint ventures reaching their full potential. Therefore, we cannot provide you with any assurance as to whether we will achieve a favorable return on our investment.

We also entered into various other commercial relationships with the joint ventures; however, we cannot assure you we will derive significant revenues from these other relationships.

The expansion of our international operations subjects our business to additional economic risks that could have an adverse impact on our revenues and business.

We intend to expand our international operations and international sales and marketing activities. For example, we expect to expand our operations and marketing activities throughout Asia, Europe, Latin America and South America. We have approximately 1,870 employees outside the United States. Expansion in these international markets has required and will continue to require significant management attention and resources. We may also need to tailor some of our other services for a particular market and to enter into international distribution and operating relationships. We have limited experience in localizing our services and in developing international distribution or operating relationships. We may not succeed in expanding our services into international markets. Failure to do so could harm our business. Moreover, local laws and customs in many countries differ significantly from those in the United States. In many foreign countries, particularly in those with developing economies, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or United States regulations applicable to us. There can be no assurance that all of our employees, contractors and agents will not take actions in violations of them. Violations of laws or key control policies by our employees, contractors or agents could result in financial reporting problems, fines, penalties, or prohibition on the importation or exportation of our products and could have a material adverse effect on our business. In addition, there are risks inherent in doing business on an international basis, including, among others:

- competition with foreign companies or other domestic companies entering the foreign markets in which we operate;
- differing and uncertain regulatory requirements;
- legal uncertainty regarding liability and compliance with foreign laws;
- export and import restrictions on cryptographic technology and products incorporating that technology;
- tariffs and other trade barriers and restrictions;
- difficulties in staffing and managing foreign operations;
- longer sales and payment cycles;
- problems in collecting accounts receivable;
- currency fluctuations, as our international revenues from Europe, South Africa, Japan, South America and Australia are not denominated in U.S. Dollars;
- potential problems associated with adapting our services to technical conditions existing in different countries;
- the necessity of developing foreign language portals and products for our services;
- difficulty of authenticating customer information for digital certificates and other purposes;

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

Our failure to manage past and future growth in our business could harm our business.

Between December 31, 1995 and December 31, 2006, we grew from 26 to 5,331 employees. This was achieved through internal growth, as well as acquisitions. During this time period, we opened new sales offices and significantly expanded our U.S. and non-U.S. operations. To successfully manage past growth and any future growth, we will need to continue to implement additional management information systems, continue the development of our operating, administrative, financial and accounting systems and controls and maintain close coordination among our executive, engineering, accounting, finance, marketing, sales and operations organizations. Any failure to manage growth effectively could harm our business.

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

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

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

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

Competition in Managed Security Services. Consulting companies or professional services groups of other companies with Internet expertise are current or potential competitors to our managed security services. These companies include large systems integrators and consulting firms, such as Accenture, IBM Global Services, Getronics and Lucent NetCare. We also compete with security product companies that offer managed security services in addition to other security services, such as Symantec and ISS, as well as a number of providers such as BT Counterpane that offer managed security services. Telecommunications providers, such as Verizon Business, a provider of managed security services, are also potential competitors. In addition, we compete with some companies that have developed products that automate the management of IP addresses and name maps throughout enterprise-wide intranets, and with companies with internally developed systems integration efforts.

Competition in Communications Services. The market for communications services is extremely competitive and subject to significant pricing pressure. Competition in this area arises from two primary sources. Incumbent carriers provide competing in-house services in their respective regions. In addition, we face direct competition from national, unregulated companies, including Syniverse Technologies, Telcordia, NeuStar and other carriers such as Southern New England Telephone Diversified Group, a unit of AT&T. Furthermore, customers are increasingly likely to deploy internally developed communications technologies and services which may reduce the demand for technologies and services from third party providers, such as VeriSign, and further increase competitive pricing pressures.

Competition in Commerce Services. Our wireless billing and payment services are also subject to competition from providers such as Comverse, Amdocs, Convergys Corporation and Boston Communications Group. We are also aware of major Internet service providers, software developers and smaller entrepreneurial companies that are or may in the future be focusing significant resources on developing and marketing products and services that may compete directly with ours. Furthermore, customers are increasingly likely to deploy internally developed communications technologies and services which may reduce the demand for technologies and services from third-party providers such as VeriSign and further increase competitive pricing pressures.

Competition in Content Services. The market for content services is extremely competitive. Competitors include developers of content and entertainment products and services in a variety of domestic and international markets, such as Infospace, Itouch, Arvato mobile, Monstermob, and Motricity This business also faces competition from mobile network operators such as Cingular, Verizon Wireless, Sprint Nextel Corporation, T-Mobile, Vodafone, O_2, Orange, E-Plus and Telefónica, as well as Internet portal operators such as Yahoo!, AOL, T-Online and Google. Additional competitors are handset manufacturers such as Nokia and software providers such as Microsoft and Apple. As the market for wireless data, including information and entertainment data, matures, new categories of competitors, such as mobile phone companies, broadcasters, music publishers, other content providers or others have begun to develop competing products or services.

Competition in Naming Services. We face competition in the domain name registry space from other gTLD and ccTLD registries that are competing for the business of entities and individuals that are seeking to establish a Web presence, including registries offering services related to the *.mobi*, *.biz*, *.name*, *.pro*, *.aero*, *.museum* and *.coop* gTLDs and registries offering services related to ccTLDs. There are currently 16 gTLD registries and over 240 ccTLD registries.

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

Competition in Intelligent Supply Chain Services. There are a number of companies that provide intelligent supply chain services. For point-of-sale data, we face competition from IRI and AC Nielsen, as well as smaller software companies. For consulting services, we face competition from traditional consulting firms.

Competition in Real-Time Publisher Services. We face competition from various smaller companies providing similar services.

Competition in Digital Brand Management Services. We face competition from companies providing services similar to some of our Digital Brand Management Services. In the monitoring services, registration and domain name asset management area of our business, our competition comes primarily from ICANN accredited registrars and various smaller companies providing similar services.

Several of our current and potential competitors have longer operating histories and significantly greater financial, technical, marketing and other resources than we do and therefore may be able to respond more quickly than we can to new or changing opportunities, technologies, standards and customer requirements. Many of these

competitors also have broader and more established distribution channels that may be used to deliver competing products or services directly to customers through bundling or other means. If such competitors were to bundle competing products or services for their customers, the demand for our products and services might be substantially reduced and the ability to distribute our products successfully and the utilization of our services would be substantially diminished. New technologies and the expansion of existing technologies may increase the competitive pressure.

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

Our communications services business depends in part on the acceptance of our SS7 network and the telecommunications industry's continuing use of SS7 technology.

Our future growth in our communications services business depends, in part, on the commercial success and reliability of our SS7 network. Our SS7 network is a vital component of our intelligent network services and has been a significant source of revenues for our Communications Services Group. Our communications services business will suffer if our target customers do not use our SS7 network. Our future financial performance will also depend on the successful development, introduction and customer acceptance of new and enhanced SS7-based services. We are not certain that our target customers will choose our particular SS7 network solution or continue to use our SS7 network. In the future, we may not be successful in marketing our SS7 network or any new or enhanced services.

The inability of our customers to successfully implement our signaling and network services with their existing systems could adversely affect our business.

Significant technical challenges exist in our signaling and network services business because many of our customers:

- purchase and implement SS7 network services in phases;
- deploy SS7 connectivity across a variety of telecommunication switches and routes; and
- integrate our SS7 network with a number of legacy systems, third-party software applications and engineering tools.

Customer implementation currently requires participation by our order management and our engineering and operations groups, each of which has limited resources. Some customers may also require us to develop costly customized features or capabilities, which increases our costs and consumes a disproportionate share of our limited customer service and support resources. Also, we typically charge one-time fees for initially connecting a customer to our SS7 network and a monthly recurring flat rate fee after the connection is established. If new or existing customers have difficulty deploying our products or require significant amounts of our engineering service support, we may experience reduced operating margins. Our customers' ability to deploy our network services to their own customers and integrate them successfully within their systems depends on our customers' capabilities and the complexity involved. Difficulty in deploying those services could reduce our operating margins due to increased customer support and could cause potential delays in recognizing revenues until the services are implemented.

Our failure to achieve or sustain market acceptance of our communications services at desired pricing levels and industry consolidation could adversely impact our revenues and cash flow.

The telecommunications industry is characterized by significant price competition. Competition and industry consolidation in our communications services could result in significant pricing pressure and an erosion in our market share. Pricing pressure from competition could cause large reductions in the selling price of our services. For example, our competitors may provide customers with reduced communications costs for Internet access or private network services, reducing the overall cost of services and significantly increasing pricing pressures on us. We would need to offset the effects of any price reductions by increasing the number of our customers, generating higher revenues from enhanced services or reducing our costs, and we may not be able to do so successfully. We believe that the business of providing network connectivity and related network services will see increased consolidation in the future. Consolidation could decrease selling prices and increase competition in these industries, which could erode our market share, revenues and operating margins in our Communications Services Group. Consolidation in the telecommunications industry has led to the merging of many companies, including, Nextel and Price Communications, customers of our Communications Services Group. Our business could be harmed if these mergers result in the loss of customers by our Communications Services Group. Furthermore, customers may choose to deploy internally developed communications technologies and services thereby reducing the demand for technologies and services we offer which could harm our business.

Our content services business depends on agreements with many different third parties, including wireless carrier, and content providers. If these agreements are terminated or not renewed, or are amended to require us to change the way our content services are offered to customers, our business could be harmed.

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

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

Our business depends on the continued growth of the Internet and adoption and continued use of IP networks.

Our future success depends, in part, on continued growth in the use of the Internet and IP networks. If the use of, and interest in, the Internet and IP networks does not grow, our business would be harmed. To date, many businesses and consumers have been deterred from utilizing the Internet and IP networks for a number of reasons, including, but not limited to:

- potentially inadequate development of network infrastructure;
- security concerns, particularly for online commerce, including the potential for merchant or user impersonation and fraud or theft of stored data and information communicated over IP networks;
- privacy concerns, including the potential for third parties to obtain personally identifiable information about users or to disclose or sell data without notice to or the consent of such users;
- other security concerns such as attacks on popular Web sites by “hackers”;
- inconsistent quality of service;
- inability to integrate business applications on IP networks;
- the need to operate with multiple and frequently incompatible products;

- limited bandwidth access; and
- government regulation.

The widespread acceptance of the Internet and IP networks will require a broad acceptance of new methods of conducting business and exchanging information. Organizations that already have invested substantial resources in other methods of conducting business may be reluctant to adopt new methods. Also, individuals with established patterns of purchasing goods and services and effecting payments may be reluctant to change.

A number of states, as well as the U.S. Congress, have been considering various initiatives that could permit sales and use taxes on Internet sales. If any of these initiatives are adopted, it could substantially impair the growth of electronic commerce and therefore hinder the growth in the use of the Internet and IP networks, which could harm our business.

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

We target our security services at the market for trusted and secure electronic commerce and communications over IP and other networks. Our Information Services business unit is developing managed services designed to work with the EPCglobal Network and radio frequency identification ("RFID"), technology, point-of-sale data services and real-time publisher services. These are rapidly evolving markets that may not continue to grow. Even if these markets grow, our services may not be widely accepted. Accordingly, the demand for our services is very uncertain. The factors that may affect market acceptance of our services include the following:

- market acceptance of products and services based upon technologies other than those we use;
- public perception of the security of our technologies and of IP and other networks;
- the introduction and consumer acceptance of new generations of mobile handsets;
- demand for supply chain information services, including acceptance of RFID technology, the EPCglobal Network and point-of-sale data services;
- the ability of the Internet infrastructure to accommodate increased levels of usage; and
- government regulations affecting electronic commerce and communications over IP networks.

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

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

The growth and development of the Internet has led to new laws and regulations, as well as the application of existing laws to the Internet and wireless communications. Application of these laws can be unclear. The costs of complying or failure to comply with these laws and regulations could limit our ability to operate in our markets, expose us to compliance costs and substantial liability and result in costly and time-consuming litigation.

Foreign, federal or state laws could have an adverse impact on our business. For example, recent laws include those designed to restrict the on-line distribution of certain materials deemed harmful to children and impose additional restrictions or obligations for on-line services when dealing with minors. Such legislation may impose significant additional costs on our business or subject us to additional liabilities.

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

Our inability to react to changes in our industry and successfully introduce new products and services could harm our business.

The emerging nature of the Internet, other communication networks, content, digital certificate, and domain name registration markets, and their rapid evolution, require us continually to improve the performance, features and reliability of our services, particularly in response to competitive offerings. In particular, the market for entertainment and information is characterized by changing technology, developing industry standards, changing customer preferences and trends (which also vary from country to country), and the constant introduction of new products and services. In order to remain competitive, we must continually improve our access technology and software, support the latest transmission technologies, and adapt our products and services to changing market conditions and customer preferences. When entertainment products are placed on the market, it is difficult to predict whether they will become popular.

The communications network services industry is also characterized by rapid technological change and frequent new product and service announcements. Significant technological changes could make our technologies obsolete and other changes in our markets could result in some of our other products and services losing market share. Accordingly, we must continually improve the responsiveness, reliability and features of our services and develop new features, services and applications to meet changing customer needs in our target markets. For example, we sell our SS7 network services primarily to traditional telecommunications companies that rely on traditional voice networks. Many emerging companies are providing convergent Internet protocol-based network services. Our future success could also depend upon our ability to provide products and services to these Internet protocol-based telephony providers, particularly if IP-based telephony becomes widely accepted. We cannot assure that we will be able to adapt to these challenges or respond successfully or in a cost-effective way to adequately meet them. Our failure to do so would adversely affect our ability to compete and retain customers or market share.

New products and services developed or introduced by us may not result in any significant revenues.

We must commit significant resources to develop new products and services before knowing whether our investments will result in products and services the market will accept. The success of new products and services depends on several factors, including proper new definition and timely completion, introduction and market acceptance. For example, our selection in January 2004 by EPCglobal, a not-for-profit standards organization, to operate the Object Naming Service as the root directory for the EPCglobal Network, may not increase our revenues in the foreseeable future. There can be no assurance that we will successfully identify new product and service opportunities, develop and bring new products and services to market in a timely manner, or achieve market acceptance of our products and services, or that products, services and technologies developed by others will not render our products, services or technologies obsolete or noncompetitive. Our inability to successfully market new products and services may harm our business.

Issues arising from our agreements with ICANN and the Department of Commerce could harm our registry business.

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

We face risks from the transition of the DOC's responsibilities for the domain name system to ICANN, including the following:

- ICANN could adopt or promote policies, procedures or programs that are unfavorable to us as the registry operator of the *.com* and *.net* gTLDs or that are inconsistent with our current or future plans;
- the DOC or ICANN could terminate our agreements to be the registry for the *.com* or *.net* gTLDs under the circumstances described elsewhere in this report;
- if the *.com* and *.net* Registry Agreements are terminated, it could have a material adverse impact on our business;
- the DOC's or ICANN's interpretation of provisions of our agreements with either of them could differ from ours;
- the DOC could revoke its recognition of ICANN, as a result of which the DOC could take the place of ICANN for purposes of our agreements with ICANN, and could take actions that are harmful to us;
- the U.S. Government could refuse to transfer certain responsibilities for domain name system administration to ICANN due to security, stability or other reasons, resulting in fragmentation or other instability in domain name system administration; and
- our registry business could face legal or other challenges resulting from our activities or the activities of registrars.

Challenges to ongoing privatization of Internet administration could harm our domain name registry business.

Risks we face from challenges by third parties, including governmental authorities in the United States and other countries, to our role in the ongoing privatization of the Internet include:

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

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

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

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

- power loss, transmission cable cuts and other telecommunications failures;
- damage or interruption caused by fire, earthquake, and other natural disasters;
- computer viruses or software defects; and

- physical or electronic break-ins, sabotage, intentional acts of vandalism, terrorist attacks and other events beyond our control.

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

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

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

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

We retain certain confidential customer information in our secure data centers and various registration systems. It is critical to our business strategy that our facilities and infrastructure remain secure and are perceived by the marketplace to be secure. Our domain name registry operations also depend on our ability to maintain our computer and telecommunications equipment in effective working order and to reasonably protect our systems against interruption, and potentially depend on protection by other registrars in the shared registration system. The root zone servers and top-level domain name zone servers that we operate are critical hardware to our registry services operations. Therefore, we may have to expend significant time and money to maintain or increase the security of our facilities and infrastructure.

Despite our security measures, our infrastructure may be vulnerable to physical break-ins, computer viruses, attacks by hackers or similar disruptive problems. It is possible that we may have to expend additional financial and other resources to address such problems. Any physical or electronic break-in or other security breach or compromise of the information stored at our secure data centers and domain name registration systems may jeopardize the security of information stored on our premises or in the computer systems and networks of our customers. In such an event, we could face significant liability and customers could be reluctant to use our services. Such an occurrence could also result in adverse publicity and therefore adversely affect the market’s perception of the security of electronic commerce and communications over IP networks as well as of the security or reliability of our services.

The reliance of our network connectivity and interoperability services and content services on third-party communications infrastructure, hardware and software exposes us to a variety of risks we cannot control.

The success of our network connectivity and interoperability services and content services depends on our network infrastructure, including the capacity leased from telecommunications suppliers. In particular, we rely on

AT&T, Sprint and other telecommunications providers for leased long-haul and local loop transmission capacity. These companies provide the dedicated links that connect our network components to each other and to our customers. Our business also depends upon the capacity, reliability and security of the infrastructure owned by third parties that is used to connect telephone calls. Specifically, we currently lease capacity from regional providers on four of the fourteen mated pairs of SS7 signal transfer points that comprise our network.

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

Our signaling and SS7 services rely on links, equipment and software provided to us from our vendors, the most important of which are gateway equipment and software from Tekelec and Agilent Technologies, Inc. We cannot assure you that we will be able to continue to purchase equipment from these vendors on acceptable terms, if at all. If we are unable to maintain current purchasing terms or ensure product availability with these vendors, we may lose customers and experience an increase in costs in seeking alternative suppliers of products and services.

Capacity limits on our technology and network hardware and software may be difficult to project and we may not be able to expand and upgrade our systems to meet increased use.

If traffic from our telecommunication and content customers through our network increases, we will need to expand and upgrade our technology and network hardware and software. We may not be able to expand and upgrade, in a timely manner, our systems and network hardware and software capabilities to accommodate increased traffic on our network. If we do not appropriately expand and upgrade our systems and network hardware and software, we may lose customers and revenues.

We rely on third parties who maintain and control root zone servers and route Internet communications.

We currently administer and operate only two of the thirteen root zone servers. The others are administered and operated by independent operators on a volunteer basis. Because of the importance to the functioning of the Internet of these root zone servers, our registry services business could be harmed if these volunteer operators fail to maintain these servers properly or abandon these servers, which would place additional capacity demands on the two root zone servers we operate.

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

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

Services as complex as those we offer or develop frequently contain undetected defects or errors. Despite testing, defects or errors may occur in our existing or new services, which could result in loss of or delay in revenues, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to our reputation, tort or warranty claims, increased insurance costs or increased service and warranty costs, any of which could harm our business. The performance of our services could have unforeseen or unknown adverse effects on the networks over which they are delivered as well as on third-party applications and services that

utilize our services, which could result in legal claims against us, harming our business. Furthermore, we often provide implementation, customization, consulting and other technical services in connection with the implementation and ongoing maintenance of our services, which typically involves working with sophisticated software, computing and communications systems. Our failure or inability to meet customer expectations in a timely manner could also result in loss of or delay in revenues, loss of market share, failure to achieve market acceptance, injury to our reputation and increased costs.

Services offered by our Internet Services Group rely on public key cryptography technology that may compromise our system's security.

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

Some of our security services have lengthy sales and implementation cycles.

We market many of our security services directly to large companies and government agencies and we market our communications services to large telecommunication carriers. The sale and implementation of our services to these entities typically involves a lengthy education process and a significant technical evaluation and commitment of capital and other resources. This process is also subject to the risk of delays associated with customers' internal budgeting and other procedures for approving large capital expenditures, deploying new technologies within their networks and testing and accepting new technologies that affect key operations. As a result, the sales and implementation cycles associated with certain of our services can be lengthy, potentially lasting from three to nine months. Our quarterly and annual operating results could be materially harmed if orders forecasted for a specific customer for a particular quarter are not realized.

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

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

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

Our success depends on our internally developed technologies, patents and other intellectual property. Despite our precautions, it may be possible for a third party to copy or otherwise obtain and use our trade secrets or other forms of our intellectual property without authorization. Furthermore, the laws of foreign countries may not protect our proprietary rights in those countries to the same extent U.S. law protects these rights in the United States. In addition, it is possible that others may independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, our business could suffer. In the future, we may have to resort to litigation to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. This type of litigation, regardless of its outcome, could result in substantial costs and diversion of management and technical resources.

We also license third-party technology that is used in our products and services to perform key functions. These third-party technology licenses may not continue to be available to us on commercially reasonable terms or at all. Our business could suffer if we lost the rights to use these technologies. A third-party could claim that the licensed software infringes a patent or other proprietary right. Litigation between the licensor and a third-party or between us and a third-party could lead to royalty obligations for which we are not indemnified or for which indemnification is insufficient, or we may not be able to obtain any additional license on commercially reasonable terms or at all. The loss of, or our inability to obtain or maintain, any of these technology licenses could delay the introduction of our Internet infrastructure services until equivalent technology, if available, is identified, licensed and integrated. This could harm our business.

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

Claims relating to infringement of intellectual property of others or other similar claims have been made against us in the past and could be made against us in the future. In addition, we use news content as part of our real-time publisher service. It is possible that we could become subject to additional claims for infringement of the intellectual property of third parties. Any claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel, cause delays or require us to develop non-infringing technology or enter into royalty or licensing agreements. Royalty or licensing agreements, if required, may not be available on acceptable terms or at all. If a successful claim of infringement were made against us, we could be required to pay damages or have portions of our business enjoined. If we could not develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, our business could be harmed.

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

We must establish and maintain strategic and other relationships.

One of our significant business strategies has been to enter into strategic or other similar collaborative relationships in order to reach a larger customer base than we could reach through our direct sales and marketing efforts. We may need to enter into additional relationships to execute our business plan. We may not be able to enter into additional, or maintain our existing, strategic relationships on commercially reasonable terms. If we fail to enter into additional relationships, we would have to devote substantially more resources to the distribution, sale and marketing of our security services and communications services than we would otherwise.

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

Furthermore, our ability to achieve future growth will also depend on our ability to continue to establish direct seller channels and to develop multiple distribution channels. Failure of one or more of our strategic relationships to result in the development and maintenance of a market for our services could harm our business. If we are unable to maintain our relationships or to enter into additional relationships, this could harm our business.

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

We depend on the performance of our senior management team and other key employees. Our success also depends on our ability to attract, integrate, train, retain and motivate these individuals and additional highly skilled technical and sales and marketing personnel, both in the U.S. and abroad. In addition, our stringent hiring practices for some of our key personnel, which consist of background checks into prospective employees' criminal and financial histories, further limit the number of qualified persons for these positions.

We have no employment agreements with any of our key executives that prevent them from leaving VeriSign at any time. In addition, we do not maintain key person life insurance for any of our officers or key employees. The loss of the services of any of our senior management team or other key employees or failure to attract, integrate, train, retain and motivate additional key employees could harm our business.

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

The Sarbanes-Oxley Act mandates, among other things, that companies adopt new corporate governance measures and imposes comprehensive reporting and disclosure requirements, sets stricter independence and financial expertise standards for audit committee members and imposes increased civil and criminal penalties for companies, their chief executive officers and chief financial officers and directors for securities law violations. For example, Section 404 of the Sarbanes-Oxley Act requires companies to do a comprehensive and costly evaluation of their internal controls. In addition, the NASDAQ Stock Market has adopted additional comprehensive rules and regulations relating to corporate governance. These laws, rules and regulations have increased the scope, complexity and cost of our corporate governance, reporting and disclosure practices, and our compliance efforts have required significant management attention. It has become more difficult and more expensive for us to obtain director and officer liability insurance, and we have been required to accept reduced coverage and incur substantially higher costs to obtain the reduced level of coverage. Further, our board members, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified board members and executive officers, which could harm our business.

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

Our amended and restated Certificate of Incorporation and Bylaws contain provisions that could make it more difficult for a third-party to acquire us without the consent of our Board of Directors. These provisions include:

- our stockholders may take action only at a meeting and not by written consent;
- our board must be given advance notice regarding stockholder-sponsored proposals for consideration at annual meetings and for stockholder nominations for the election of directors;

- we currently have a classified Board of Directors, with the board being currently divided into three classes that serve staggered three-year terms, although we intend to declassify our board commencing in connection with our 2007 Annual Meeting of Stockholders;
- vacancies on our board may be filled until the next annual meeting of stockholders only by majority vote of the directors then in office; and
- special meetings of our stockholders may be called only by the chairman of the board, the president or the board, and not by our stockholders.

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

- The rights will become exercisable only upon the occurrence of certain events specified in the plan, including the acquisition of 20% of VeriSign's outstanding common stock by a person or group.
- Each right entitles the holder, other than an "acquiring person," to acquire shares of VeriSign's common stock at a 50% discount to the then-prevailing market price.
- VeriSign's Board of Directors may redeem outstanding rights at any time prior to a person becoming an "acquiring person," at a price of $0.001 per right. Prior to such time, the terms of the rights may be amended by VeriSign's Board of Directors without the approval of the holders of the rights.

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

We are subject to income taxes in both the United States and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are subject to audit by various tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in historical income tax provisions and accruals. Should additional taxes be assessed as a result of an audit or litigation, an adverse effect on our income tax provision and net income in the period or periods for which that determination is made could result.

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

On February 8, 2007, a holder of an outstanding warrant exercised its right to purchase 39,328 shares of our common stock at $14.16 per share on a cashless exercise basis. The fair market value of our common stock on the date of exercise was $24.37. As a result of the cashless exercise, we issued 16,476 shares of our common stock and withheld issuing 22,852 shares of our common stock in satisfaction of the exercise price under the warrants. We did not receive any proceeds from the exercise of the warrant.

The shares of our common stock issued upon exercise of the warrant were issued in a transaction exempt from registration pursuant to Section 4(2) under the Securities Act of 1933.

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ITEM 6. EXHIBITS

(a) Index to Exhibits

Exhibit Number	Exhibit Description	Filed Herewith
10.01	Registrant's 1998 Employee Stock Purchase Plan, as amended through January 30, 2007.	X
10.02	Agreement between the Registrant and Judy Lin dated February 16, 2007.	X
10.03	Limited Liability Company Agreement by and among Fox US Mobile Holdings, Inc., News Corporation, VeriSign U.S. Holdings, Inc. and US Mobile Holdings, LLC, dated January 31, 2007. †	X
31.01	Certification of President and Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a).	X
31.02	Certification of Executive Vice President, Finance and Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a).	X
32.01	Certification of President and Chief Executive Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350). *	X
32.02	Certification of Executive Vice President, Finance and Chief Financial Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350). *	X

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

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

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SIGNATURES

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

VERISIGN, INC.

Date: July 16, 2007

By: /s/ WILLIAM A. ROPER, JR.

William A. Roper Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 16, 2007

By: /s/ ALBERT E. CLEMENT

Albert E. Clement
Executive Vice President, Finance and
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBITS

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

Exhibit Number	Exhibit Description
10.01	Registrant's 1998 Employee Stock Purchase Plan, as amended through January 30, 2007.
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EXHIBIT 10.01

VERISIGN, INC.

1998 EMPLOYEE STOCK PURCHASE PLAN

as Adopted December 19, 1997
and Amended June 8, 2000, October 22, 2003, and January 30, 2007

1. Establishment of Plan. VeriSign, Inc. (the ***"Company"***) proposes to grant options for purchase of the Company's Common Stock to eligible employees of the Company and its Participating Subsidiaries (as hereinafter defined) pursuant to this Employee Stock Purchase Plan (this ***"Plan"***). For purposes of this Plan, ***"Parent Corporation"*** and ***"Subsidiary"*** (collectively, ***"Participating Subsidiaries"***) shall have the same meanings as "parent corporation" and "subsidiary corporation" in Sections 424(e) and 424(f), respectively, of the Internal Revenue Code of 1986, as amended (the ***"Code"***). ***"Participating Subsidiaries"*** are Parent Corporations or Subsidiaries that the Board of Directors of the Company (the ***"Board"***) designates from time to time as corporations that shall participate in this Plan. The Company intends this Plan to qualify as an "employee stock purchase plan" under Section 423 of the Code (including any amendments to or replacements of such Section), and this Plan shall be so construed. Any term not expressly defined in this Plan but defined for purposes of Section 423 of the Code shall have the same definition herein. A total of 3,500,000 shares of the Company's Common Stock is reserved for issuance under this Plan. In addition, on each January 1, the aggregate number of shares of the Company's Common Stock reserved for issuance under the Plan shall be increased automatically by a number of shares equal to 1% of the total number of outstanding shares of the Company Common Stock on the immediately preceding December 31; provided, that the aggregate number of shares increased under this Plan shall not exceed 2,500,000 shares per year. Such number shall be subject to adjustments effected in accordance with Section 14 of this Plan.

2. Purpose. The purpose of this Plan is to provide eligible employees of the Company and Participating Subsidiaries with a convenient means of acquiring an equity interest in the Company through payroll deductions, to enhance such employees' sense of participation in the affairs of the Company and Participating Subsidiaries, and to provide an incentive for continued employment.

3. Administration. This Plan shall be administered by the Compensation Committee of the Board (the ***"Committee"***). Subject to the provisions of this Plan and the limitations of Section 423 of the Code or any successor provision in the Code, all questions of interpretation or application of this Plan shall be determined by the Committee and its decisions shall be final and binding upon all participants. Members of the Committee shall receive no compensation for their services in connection with the administration of this Plan, other than standard fees as established from time to time by the Board for services rendered by Board members serving on Board committees. All expenses incurred in connection with the administration of this Plan shall be paid by the Company.

4. Eligibility. Any employee of the Company or the Participating Subsidiaries is eligible to participate in an Offering Period (as hereinafter defined) under this Plan except the following:

(a) employees who are not employed by the Company or Participating Subsidiaries ten (10) days before the beginning of such Offering Period, except that employees who are employed on the effective date of the registration statement filed by the Company with the Securities and Exchange Commission (***"SEC"***) under the Securities Act of 1933, as amended (the ***"Securities Act"***) registering the initial public offering of the Company's Common Stock shall be eligible to participate in the first Offering Period under the Plan;

(b) employees who are customarily employed for twenty (20) hours or less per week;

(c) employees who are customarily employed for five (5) months or less in a calendar year;

(d) employees who, together with any other person whose stock would be attributed to such employee pursuant to Section 424(d) of the Code, own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Subsidiaries or who, as a result of being granted an option under this Plan with respect to such Offering Period, would own stock or hold options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its Participating Subsidiaries; and

(e) individuals who provide services to the Company or any of its Participating Subsidiaries as independent contractors who are reclassified as common law employees for any reason except for federal income and employment tax purposes.

5. Offering Dates. The offering periods of this Plan (each, an ***"Offering Period"***) shall be of twenty-four (24) months duration commencing on February 1 and August 1 of each year and ending on January 31 and July 31 of each year; provided, however, that notwithstanding the foregoing, the first such Offering Period shall commence on the first business day on which price quotations for the Company's Common Stock are available on the Nasdaq National Market (the ***"First Offering Date"***) and shall end on January 31, 2000. Except for the first Offering Period, each Offering Period shall consist of one or more purchase periods (individually, a ***"Purchase Period"***) during which payroll deductions of the participants are accumulated under this Plan. Unless determined otherwise by the Committee with respect to a particular Offering Period, each Purchase Period shall run from February 1 or August 1 to the next succeeding July 31 or January 31 as the case may be. If the Committee determines that purchases shall not be made on a Purchase Date, then the Committee may, but need not, modify the length of subsequent Purchase Periods and/or add additional Purchase Periods as it may determine in its discretion. The first Offering Period shall consist of no more than five and no fewer than three Purchase Periods, any of which may be greater or less than six months as determined by the Committee. The first business day of each Offering Period is referred to as the ***"Offering Date"***. The last business day of each Purchase Period is referred to as the ***"Purchase Date"***. The Committee shall have the power to change the duration of Offering Periods or Purchase Periods as it may deem necessary or desirable in its sole discretion.

6. Participation in this Plan. Eligible employees may become participants in an Offering Period under this Plan on the first Offering Date after satisfying the eligibility requirements by delivering a subscription agreement to the Company's treasury department (the ***"Treasury Department"***) or human resources department (the ***"Human Resources Department"***) not later than such Offering Date unless a later time for filing the subscription agreement authorizing payroll deductions is set by the Committee for all eligible employees with respect to a given Offering Period. An eligible employee who does not deliver a subscription agreement to the Treasury Department or Human Resources Department, as applicable, by such date after becoming eligible to participate in such Offering Period shall not participate in that Offering Period and shall only be permitted to participate in any subsequent Offering Period by filing a subscription agreement with the Treasury Department or Human Resources Department, as applicable, not later than the Offering Date of such subsequent Offering Period. Once an employee becomes a participant in an Offering Period, such employee will automatically participate in the Offering Period commencing immediately following the last day of the prior Offering Period unless the employee withdraws or is deemed to withdraw from this Plan or terminates further participation in the Offering Period as set forth in Section 11 below. Such participant is not required to file any additional subscription agreement in order to continue participation in this Plan.

7. Grant of Option on Enrollment. Enrollment by an eligible employee in this Plan with respect to an Offering Period will constitute the grant (as of the Offering Date) by the Company to such employee of an option to purchase on the Purchase Date up to that number of shares of Common Stock of the Company determined by dividing (a) the amount accumulated in such employee's payroll deduction account during such Purchase Period by (b) the lower of (i) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date (but in no event less than the par value of a share of the Company's Common Stock), or (ii) eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Purchase Date (but in no event less than the par value of a share of the Company's Common Stock), provided, however, that the number of shares of the Company's Common Stock subject to any option granted pursuant to this Plan shall not exceed the lesser of (a) the maximum number of shares set by the Committee pursuant to Section 10(c) below with respect to the applicable Purchase Date, or (b) the maximum number of shares which may be purchased pursuant to Section 10(b) below with respect to the applicable Purchase Date. The fair market value of a share of the Company's Common Stock shall be determined as provided in Section 8 hereof.

8. Purchase Price. The purchase price per share at which a share of Common Stock will be sold in any Offering Period shall be eighty-five percent (85%) of the lesser of:

(a) The Fair Market Value on the Offering Date; or

(b) The Fair Market Value on the Purchase Date**.**

For purposes of this Plan, the term ***"Fair Market Value"*** means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(i) if such Common 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 Common Stock is publicly traded and 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 Common Stock is listed or admitted to trading as reported in The Wall Street Journal;

(iii) if such Common Stock is publicly traded but 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

(iv) if none of the foregoing is applicable, by the Board in good faith, which in the case of the First Offering Date will be the price per share at which shares of the Company's Common Stock are initially offered for sale to the public by the Company's underwriters in the initial public offering of the Company's Common Stock pursuant to a registration statement filed with the SEC under the Securities Act.

9. Payment Of Purchase Price; Changes In Payroll Deductions; Issuance Of Shares.

(a) The purchase price of the shares may be accumulated by regular payroll deductions made during each Offering Period or, when authorized by the Committee, the purchase price of the shares may be paid by a lump sum payment. The deductions are made as a percentage of the participant's compensation in one percent (1%) increments not less than two percent (2%), nor greater than twenty-five percent (25%) or such higher or lower limit set by the Committee. Compensation shall mean base salary, commissions, bonuses, incentive compensation and shift premiums not to exceed $250,000 per calendar year unless otherwise determined by the Committee, provided however, that for purposes of determining a participant's compensation, any election by such participant to reduce his or her regular cash remuneration under Sections 125 or 401(k) of the Code shall be treated as if the participant did not make such election. Payroll deductions shall commence on the first payday of the Offering Period and shall continue to the end of the Offering Period unless sooner altered or terminated as provided in this Plan.

(b) A participant may decrease or increase the rate of payroll deductions during an Offering Period by filing with the Treasury Department or Human Resources Department, as applicable, a new authorization for payroll deductions, in which case the new rate shall become effective for the next payroll period commencing more than fifteen (15) days after the Treasury Department's or Human Resources Department's, as applicable, receipt of the authorization and shall continue for the remainder of the Offering Period unless changed as described below. Such change in the rate of payroll deductions may be made at any time during an Offering Period, but not more than two (2) changes may be made effective during any Purchase Period. A participant may increase or decrease the rate of payroll deductions for any subsequent Offering Period by filing with the Treasury Department or Human Resources Department, as applicable, a new authorization for payroll deductions not later than fifteen (15) days before the beginning of such Offering Period.

(c) All payroll deductions made for a participant are credited to his or her account under this Plan and are deposited with the general funds of the Company. No interest accrues on the payroll deductions. All payroll deductions received or held by the Company may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

(d) On each Purchase Date of an Offering Period, so long as this Plan remains in effect, and provided that the participant has not withdrawn from that Offering Period, then unless the Committee has previously notified participants that no purchase of Common Stock shall occur on such Purchase Date, the Company shall apply the funds then in the participant's account to the purchase of whole shares of Common Stock reserved under the option granted to such participant with respect to the Offering Period to the extent that such option is exercisable on the Purchase Date. The purchase price per share shall be as specified in Section 8 of this Plan. Any cash remaining in a participant's account after such purchase of shares shall be refunded to such participant in cash, without interest;

provided, however that any amount remaining in such participant's account on a Purchase Date which is less than the amount necessary to purchase a full share of Common Stock of the Company shall be carried forward, without interest, into the next Purchase Period or Offering Period, as the case may be. In the event that this Plan has been oversubscribed, all funds not used to purchase shares on the Purchase Date shall be returned to the participant, without interest. No Common Stock shall be purchased on a Purchase Date on behalf of any employee whose participation in this Plan has terminated prior to such Purchase Date.

(e) As promptly as practicable after the Purchase Date, the Company shall issue shares for the participant's benefit representing the shares purchased upon exercise of his or her option.

(f) During a participant's lifetime, such participant's option to purchase shares hereunder is exercisable only by him or her. The participant will have no interest or voting right in shares covered by his or her option until such option has been exercised.

10. Limitations on Shares to be Purchased.

(a) No participant shall be entitled to purchase stock under this Plan at a rate which, when aggregated with his or her rights to purchase stock under all other employee stock purchase plans of the Company or any Subsidiary, exceeds $25,000 in fair market value, determined as of the Offering Date (or such other limit as may be imposed by the Code) for each calendar year in which the employee participates in this Plan. The Company shall automatically suspend the payroll deductions of any participant as necessary to enforce such limit provided that when the Company automatically resumes such payroll deductions, the Company must apply the rate in effect immediately prior to such suspension.

(b) No more than two hundred percent (200%) of the number of shares determined by using eighty-five percent (85%) of the fair market value of a share of the Company's Common Stock on the Offering Date as the denominator may be purchased by a participant on any single Purchase Date.

(c) No participant shall be entitled to purchase more than the Maximum Share Amount (as defined below) on any single Purchase Date. Not less than thirty (30) days prior to the commencement of any Offering Period, the Committee may, in its sole discretion, set a maximum number of shares which may be purchased by any employee at any single Purchase Date (hereinafter the ***"Maximum Share Amount"***). Until otherwise determined by the Committee, there shall be no Maximum Share Amount. In no event shall the Maximum Share Amount exceed the amounts permitted under Section 10(b) above. If a new Maximum Share Amount is set, then all participants must be notified of such Maximum Share Amount prior to the commencement of the next Offering Period. Once the Maximum Share Amount is set, it shall continue to apply with respect to all succeeding Purchase Dates and Offering Periods unless revised by the Committee as set forth above.

(d) No participant shall be entitled to purchase shares on a Purchase Date if the Committee determines there shall be no purchase of shares on such Purchase Date (whether due to the requirements of Section 23 of the Plan or as the Committee may otherwise deem necessary or desirable). If the Committee makes such a determination, then contributions accumulated during the Purchase Period ending on such Purchase Date shall be refunded (without interest unless otherwise determined by the Committee) to participants, but such participants, notwithstanding the provisions of Section 11(b), shall continue to be participants in the Offering Period of which such Purchase Period is a part unless the automatic enrollment provisions of Section 11(c) are otherwise applicable.

(e) If the number of shares to be purchased on a Purchase Date by all employees participating in this Plan exceeds the number of shares then available for issuance under this Plan, then the Company will make a pro rata allocation of the remaining shares in as uniform a manner as shall be reasonably practicable and as the Committee shall determine to be equitable. In such event, the Company shall give written notice of such reduction of the number of shares to be purchased under a participant's option to each participant affected thereby.

(f) Any payroll deductions accumulated in a participant's account which are not used to purchase stock due to the limitations in this Section 10 shall be returned to the participant as soon as practicable after the end of the applicable Purchase Period, without interest.

11. Withdrawal.

(a) Each participant may withdraw from an Offering Period under this Plan by signing and delivering to the Treasury Department or Human Resources Department, as applicable, a written notice to that effect on a form provided for such purpose. Such withdrawal may be elected at any time at least fifteen (15) days prior to the end of an Offering Period.

(b) Upon withdrawal from this Plan, the accumulated payroll deductions shall be returned to the withdrawn participant, without interest, and his or her interest in this Plan shall terminate. In the event a participant voluntarily elects to withdraw from this Plan, he or she may not resume his or her participation in this Plan during the same Offering Period, but he or she may participate in any Offering Period under this Plan which commences on a date subsequent to such withdrawal by filing a new authorization for payroll deductions in the same manner as set forth above for initial participation in this Plan.

(c) If the purchase price on the first day of any current Offering Period in which a participant is enrolled is higher than the purchase price on the first day of any subsequent Offering Period, the Company will automatically enroll such participant in the subsequent Offering Period. Except with respect to the first Offering Period, any funds accumulated in a participant's account prior to the first day of such subsequent Offering Period will be applied to the purchase of shares on the Purchase Date immediately prior to the first day of such subsequent Offering Period. With respect to the first Offering Period, any funds accumulated in a participant's account prior to the first day of such subsequent Offering Period will be applied to the purchase of shares on the Purchase Date next following the first day of such subsequent Offering Period. A participant does not need to file any forms with the Company to automatically be enrolled in the subsequent Offering Period

12. Termination of Employment. Termination of a participant's employment for any reason, including retirement, death or the failure of a participant to remain an eligible employee of the Company or of a Participating Subsidiary, immediately terminates his or her participation in this Plan. In such event, the payroll deductions credited to the participant's account will be returned to him or her or, in the case of his or her death, to his or her legal representative, without interest. For purposes of this Section 12, an employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company or of a Participating Subsidiary in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

13. Return of Payroll Deductions. In the event a participant's interest in this Plan is terminated by withdrawal, termination of employment or otherwise, or in the event this Plan is terminated by the Board, the Company shall promptly deliver to the participant all payroll deductions credited to such participant's account. No interest shall accrue on the payroll deductions of a participant in this Plan.

14. Capital Changes. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each option under this Plan which has not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under this Plan but have not yet been placed under option (collectively, the ***"Reserves"***), as well as the price per share of Common Stock covered by each option under this Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Common Stock of the Company resulting from a stock split or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of issued and outstanding shares of Common Stock effected without receipt of any consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Committee**,** whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

In the event of the proposed dissolution or liquidation of the Company, the Offering Period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Committee. The Committee may, in the exercise of its sole discretion in such instances, declare that this Plan shall terminate as of a date fixed by the Committee and give each participant the right to purchase shares under this Plan prior to such termination. In the event of (i) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a

different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company or their relative stock holdings and the options under this Plan are assumed, converted or replaced by the successor corporation, which assumption will be binding on all participants), (ii) a merger in which the Company is the surviving corporation but after which the stockholders of the Company immediately prior to such merger (other than any stockholder that merges, or which owns or controls another corporation that merges, with the Company in such merger) cease to own their shares or other equity interest in the Company, (iii) the sale of substantially all of the assets of the Company or (iv) the acquisition, sale, or transfer of more than 50% of the outstanding shares of the Company by tender offer or similar transaction, the Plan shall continue for all Offering Periods which began prior to the transaction and shares will be purchased based on the fair market value of the surviving corporation's stock on each Purchase Date (taking into account the exchange ratio, where necessary).

The Committee may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per share of Common Stock covered by each outstanding option, in the event that the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock, or in the event of the Company being consolidated with or merged into any other corporation.

15. Nonassignability. Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under this Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 22 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be void and without effect.

16. Reports. Individual accounts will be maintained for each participant in this Plan. Each participant shall receive promptly after the end of each Purchase Period a report of his or her account setting forth the total payroll deductions accumulated, the number of shares purchased, the per share price thereof and the remaining cash balance, if any, carried forward to the next Purchase Period or Offering Period, as the case may be.

17. Notice of Disposition. Each participant shall notify the Company if the participant disposes of any of the shares purchased in any Offering Period pursuant to this Plan if such disposition occurs within two (2) years from the Offering Date or within one (1) year from the Purchase Date on which such shares were purchased (the ***"Notice Period"***). Unless such participant is disposing of any of such shares during the Notice Period, such participant shall keep the certificates representing such shares in his or her name (and not in the name of a nominee) during the Notice Period. The Company may, at any time during the Notice Period, place a legend or legends on any certificate representing shares acquired pursuant to this Plan requesting the Company's transfer agent to notify the Company of any transfer of the shares. The obligation of the participant to provide such notice shall continue notwithstanding the placement of any such legend on the certificates.

18. No Rights to Continued Employment. Neither this Plan nor the grant of any option hereunder shall confer any right on any employee to remain in the employ of the Company or any Participating Subsidiary, or restrict the right of the Company or any Participating Subsidiary to terminate such employee's employment.

19. Equal Rights And Privileges. All eligible employees shall have equal rights and privileges with respect to this Plan so that this Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 or any successor provision of the Code and the related regulations. Any provision of this Plan which is inconsistent with Section 423 or any successor provision of the Code shall, without further act or amendment by the Company, the Committee or the Board, be reformed to comply with the requirements of Section 423. This Section 19 shall take precedence over all other provisions in this Plan.

20. Notices. All notices or other communications by a participant to the Company under or in connection with this Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Term; Stockholder Approval. After this Plan is adopted by the Board, this Plan will become effective on the date that is the First Offering Date (as defined above). This Plan shall be approved by the stockholders of the Company, in any manner permitted by applicable corporate law, within twelve (12) months before or after the date this Plan is adopted by the Board. No purchase of shares pursuant to this Plan shall occur prior to such stockholder approval. This Plan shall continue until the earlier to occur of (a) termination of this Plan by the Board (which termination may be effected by the Board at any time), (b) issuance of all of the shares of Common Stock reserved for issuance under this Plan, or (c) ten (10) years from the adoption of this Plan by the Board.

22. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under this Plan in the event of such participant's death subsequent to the end of an Purchase Period but prior to delivery to him of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under this Plan in the event of such participant's death prior to a Purchase Date.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under this Plan who is living at the time of such participant's death, the Company shall deliver such shares or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

23. Conditions Upon Issuance of Shares; Limitation on Sale of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act, the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or automated quotation system upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

24. Applicable Law. The Plan shall be governed by the substantive laws (excluding the conflict of laws rules) of the State of California.

25. Amendment or Termination of this Plan. The Board may at any time amend, terminate or extend the term of this Plan, except that any such termination cannot affect options previously granted under this Plan, nor may any amendment make any change in an option previously granted which would adversely affect the right of any participant, nor may any amendment be made without approval of the stockholders of the Company obtained in accordance with Section 21 hereof within twelve (12) months of the adoption of such amendment (or earlier if required by Section 21) if such amendment would:

(a) increase the number of shares that may be issued under this Plan; or

(b) change the designation of the employees (or class of employees) eligible for participation in this Plan.

EXHIBIT 10.02

February 16, 2007

Re: Agreement (the "Agreement")

Dear Judy:

This confirms that your employment with VeriSign, Inc. ("***VeriSign***") will be terminated on March 31, 2007, unless you resign before that date in accordance with the resignation procedure described below at Section 3. For the purposes of this Agreement, the term "***Termination Date***" refers to either March 31, 2007 or such earlier date on which you resign if you choose to resign before that date.

In an effort to ensure an amicable and smooth separation, and in consideration for your execution of this Agreement, VeriSign will offer you the severance package set forth in this Agreement, subject to the terms and conditions set forth below.

To accept this Agreement, you will need to sign below where indicated and then return the signed Agreement to me either on or before the Acceptance Expiration Date. The "*Acceptance Expiration Date*" means the date that is thirty (30) days after the Termination Date. You have seven (7) days following your execution of this Agreement (the "*Revocation Period*") to revoke your acceptance of it. This Agreement will not be effective until the Revocation Period has expired and, of course, the Agreement will not be effective if you revoke your acceptance of it during the Revocation Period. VeriSign shall have no obligations to you under this Agreement if you do not sign it and return it to VeriSign either on or before the Acceptance Expiration Date or if you revoke your acceptance of this Agreement during the Revocation Period.

1. Consideration from VeriSign. In consideration for the covenants and promises herein, and provided you sign and return this Agreement to VeriSign before the Acceptance Expiration Date in accordance with the instructions stated above and are not terminated for Cause (defined at Section 3 below of this Agreement), and further provided that you do not revoke your acceptance of this Agreement during the seven day Revocation Period, you will be provided with the following benefits:

1.1 Severance. VeriSign will pay you a severance in the total amount of Five Hundred Seventy-One Thousand Two Hundred Dollars ($571,200) (the "***Severance Payment***"), which shall be payable in two installments.

VeriSign will pay you the first installment of the Severance Payment, which shall be in the amount of Three Hundred Eighty-Two Thousand Seven Hundred Four Dollars ($382,704) within twenty-one (21) days of the Effective Date, provided that you are then in full compliance with your obligations under this Agreement, including without limitation your obligations under Sections 5 and 6 below of this Agreement. The "***Effective Date***" means the date immediately following the last day of the Revocation Period, provided you have not revoked your acceptance of the Agreement before that date.

VeriSign will pay you the second installment of the Severance Payment, which shall be in the amount of One Hundred Eighty-Eight Thousand Four Hundred Ninety Six Dollars ($188,496) on the one year anniversary of the Termination Date, provided that you are then in full compliance with your obligations under this Agreement, including without limitation your obligations under Sections 5 and 6 below of this Agreement.

1.2 2006 Bonus. You will receive your full target bonus for 2006 in the amount of $214,200 (the "***2006 Bonus***"), provided that you are in full compliance with your obligations under this Agreement, including without limitation your obligations under Sections 5 and 6 below of this Agreement. The payment of the 2006 Bonus will be made at the time that VeriSign issues annual bonuses to its employees, which will be no later than March 15, 2007.

1.3 COBRA and Life Insurance Premiums.

A. COBRA Premiums. Within twenty-one (21) days of the Effective Date, VeriSign will pay you a lump sum payment in the amount of Three Thousand Eight Hundred Sixty-Nine and 4/100 Dollars ($3,869.04) (the "***COBRA Premium Payment***"), which is intended for your use to cover monthly COBRA premiums for twelve (12) months.

B. Life Insurance Premiums. Within twenty-one (21) days of the Effective Date, VeriSign will pay you a lump sum payment in the amount of Seven Hundred Ninety-Seven and 88/100 Dollars ($797.88) (the "***Life Insurance Premium Payment***"), which is intended for your use to cover monthly life insurance premiums for twelve (12) months.

1.4 Executive Outplacement Services. You will be provided access to career outplacement services with VeriSign's third party outplacement service provider for a period of six months beginning on the Termination Date. During that time, you will be eligible to receive the same level of outplacement services that VeriSign generally offers to executives of your level. You should contact Fiona Ow Giuffre at (650) 426-3501 for specific information concerning what specific outplacement services will be available to you.

1.5 Administrative Support. For a period of six months beginning on your Termination Date, VeriSign will provide you with up to five hours per week of administrative/secretarial support at VeriSign's offices in Mountain View, as may be reasonably requested by you.

1.6 Stock Option & RSU Acceleration.

A. Stock Option Acceleration. Upon the termination of your employment with VeriSign, and subject to compliance with applicable law and any stock option exercise limitation imposed by the Board of Directors, you will receive acceleration of vesting of twenty-five percent (25%) of your then unvested stock options to purchase shares of VeriSign common stock for which the Fair Market Value is greater than the Exercise Price on your Termination Date. For the purposes of this Agreement, the term "***Fair Market Value***" means the closing price per share of VeriSign common stock on The Nasdaq Global Select Market. For the purposes of this Agreement, the term "***Exercise Price***" means the exercise price of your VeriSign stock options as specified in the applicable stock option grant. The twenty-five percent (25%) of your unvested stock options that will be subject to accelerated vesting upon your termination will be those options that have the lowest Exercise Price.

For example, if the Fair Market Value of VeriSign common stock on the Termination Date is $25, and if the following table reflects your unvested options as of your Termination Date, then the acceleration of your unvested options will be calculated as set forth below.

Grant Number	Grant Date	Exercise Price	# of Unvested Shares As of 3/31/07
21001017	9/30/03	$ 13.46	6,875
21009183	8/1/06	$ 17.94	72,000
21005413	8/2/05	$ 26.40	56,250
21004445	11/3/04	$ 26.53	49,219

Hypothetical Example:

- None of the unvested options in option grant numbers 21005413 or 2100445 will be subject to accelerated vesting because the Exercise Price for those grants is higher than the Fair Market Value on the Termination Date.
- Both option grants 21001017 and 21009183 will be subject to some acceleration of vesting because each of those grants have an Exercise Price that is less than the Fair Market Value on the Termination Date.
- Twenty-five percent of the total number of unvested shares in the two option grants that will be subject to accelerated vesting equals 19,718 total shares that will be subject to accelerated vesting.
  - (6,875 + 72,000) * .25 = 19,718
- Since option grant 21001017 has the lowest Exercise Price, all 6,875 unvested options of that option grant will be subjected to accelerated vesting.
- This means that the remaining 12,843 unvested options to be subject to accelerated vesting will be options from stock option grant 21009183.
  - 19,718 total options subject to acceleration – 6,875 already accelerated = 12,843 remaining unvested options subject to acceleration of vesting.

Notwithstanding anything else stated in the VeriSign, Inc. 2001 Stock Incentive Plan or the VeriSign, Inc. 2006 Equity Incentive Plan, you may exercise your vested VeriSign, Inc. stock options for up to six (6) months following the Termination Date.

As you know, VeriSign imposed a stock option exercise suspension in August of 2006 in connection with the Board's review of VeriSign's stock option grants. The Board subsequently passed a resolution extending the post termination exercise period of options to the 30th day after the stock option exercise suspension is lifted. If your employment with VeriSign is terminated before the option exercise suspension is lifted, pursuant to the Board's resolution, you will have at least 30 days after VeriSign's 10-Q for the second quarter is filed and the suspension is lifted to choose to exercise your options, unless such resolution is amended or repealed by the Board. If your post termination exercise period is greater than 30 days from the date the option exercise suspension is lifted your longer period will apply.

B. RSU Acceleration. Upon the termination of your employment with VeriSign, and subject to compliance with applicable law, you will receive acceleration of vesting of twenty-five percent (25%) of your then unvested restricted stock units of VeriSign common stock.

1.7 Accrued PTO. On or about the Termination Date, you will receive a paycheck for any PTO that you have accrued but not used as of the Termination Date.

1.8 Travel & Related Expenses. For the purpose of clarification, you will be eligible to receive reimbursement of any VeriSign work related travel costs and related expenses you may incur until the Termination Date in accordance with the terms and conditions of the VeriSign Travel and Expense Reimbursement Policy.

1.9 Except as expressly provided for above, you shall not be entitled to any other or further compensation, remuneration, reimbursement, payments, or bonuses, including, without limitation, stock options, stock, or other equity-based compensation, of or from VeriSign.

2. Release of Claims. In consideration for the above benefits, your signature below indicates your agreement as follows:

2.1 In keeping with our intent to allow for an amicable separation, and as part of our accord, and deeming this Agreement to be fair, reasonable, and equitable, and intending to be legally bound hereby, you agree to and

hereby do, for yourself and for each of your heirs, executors, administrators and assigns, forever and irrevocably fully release and discharge VeriSign (including any subsidiary or affiliated entities, and all of their respective officers, directors, employees, agents, attorneys, representatives, shareholders, predecessors, successors, purchasers, assigns, and representatives) (collectively the "***VeriSign Parties***") from any and all grievances, liens, suits, judgments, claims, demands, debts, defenses, actions or causes of action, obligations, damages, and liabilities whatsoever which you now have, have had, or may have, whether the same be known or unknown, at law, in equity, or mixed, in any way arising out of or relating in any way to any matter, act, occurrence, or transaction that occurred before or as of the Termination Date, including but not limited to your employment with VeriSign and your separation from VeriSign. **This is a General Release.** You expressly acknowledge that this General Release includes, but is not limited to, your release of any tort and contract claims, arbitration claims, claims under any local, state or federal law, wage and hour law, wage collection law or labor relations law, and any claims of discrimination on the basis of age, race, sex, sexual orientation, religion, disability, national origin, ancestry, citizenship, retaliation or any other claim of employment discrimination or retaliation, and any claims under the Civil Rights Acts of 1964 and 1991 as amended (42 U.S.C. §§ 2000e et seq.), the Age Discrimination In Employment Act (29 U.S.C. §§ 621 et seq.), the Americans With Disabilities Act (42 U.S.C. §§ 12101 et seq.), the Rehabilitation Act of 1973 (29 U.S.C. §§ 701 et seq.), the Family and Medical Leave Act (29 U.S.C. §§ 2601 et seq.), the Fair Labor Standards Act (29 U.S.C. §§ 201 et seq.), and any other claim under any law prohibiting employment discrimination or relating to employment. You acknowledge that you are waiving and releasing any rights you may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. You further acknowledge that you have been advised by this writing that you have seven (7) days following the execution of this General Release to revoke your agreement to it and this General Release shall not be effective until the Revocation Period has expired. You acknowledge that the consideration given for this waiver and release Agreement is in addition to anything of value to which you were already entitled and is not an employment benefit. You acknowledge that the amounts to be paid by VeriSign under this Agreement are adequate consideration for your execution of this Agreement and for any and all outstanding obligations that may be owed to you by VeriSign.

You represent that you are not aware of any possible claims by you other than the claims that you have waived and released by this Agreement. You expressly agree to waive any rights you may have to any claims, whether the facts or basis for any cause of action are known or unknown as of the Effective Date, and acknowledge such waiver under any common law principle or statute which may govern waivers of such claims. You hereby knowingly waive any and all rights you have or may have under Section 1542 of the California Civil Code. Section 1542 provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Notwithstanding Section 1542 of the Civil Code of California, you expressly consent that this Agreement shall be given full force and effect according to each and all of its expressed terms and provisions, including as well those relating to unknown claims, charges, demands, suits, actions, causes of action and debts, if any. You acknowledge that you understand the significance and consequence of this specific waiver of Section 1542. You understand that this Agreement is not an admission of liability under any statute or otherwise by VeriSign, and that VeriSign does not admit but denies any violation of your legal rights.

2.2 You represent that you have no lawsuits, claims, or actions pending in your name, or on behalf of any other person or entity, against VeriSign or any VeriSign Party. You also represent that you do not intend to bring any claims on your own behalf or on behalf of any other person or entity against VeriSign or any other VeriSign Party.

2.3 You agree that you will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against VeriSign and/or any VeriSign Party, unless under a subpoena or other court order to do so. You further agree both to immediately notify VeriSign upon receipt of any such court order, subpoena, or any legal discovery device and to

furnish, within three (3) business days of its receipt, a copy of such subpoena or legal discovery device to VeriSign. You agree to make yourself available upon reasonable notice from VeriSign or its attorneys to provide testimony through declarations, affidavits, depositions or at a hearing or trial, and to work with VeriSign in preparation for such event, and to cooperate with any other reasonable request by VeriSign in connection with the defense or prosecution of any lawsuit to which VeriSign is a party currently pending or filed after the Termination Date. If VeriSign so requests your cooperation in connection with any legal matter then VeriSign agrees to pay for any reasonable expenses (which may include, without limitation, airfare and lodging) that you incur in connection with assisting VeriSign, provided you notify VeriSign in advance of what your reasonable expenses will be and receive prior written approval from VeriSign for such expenses.

2.4 You agree to refrain from making any derogatory or disparaging remarks, statements or communications about VeriSign.

3. Services; Termination.

You agree that while you are employed by VeriSign you will continue to perform your job duties in a professional manner and to the best of your abilities and will cooperate in performing other work-related tasks that may be requested of you by VeriSign. You acknowledge that, in its discretion, VeriSign may relieve you from performing all work related tasks even before the Termination Date.

Notwithstanding anything else stated in this Agreement, your employment may be terminated at any time for Cause. For the purposes of this Agreement, "***Cause***" shall include, but is not limited to: willful misconduct, gross negligence, theft, fraud or other illegal conduct, refusal to perform your job duties, unlawful harassment, violation of company policy or breach of any term of this Agreement. In the event that VeriSign terminates your employment for Cause then VeriSign shall pay you the amount of unpaid salary due to you as of your Termination Date and an amount equal to the value of any accrued, unused PTO you may have at that time, but thereafter VeriSign shall have no further payment obligations to you.

At your discretion, you may terminate your employment even sooner than the anticipated Termination Date set forth above by resigning as described below. If you choose to resign then you must submit your written resignation (which may be in the form of an e-mail) to Stratton Sclavos, Chief Excecutive Officer, and you will need to provide a copy of your written resignation to David Pomponio, VP Human Resources and Rod McCowan, SVP Human Resources. In response, VeriSign will send you an acknowledgement of receipt of your resignation. If your resignation is received by VeriSign before 9pm pacific time then your resignation will be effective that same day. However, if your resignation is received after 9pm pacific time then it will not be effective until the following calendar day.

4. Ongoing Confidentiality Obligations.

You agree to keep confidential and not to use or disclose any trade secret, confidential business or proprietary information which you acquired in connection with your employment with VeriSign, including, but not limited to, any non-publicly available marketing, finance, business, technology, or sales information, plans, or strategies of any VeriSign Company or any of their respective customers. You hereby acknowledge that, unless previously disclosed to the public, the identities, addresses and other contact information, and business needs of all current and prospective customers of any VeriSign Company are confidential information and trade secrets of such VeriSign Company and you agree not to disclose or use such information to the detriment of any VeriSign Company. For the purposes of this Agreement, a "***VeriSign Company***" means VeriSign, Inc. or any of its subsidiaries. Without limiting the generality of the foregoing, for the purpose of clarification, any confidentiality agreement you may have entered into with any VeriSign Company that protects confidential information of a VeriSign Company, its customers or employees or assigns ownership of intellectual property to a VeriSign Company remains in full force and effect even after the termination of your employment with VeriSign.

You agree to return to VeriSign either on the Termination Date or on any earlier date specified by VeriSign any and all property of VeriSign, including any files and any documents prepared for or by VeriSign, your computer, your ID badge and any other property or equipment issued to you by VeriSign.

5. Nonsolicitation.

5.1 Nonsolicitation of Employees and Consultants. During the term of your employment with VeriSign and for one year after the Termination Date, you agree that you will not directly or indirectly solicit, encourage or induce, or attempt to solicit, encourage or induce, any employee or consultant of a VeriSign Company to terminate his/her employment or consulting relationship with such VeriSign Company.

Notwithstanding the foregoing, for the purposes of this Agreement, the placement of general advertisements targeted to a particular geographic or technical area, but not targeted, directly or indirectly, towards employees of any VeriSign Company, will not be deemed to be a solicitation prohibited by this Section 5.1.

5.2 Nonsolicitation of Customers. For one year after the Termination Date, you agree that you will not directly or indirectly:

(i) contact or solicit business from any customer (including any prospective customer) of any VeriSign Company for the purpose of attempting to sell, license or otherwise provide to such customer (or prospective customer) any Restricted Products or Services (defined at Section 6 below); or

(ii) interfere or attempt to interfere with the relationship or prospective relationship of any VeriSign Company with any person or entity that is or is expected to become a customer of a VeriSign Company.

6. Noncompete. During the term of your employment with VeriSign and for one year after the Termination Date, you agree that you will not, in any county, state, country or other jurisdiction in which any VeriSign Company does business or, as of the Termination Date, is planning to do business:

(i) directly or indirectly, alone or with others, engage in any Restricted Business (as defined below);

(ii) be or become a director, officer, stockholder, owner, co-owner, partner, member, trustee, promoter, founder, employee, agent, representative, distributor, reseller, sublicensor, investor, lender, consultant, contractor, advisor or manager of or to, or otherwise acquire or hold any interest in any person or entity that engages in a Restricted Business;

(iii) permit your name to be used in connection with a business that is a Restricted Business; or

(iv) directly or indirectly, alone or with others, interfere with any business of a VeriSign Company;

provided, however, that nothing in this Section 5 will prevent you from (A) owning a passive investment of less than one percent (1%) of the outstanding shares of the capital stock of a publicly-held corporation if you are not otherwise associated, directly or indirectly, with such corporation or any affiliate company of such corporation; (B) owning as a passive investment less than one percent (1%) of the equity interests in any venture capital fund in which you are solely a passive investor and are not a principal, partner, advisor or other service provider for such venture capital fund; or (C) serving as an employee or consultant to any VeriSign Company.

For the purposes of this Agreement, "***Restricted Business***" means any company or entity, or operating unit within a company or other entity, which derives a majority of its profits or revenue by developing, providing, selling, marketing or distributing any Restricted Products or Services. "Restricted Products or Services" means any products, services or technology that compete with or are the same or similar to SSL certificates, Public Key Infrastructure management, Managed Security Services or one-time-password tokens. For the purpose of clarification, the term "Restricted Business" includes, without limitation the following companies: (i) the Managed Security Services business unit of Symantec; (ii) the Consumer Division for Symantec; (iii) the security business unit of EMC, including the division known as RSA; (iv) Vasco; and (v) Active Identity. In the event that you would like to pursue an opportunity at Symantec that you think might be prohibited by this noncompete restriction then VeriSign would be willing to re-visit this issue and, at that time, determine on a case by case basis whether to waive the restriction.

7. Employee Acknowledgement. You acknowledge that VeriSign's agreement to pay you the Severance Payment and the 2006 Bonus is contingent upon your agreement to comply with your obligations under Sections 5 and 6 above of this Agreement, and that if you fail to comply with your obligations under this Agreement then VeriSign will be relieved of its obligation to make any payments to you under this Agreement.

8. General.

8.1. Severability. Should any provision of this Agreement be declared or determined by a court of competent jurisdiction to be invalid or otherwise unenforceable, the remaining parts, terms and provisions shall continue to be valid, legal and enforceable, and will be performed and enforced to the fullest extent permitted by law.

8.2. Amendments. No changes to this Agreement will be valid unless in writing and signed by both you and VeriSign's Chief Executive Officer.

8.3 Construction. The subject headings in this Agreement are for convenience purposes only and do not affect the interpretation of this Agreement. It is agreed that any legal rule to the effect that ambiguities ought to be resolved against the drafting party shall not apply to any interpretation of this Agreement.

8.4. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned. This Agreement may be signed via facsimile.

8.5 Entire Agreement. This Agreement contains the entire agreement between you and VeriSign and supersedes all prior agreements or understandings between you and VeriSign, or any entity that has been acquired by VeriSign, concerning the subject matters of this Agreement.

Your signing this Agreement will acknowledge that you are advised to consult with legal counsel, if you so desire. This Agreement will be binding on your heirs, administrators, representatives, executors, successors and assigns and will inure to the benefit of VeriSign and its successors and assigns. Your signature below will indicate that you are entering into this Agreement freely and with a full understanding of its terms.

Please indicate your acceptance of the foregoing by signing below and returning the signed agreement to me on or before the Acceptance Expiration Date.

Yours very truly,

/s/ Stratton D. Sclavos

Stratton D. Sclavos
Chief Executive Officer

I, JUDY LIN, HAVE READ AND UNDERSTAND THIS GENERAL RELEASE, AND I ENTER INTO IT VOLUNTARILY, WITH FULL KNOWLEDGE OF ITS EFFECT.

/s/ Judy Lin	February 23, 2007
Signature	Date
/s/ Veronica Curet	February 23, 2007
Witness	Date

EXHIBIT 10.03

Confidential Treatment Requested

LIMITED LIABILITY COMPANY AGREEMENT

OF

US MOBILE HOLDINGS, LLC

a Delaware Limited Liability Company

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LIMITED LIABILITY COMPANY AGREEMENT

OF

US MOBILE HOLDINGS, LLC

A DELAWARE LIMITED LIABILITY COMPANY

THIS LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") is entered into as of this 31st day of January, 2007, by and among FOX US MOBILE HOLDINGS, INC. (the "Fox Member"), a Delaware corporation and a wholly-owned subsidiary of FOX ENTERTAINMENT GROUP, INC., a Delaware corporation ("Fox"), NEWS CORPORATION, a Delaware corporation ("News"), VERISIGN U.S. HOLDINGS, INC. (the "VeriSign Member"), a Nevada corporation and a wholly owned subsidiary of VERISIGN, INC., a Delaware corporation ("VeriSign"), and US MOBILE HOLDINGS, LLC (the "Company"), a Delaware limited liability company. The Fox Member and the VeriSign Member are each individually referred to herein as a "Member" and collectively as the "Members".

W I T N E S S E T H:

WHEREAS, the Fox Member has formed the Company under the laws of the State of Delaware for the purpose of engaging in the business described herein;

WHEREAS, the Fox Member and the VeriSign Member, concurrently with the execution and delivery of this Agreement, are contributing certain tangible and intangible assets to the Company, pursuant to the terms and subject to the conditions set forth herein and in that certain Formation Agreement, dated as of January 29, 2007 (the "Formation Agreement"), by and among the Fox Member, the VeriSign Member, Fox and VeriSign Swissco;

WHEREAS, the Fox Member desires to admit the VeriSign Member to the Company; and

WHEREAS, the Members and the Company desire to enter into this Agreement to provide for the organization and management of the Company and such other matters as are more fully set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises, representations, warranties and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions.

(a) Capitalized terms used and not otherwise defined in this Agreement shall have the meaning ascribed to such terms in the Formation Agreement.

(b) The following capitalized terms used in this Agreement have the following meanings:

"Accelerated Call Exercise Date" has the meaning set forth in Section 8.4(b).

"Accelerated Call Option Exercise Notice" has the meaning set forth in Section 8.4(b).

"Accelerated Call Option Right" has the meaning set forth in Section 8.4(a).

"Accelerated Call Price" has the meaning set forth in Section 8.4(a).

"Additional Capital" means, collectively, each Additional Capital Contribution and each Additional Capital Loan.

"Additional Capital Contribution" has the meaning set forth in Section 4.3(a).

"Additional Capital Loan" has the meaning set forth in Section 4.3(a).

"Adjusted Capital Account Balance" means, with respect to any Member, the balance in such Member's Capital Account as of the end of the relevant Fiscal Year or portion thereof, after:

(i) crediting to such Capital Account any amounts that such Member is obligated to restore to the Company pursuant to Treas. Reg. § 1.704-1(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant to the penultimate sentences of Treas. Reg. § 1.704-2(g)(1) and (i)(5) after taking into account thereunder any changes during such Fiscal Year in Company Minimum Gain and in Member Nonrecourse Debt Minimum Gain; and

(ii) debiting from such Capital Account the items described in Treas. Reg. § 1.704-1(b)(2)(ii)(d)(4), (5), and (6).

The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treas. Reg. § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Adjusted Capital Account Deficit" has the meaning set forth in Section 15.1(c).

"Affiliate" means with respect to a specified Person, any Person that directly or indirectly controls, is controlled by or is under common control with, the specified Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreed Upon Capital Contribution Amount" means Additional Capital Contributions from each Member of up to an aggregate amount (taking into account all Capital Contributions made by the Members to the Company and the Netherlands Joint Venture) of $[***] with up to $[***] of such amount from VeriSign and $[***] of such amount from Fox or News.

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

"Agreed Upon Debt Financing Amount" means Capital Loans from each Member of up to an aggregate amount (taking into account all Capital Loans made by the Members to the Company and the Netherlands Joint Venture) of $[***] with up to $[***] of such amount from VeriSign and up to $[***] of such amount from Fox or News.

"Agreement" has the meaning set forth in the preamble.

"Annual Budget" has the meaning set forth in Section 6.7(e).

"Available Cash" means all cash on hand of the Joint Ventures from any and all sources other than Capital Contributions or proceeds of loans to the Joint Ventures.

"B-to-B Business" means (i) a business focused primarily on providing third party mobile content distribution, applications and supporting services to third parties, including, but not limited to, carriers (on deck), operators, OEMs, off-deck mobile service providers, media brands and enterprises, and (ii) any other "business-to-business" activities in the mobile space similar to the primary business currently conducted by VeriSign's Mobile Content Services group. For illustrative purposes, B-to-B Business shall include solutions of the types deployed for [***],[***] and [***] (and following Closing VeriSign) [***] of such third party.

"Board of Managers" or the "Board" means the Managers appointed pursuant to Section 6.2 hereof.

"Business Day " means any day (other than a day which is a Saturday, Sunday or a legal holiday in New York, New York or Berlin, Germany) on which banks are open for business in New York, New York and in Berlin, Germany.

"Call Option Closing" has the meaning set forth in Section 8.6.

"Call Option Closing Date" has the meaning set forth in Section 8.6.

"Capital Account" means an account to be maintained for each Member in accordance with the Code, which, subject to any contrary requirements of the Code, shall equal (i) the amount of any cash contributed to the Company by or on behalf of such Member, (ii) the Gross Asset Value of any Property other than cash contributed to the Company by or on behalf of such Member, (iii) allocations to such Member of Company Profits, income or gain pursuant to Article XV, (iv) the amount of any Company liabilities assumed by such Member or which are secured by any Property distributed to such Member, and (v) any other item required to be credited for proper maintenance of capital accounts by the Treasury Regulations under Section 704(b) of the Code and decreased by (w) the amount of any cash and the Gross Asset Value of Property other than cash that is distributed to such Member, all as may be determined in accordance with this Agreement, (x) allocations to such Member of Company Losses, deductions, Company Nonrecourse Deductions, or Member Nonrecourse Deductions pursuant to

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Article XV, (y) the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company, and (z) any other item required to be debited for proper maintenance of capital accounts by the Treasury Regulations under Section 704(b) of the Code. The Board may, upon the occurrence of one of the events described in subparagraph (b) of the definition of “Gross Asset Value” make the adjustments described in such subparagraph and in subparagraph (d) of the definition of “Profits” and “Losses” to reflect a revaluation of Company property. The Members’ respective Capital Accounts shall be determined and maintained at all times in accordance with all the provisions of Treas. Reg. § 1.704-1(b)(2)(iv) or any successor provision. In the event the Board shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or any Members) are computed in order to comply with such Regulations, the Board may make such modification, provided that it is not likely to have a material effect on the amounts distributed to any Person.

“Capital Call” has the meaning set forth in Section 4.3(a).

“Capital Call Date” has the meaning set forth in Section 4.3(a).

“Capital Call Notice” has the meaning set forth in Section 4.3(a).

“Capital Contributions” means all cash and other property contributed to the Company by or on behalf of a Member or such Member’s predecessor in interest that is not a Capital Loan, including Initial Capital Contributions and Additional Capital Contributions.

“Capital Loan” means any debt financing, other than a Default Loan, extended by a Member to the Company pursuant to a Capital Call, including Additional Capital Loans.

“CEO” has the meaning set forth in Section 6.9(a).

“Certificate of Formation” means the certificate of formation of the Company as filed with the Secretary of State of the State of Delaware, as the same may be amended from time to time.

“Closing” has the meaning ascribed to such term in the Formation Agreement.

“Code” means the Internal Revenue Code of 1986, as amended (or any corresponding provision or provisions of succeeding law).

“Company” has the meaning set forth in the preamble.

“Company Interests” means the ownership and voting interest of a Member in the Company at any particular time, including the right of such Member to any and all distributions and any other benefits to which such Member may be entitled as provided in this Agreement or the Delaware Act, together with the obligations of such Member to comply with all the provisions of this Agreement and the Delaware Act.

"Company Minimum Gain" means the excess of the Nonrecourse Liabilities of the Company over the adjusted tax basis of property securing such liabilities. The amount of Company Minimum Gain shall be determined in accordance with Treas. Reg. § 1.704-2(d).

"Company Nonrecourse Deduction" means losses, deductions, or Code Section 705(a)(2)(B) expenditures attributable to Company Nonrecourse Liabilities. The amount of Company Nonrecourse Deductions shall be determined pursuant to Treas. Reg. § 1.704-2(c).

"Company Nonrecourse Liability" shall have the meaning set forth in Treas. Reg. §§ 1.704-2(b) and 1.752-1(a)(2).

"Company Tax Items" has the meaning set forth in Section 15.2.

"Competing Business" has the meaning set forth in Section 11.1(a).

"Confidential Information" has the meaning set forth in Section 11.3.

"Content Sublicense Agreement" means the Content Sublicense Agreement dated as of the date of this Agreement between the Company and VeriSign, Inc.

"Default Loan" has the meaning set forth in Section 4.3(b).

"Default Rule" means a provision of the Delaware Act that would apply to the Company unless otherwise provided in, or modified by, this Agreement.

"Defaulting Member" has the meaning set forth in Section 4.3(b).

"Delaware Act" means the Delaware Limited Liability Company Act, as amended.

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be determined in the manner described in Treas. Reg. § 1.704-1(b)(2)(iv)(*g*)(*3*) if an election is made by the Company to use the "traditional allocation method" described in Treas. Reg. § 1.704-3(b).

"DGCL" means the Delaware General Corporation Law, as amended and supplemented from time to time.

"Direct-to-Consumer Business" means (i) the operation of on-deck or off-deck "direct-to-consumer" mobile businesses of the Company, including content development, pricing, advertising, merchandising and marketing of mobile services or websites (whether Jamba!-branded, Mobizzo-branded, Company-branded, News or News Affiliate-branded or new-branded), and (ii) any other "direct-to-consumer" activities in the mobile space similar to the primary business currently conducted by Jamba! or Mobizzo. For illustrative purposes, Direct-to-Consumer Business shall include [***].

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"EBITDA" has the meaning set forth in the MySpace Mobile Storefront/M-Commerce Agreement.

"Equity Securities" means (i) any Unit, (ii) any security convertible into or exercisable or exchangeable for, with or without consideration, any Unit (including any option to purchase such convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any Unit, interest or other security, (iv) any such warrant or right or (v) any security issued in exchange for, upon conversion of or with respect to any of the foregoing securities in connection with a Recapitalization or otherwise.

"Excess Cash" has the meaning set forth in Section 7.1(a).

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

"Fair Market Value" has the meaning set forth in Section 8.5.

"First Call Exercise Date" has the meaning set forth in Section 8.1(b).

"First Call Option Exercise Notice" has the meaning set forth in Section 8.1(b).

"First Call Option Right" has the meaning set forth in Section 8.1(a).

"First Call Price" has the meaning set forth in Section 8.1(a).

"First Put Exercise Date" has the meaning set forth in Section 9.1(b).

"First Put Option Exercise Notice" has the meaning set forth in Section 9.1(b).

"First Put Option Right" has the meaning set forth in Section 9.1(a).

"First Put Price" has the meaning set forth in Section 9.1(a).

"Fiscal Year" means a 52-53 week fiscal year ending on the Sunday nearest to June 30 in each year; provided, however, that the last such Fiscal Year shall be the period beginning on the day following such Sunday nearest to June 30 in which the final Liquidation and termination of the Company is completed and ending on the date such final Liquidation and termination is completed. To the extent any computation or other provision hereof provides for an action to be taken on a Fiscal Year basis, an appropriate proration or other adjustment shall be made in respect of the first or final Fiscal Year to reflect that such period is less than a full calendar year period.

"Formation Agreement" has the meaning set forth in the Recitals.

"Fox" has the meaning set forth in the Preamble.

"Fox Member" has the meaning set forth in the Preamble.

"Fox-Netherlands Mobile Holdings" means Fox-Netherlands Mobile Holdings, B.V., a Netherlands B.V. and a wholly owned subsidiary of the Fox Member.

"GAAP" means generally accepted accounting principles in the United States, consistently applied.

"Gateway Services Agreement" has the meaning ascribed to such term in the Formation Agreement.

"Gross Asset Value" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset on the date of contribution, as determined by the Board or, as to the Initial Capital Contributions, as determined in Section 4.1;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account) as of the following times: (A) the acquisition of additional Units in the Company by any new or existing Member in exchange for more than a *de minimis* Capital Contribution; (B) the distribution by the Company to a Member of more than a *de minimis* amount of Company property (including cash) as consideration for Units in the Company; (C) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); (D) the adjustment of the Members' Percentage Interests pursuant to Section 4.5; and (E) the occurrence of any other event with respect to which a revaluation of Company assets is permitted under Regulations Section 1.704-1(b)(2)(iv)(f); provided, that an adjustment described in clauses (A), (B), (D) or (E) of this paragraph shall be made only if the Board reasonably determines that such adjustment is necessary to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be equal to the gross fair market value of such asset on the date of distribution, as determined by the Board; and

(d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(*m*) and subparagraph (f) of the definition of "Profits" and "Losses"; provided, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that an adjustment pursuant to subparagraph (b) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraphs (a), (b), or (d), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

"Indemnification Claim" has the meaning ascribed to such term in the Formation Agreement.

“Initial Capital Contributions” has the meaning set forth in Section 4.1.

“Initial Funding Price” shall mean $[***] per Unit.

“Intellectual Property” has the meaning ascribed to such term in the Formation Agreement.

“Jamba!” means VeriSign Germany Holding GmbH, a German limited liability company, and its Subsidiaries.

“Joint Ventures” means the Company and the Netherlands Joint Venture.

“Liquidation” means the liquidation, dissolution or winding up of the Company, or of such of the Company’s subsidiaries, the assets of which constitute all or substantially all the assets of the business of the Company and its subsidiaries taken as a whole. The term “Liquidate” shall have an analogous meaning.

“Majority in Interest” means, unless the context otherwise requires, a majority of the Percentage Interests of the Members.

“Manager” has the meaning set forth in Section 6.2.

“Member” has the meaning set forth in the preamble.

“Member Nonrecourse Debt” means any Company liability to the extent the liability is nonrecourse for purposes of Treas. Reg. § 1.1001-2, and a Member (or related Person (within the meaning of Treas. Reg. § 1.752-4(b))) bears the economic risk of loss under Treas. Reg. § 1.752-2 because, for example, the Member (or related Person) is the creditor or a guarantor. The determination of whether a Company liability constitutes a Member Nonrecourse Debt shall be made in accordance with Treas. Reg. § 1.704-2(b)(4).

“Member Nonrecourse Debt Minimum Gain” has the meaning set forth in Treas. Reg. § 1.704-2(i)(2), which generally defines “Member Nonrecourse Debt Minimum Gain” as the Company Minimum Gain attributable to Member Nonrecourse Debt. The amount of Member Nonrecourse Debt Minimum Gain shall be determined in accordance with Treas. Reg. § 1.704-2(i)(3).

“Member Nonrecourse Deductions” means losses, deductions, or Code Section 705(a)(2)(B) expenditures attributable to Member Nonrecourse Debt. The amount of Member Nonrecourse Deductions shall be determined pursuant to Treas. Reg. § 1.704-2(i)(2).

“Mobizzo” means, subject to Section 2.4 of the Formation Agreement, Mobizzo, Inc., a Delaware corporation, and its Subsidiaries.

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"MySpace" means MySpace, Inc., a Delaware corporation, and its Subsidiaries.

"MySpace Mobile Storefront/M-Commerce Agreement" has the meaning ascribed to such term in the Formation Agreement.

"Netherlands GP" means Jamba Netherlands Mobile Holdings GP B.V., a Netherlands B.V.

"Netherlands Joint Venture" means Netherlands Mobile Holdings, C.V., a Netherlands C.V.

"Netherlands Joint Venture Call Option" means the call option of the Fox Member, or its Affiliate, pursuant to Article VIII of the Joint Venture Agreement for the Netherlands Joint Venture.

"Netherlands Joint Venture Call Option Closing Date" means the date of the closing of the exercise of the applicable call option right by the Fox Member, or its Affiliate, under the Joint Venture Agreement for the Netherlands Joint Venture.

"Netherlands Joint Venture Put Option" means the put option of the VeriSign Member, or its Affiliate, pursuant to Article IX of the Joint Venture Agreement for the Netherlands Joint Venture.

"Netherlands Joint Venture Put Option Closing Date" means the date of the closing of the exercise of the applicable put option right by the VeriSign Member, or its Affiliate, under the Joint Venture Agreement for the Netherlands Joint Venture.

"News" means News Corporation, a Delaware corporation, and its Subsidiaries.

"Non-Defaulting Funding Member" has the meaning set forth in Section 4.3(b).

"Non-Defaulting Member" has the meaning set forth in Section 4.3(b).

"Notice Member" has the meaning set forth in Section 15.7(e).

"Operating Agreement" has the meaning ascribed to such term in the Formation Agreement.

"Percentage Interest" means, with respect to a Member, a fraction, expressed as a percentage, the numerator of which is the number of outstanding Units held by such Member at the time of determination and the denominator of which is the total number of outstanding Units at the time of determination.

"Permitted Transferees" has the meaning set forth in Section 10.1(b).

“Person” or “person” means any individual, organization, general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, estate, association, governmental entity or other legal entity or organization.

“Profits” or “Losses” means, for each Fiscal Year or portion thereof, the Company’s taxable income or taxable loss for such Fiscal Year, as determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be separately stated pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income of loss;

(b) Any expenditures of the Company described in Sections 705(a)(2)(B), or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treas. Reg. § 1.704-1(b)(2)(iv)(i), and which are not otherwise taken into account in computing such Profits or Losses, shall be subtracted from such taxable income or loss;

(c) To the extent an adjustment to the adjusted tax basis of any item of Property pursuant to Code Section 734(b) is required, pursuant to Treas. Reg. § 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of distribution other than in liquidation of a Member’s Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the item of Property) or loss (if the adjustment decreases such basis) from the disposition of such item of Property and shall be taken into account for purposes of computing Profits of Losses;

(d) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of “Gross Asset Value,” the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(e) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(f) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year; and

(g) Notwithstanding any other provision of this definition, any items that are specially allocated pursuant to Section 15.1(b) hereof shall not be taken into account in computing Profits or Losses.

"Prohibited Period" has the meaning set forth in Section 11.1(a).

"Put Consideration" has the meaning set forth in Section 9.4.

"Put Exercise Date" has the meaning set forth in Section 9.3.

"Put Option Closing" has the meaning set forth in Section 9.5.

"Put Option Closing Date" has the meaning set forth in Section 9.5.

"Qualified IPO" means an underwritten sale to the public, on a firm commitment basis, of the Company's Equity Securities (or its successor's equity securities) pursuant to an effective registration statement filed with the SEC on Form S-1 or F-1 (or any successor form adopted by the SEC) and after which the Company's Equity Securities (or its successor's equity securities) are listed and admitted for trading on an internationally recognized stock exchange or interdealer quotation system; provided, that a Qualified IPO shall not include any issuance of Equity Securities in any merger or other business combination, and shall not include any registration of the issuance of Equity Securities to existing security holders or employees of the Company and its Subsidiaries on Form S-4 or Form S-8 (or any successor form adopted by the SEC).

"Qualified Put IPO" means a Qualified IPO that results in (i) a market capitalization for the Company or its successor in excess of $[***] (based on the initial public offering price per share) and (ii) at least $[***] of net proceeds to the VeriSign Member.

"Recapitalization" has the meaning set forth in Section 11.4.

"Regulations" means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such regulations are amended from time to time.

"Regulatory Allocations" means the allocations described in Sections 15.1(c)(i)-(vi) (Company Minimum Gain chargeback, Member Nonrecourse Debt Minimum Gain chargeback, Qualified Income Offset, gross income allocation, Company Nonrecourse Deductions, and Member Nonrecourse Deductions, respectively).

"SEC" means the Securities and Exchange Commission or any successor thereto.

"Second Call Exercise Date" has the meaning set forth in Section 8.2(b).

"Second Call Option Exercise Notice" has the meaning set forth in Section 8.2(b).

"Second Call Option Right" has the meaning set forth in Section 8.2(a).

"Second Call Price" has the meaning set forth in Section 8.2(a).

"Second Put Exercise Date" has the meaning set forth in Section 9.2(b).

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

"Second Put Option Exercise Notice" has the meaning set forth in Section 9.2(b).

"Second Put Option Right" has the meaning set forth in Section 9.2(a).

"Second Put Price" has the meaning set forth in Section 9.2(a).

"Secondary B-to-B Business Services" has the meaning set forth in Section 11.1(a).

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Subsidiary" has the meaning ascribed to such term in Rule 12b-2 the General Rules and Regulations under the Exchange Act.

"Tax Distribution Amount" has the meaning set forth in Section 7.1(b).

"Tax Distribution Date" has the meaning set forth in Section 7.1(b).

"Tax Matters Member" has the meaning set forth in Section 15.7; provided, however, that for the purposes of this Agreement, "Tax Matters Member" shall mean the Fox Member, regardless of whether or not the Company makes the election described in Section 6231(a)(1)(B)(ii) of the Code.

"Technology License Agreement" has the meaning ascribed to such term in the Formation Agreement.

"Third Call Exercise Date" has the meaning set forth in Section 8.3(b).

"Third Call Option Exercise Notice" has the meaning set forth in Section 8.3(b).

"Third Call Option Right" has the meaning set forth in Section 8.3(a).

"Third Call Price" has the meaning set forth in Section 8.3(a).

"Transfer" or "Transferred" means any sale, transfer, exchange, assignment, pledge, hypothecation or gift of or any contract for the foregoing or any voting trust or other agreement or arrangement respecting voting rights or any beneficial interest in any Units.

"Transition Services Agreement for Jamba Services" has the meaning ascribed to such term in the Formation Agreement.

"Transition Services Agreement for VeriSign Services" has the meaning ascribed to such term in the Formation Agreement.

"Treasury Regulations" means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations are amended from time to time.

"Unanimous Board Consent" has the meaning set forth in Section 6.8.

"Units" means an ownership interest in the Company that is designated as a Unit at the time of issuance by the Company to a Member in accordance with the terms of this Agreement, including any and all benefits to which the holder of such Unit may be entitled as provided in this Agreement and the Delaware Act, together with all obligations of such holder to comply with the terms and provisions of this Agreement and the Delaware Act.

"VeriSign Control" means (a) beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act) by a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) of more than fifty percent (50%) of the total voting power of the voting securities of VeriSign on a fully diluted basis; or (b) the ability, directly or indirectly, to appoint a majority of the members of the board of directors, managers or other voting members of the governing body of VeriSign; or (c) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of VeriSign, whether through the ownership of voting securities, by contract or otherwise.

"VeriSign Member" has the meaning set forth in the preamble.

"VeriSign Netherlands" means VeriSign Mobile Holdings B.V., a Dutch private limited liability company and a wholly owned indirect Subsidiary of VeriSign.

1.2 Certain Interpretive Matters.

(a) Unless the context of this Agreement otherwise requires:

(b) words of any gender include each other gender;

(c) words using the singular or plural number also include the plural or singular number, respectively;

(d) the terms "hereof", "herein", "hereby" and derivative or similar words refer to this entire Agreement;

(e) all references herein to "Articles" or "Sections" are to Articles or Sections of this Agreement;

(f) the term "or" has, except as otherwise indicated, the inclusive meaning represented by the phrase "and/or"; and

(g) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(h) The Table of Contents, headings and other titles contained herein are inserted only as a matter of convenience and in no way define, limit, extend or interpret the scope of this Agreement or any particular Article or Section hereof.

ARTICLE II
GENERAL PROVISIONS

2.1 Formation.

(a) The Company was formed as a limited liability company pursuant to the Delaware Act by the filing, on December 22, 2006, of the Certificate of Formation with the Secretary of State of the State of Delaware.

(b) The designation of Jamie Samson as an authorized person within the meaning of the Delaware Act and the actions taken by such person in causing the Certificate of Formation to be executed, delivered and filed with the Secretary of State of the State of Delaware on December 22, 2006, are hereby ratified, adopted and approved. Subject to Section 6.7(b) and Section 6.8, the CEO is hereby authorized to execute, deliver, file and record all such other certificates and documents, including amendments to or restatements of the Certificate of Formation, and to do such other acts as may be appropriate to comply with all requirements for the formation, continuation and operation of a limited liability company, the ownership of property and the conduct of business under the laws of the State of Delaware and any other jurisdiction in which the Company may own property or conduct business.

(c) The Members hereby agree to the continuation of the Company as a limited liability company under and pursuant to the provisions of the Delaware Act and this Agreement and agree that the rights, duties and liabilities of the Members shall be as provided in this Agreement, except as otherwise required by the Delaware Act. This Agreement shall be effective as of the date hereof.

2.2 Name of the Company. The name of the Company is U.S. Mobile Holdings, LLC. The business of the Company may be conducted under such other names as the Board may from time to time designate, provided that the Company complies with all relevant state laws relating to the use of fictitious and assumed names.

2.3 Principal Place of Business. The principal place of business of the Company shall be located at 345 North Maple Drive, Suite 353, Beverly Hills, California 90210. The location of the Company's principal place of business may be changed by the Board from time to time in accordance with the then applicable provisions of the Delaware Act and any other applicable laws.

2.4 Registered Office, Registered Agent. The Company's registered agent and office in the State of Delaware shall be Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808. The Board may designate another registered agent and/or registered office from time to time in accordance with the then applicable provisions of the Delaware Act and any other applicable laws.

2.5 Purpose.

(a) The purpose of the Company is, and the nature of the business to be conducted and promoted by the Company is, to be primarily engaged in providing Direct-to-Consumer Business services under one or more brands owned or controlled by the Company

(including “Jamba!”, “Jamster” and “Mobizzo”) and, although not the primary purpose of the Company, the Company may engage in strategic partnerships with third parties (including News, Affiliates of News and international mobile carriers) to provide the operation or management of the retail operations or other on-deck or off-deck “direct to consumer” mobile businesses of such third parties, in each case, together with all related acts or activities necessary or incidental to the furtherance thereof, as well as any other business that the Board may determine at any time, and from time to time, to conduct; provided, however, that the Company shall not change the scope of its business such that its primary purpose is no longer conducting a Direct-to-Consumer Business unless approved by Unanimous Board Consent pursuant to Section 6.8(a)(ii).

(b) Other than as set forth in the Technology License Agreement, the Content Sublicense Agreement, the Transition Services Agreement between the Company and Jamba Service GmbH and the Transition Services Agreement for Jamba Services, the Company shall not, unless approved by Unanimous Board Consent, be under any obligation to (i) support the B-to-B Business of VeriSign, including any technical, service or other support, (ii) license or sub-license any content to VeriSign, or (iii) license the “Jamba!” name or any other Intellectual Property to VeriSign.

2.6 Powers of the Company. The Company shall have the power and authority to take any and all actions that are necessary, appropriate, advisable, convenient or incidental to or for the furtherance of the purposes set forth in Section 2.5.

2.7 Term. The term of the Company commenced on the date of the initial filing of the Certificate of Formation with the Secretary of State of the State of Delaware. The Company may be terminated in accordance with the terms and provisions hereof and shall continue unless and until dissolved as provided in Article X. The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation as provided in the Delaware Act.

2.8 Qualification to do Business. Any authorized person of the Company may execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

2.9 No Liability to Third Parties. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member.

2.10 Intent. It is the intent of the Members that the Company be operated in a manner consistent with its treatment as a partnership for federal, state and local, as applicable, income tax purposes. The Company shall take all appropriate actions to ensure that the Company will be treated as a partnership for federal, state and local income tax purposes, including the making of available tax elections. It is also the intent of the Members that the Company not be operated or treated as a “partnership” for purposes of Section 303 of the Federal Bankruptcy Code, or for any purposes other than tax purposes. Neither the Company nor any Member shall take any action inconsistent with the express intent of the parties hereto as set forth in this Section 2.10.

2.11 Default Rules Under the Delaware Act. Regardless of whether this Agreement specifically refers to a particular Default Rule:

(a) If any provision of this Agreement conflicts with a Default Rule, the provision of this Agreement controls and such Default Rule is hereby modified or negated accordingly.

(b) If it is necessary to construe a Default Rule as modified or negated in order to effectuate any provision of this Agreement, such Default Rule is hereby modified or negated accordingly.

2.12 Title to Property. All real and personal property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such property in its individual name, and each Member's interest in the Company shall be personal property for all purposes. Except as otherwise provided in this Agreement, the Company shall hold all of its real and personal property in the name of the Company and not in the name of any Member.

2.13 Payments of Individual Obligations. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for or in payment of any individual obligation of any Member.

2.14 Fiscal Year; Taxable Year. The fiscal year of the Company for financial accounting and tax purposes shall mean a 52-53 week fiscal year ending on the Sunday nearest to June 30 in each year.

ARTICLE III
MEMBERS AND COMPANY INTERESTS

3.1 Power of Members. The Members shall have the power to exercise any and all rights or powers granted to the Members pursuant to the express terms of this Agreement. The approval or consent of the Members shall not be required in order to authorize the taking of any action by the Company and the Members shall have no right to reject, overturn, override, veto or otherwise approve or pass judgment upon any action taken by the Board or an authorized officer of the Company, unless and then only to the extent that, (i) this Agreement shall expressly provide therefor, (ii) such approval or consent shall be required by non-waivable provisions of the Delaware Act or (iii) the Board shall determine that obtaining such approval or consent would be appropriate or desirable. The Members, as such, shall have no power to bind the Company. Except as may otherwise be provided by the Delaware Act, this Agreement or the Certificate of Formation, the affirmative vote of the Members holding a Majority in Interest shall be required for action by the Members.

3.2 Classes of Company Interests. Pursuant to the terms and subject to the conditions set forth in this Agreement, the Company shall have one class of ownership interests designated as "Units".

3.3 Meetings of Members.

(a) Meetings; Notice of Meetings. Meetings of the Members, including any special meeting, may be called by the Board from time to time. Notice of any such meeting shall be given to all Members not less than five (5) nor more than thirty (30) Business Days prior to the date of such meeting and shall state the location, date and hour of the meeting and the agenda for the meeting. Meetings shall be held at the location (within or without the State of Delaware) at the date and hour set forth in the notice of the meeting.

(b) Waiver of Notice. No notice of any meeting of Members need be given to any Member who submits a signed waiver of notice, whether before or after the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Members need be specified in a written waiver of notice. The attendance of any Member at a meeting of Members shall constitute a waiver of notice of such meeting, except when the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) Quorum. Except as otherwise required by the Delaware Act, by the Certificate of Formation or this Agreement, the presence in person or by proxy of the holders of record of a Majority in Interest shall constitute a quorum for the transaction of business at such meeting.

(d) Voting. If the Board has fixed a record date, every holder of record of Units entitled to vote at a meeting of Members or to consent in writing in lieu of a meeting of Members shall be entitled to one vote for each such Unit outstanding in such Member's name at the close of business on such record date. If no record date has been so fixed, then every holder of record of such Units entitled to vote at a meeting of Members or to consent in writing in lieu of a meeting of Members shall be entitled to one vote for each Unit outstanding in his name on the close of business on the day next preceding the day on which notice of the meeting is given or the first consent in respect of the applicable action is executed and delivered to the Company, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by the Delaware Act, the Certificate of Formation or this Agreement, the vote of a Majority in Interest at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting.

(e) Proxies. Each Member may authorize any Person to act for such Member by proxy on all matters in which a Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Member or such Member's attorney-in-fact. No proxy shall be valid after the expiration of three years from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it unless otherwise provided in such proxy, provided, that such right to revocation shall not invalidate or otherwise affect actions taken under such proxy prior to such revocation.

(f) Organization. Each meeting of Members shall be conducted by such Person as the Board may designate.

(g) Action Without a Meeting. Unless otherwise provided in this Agreement, any action which may be taken at any meeting of the Members may be taken without a meeting, upon five (5) days prior written notice to all Members (unless such notice has been waived in writing by each Member failing to receive notice, whether prior to or after such action has been consented to) and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by a Majority in Interest and the writing or writings (including any waivers of notice) filed with the minutes of the proceedings of Members. Prompt notice of the taking of the action without a meeting by less than unanimous written consent shall be given to those Members who have not consented in writing.

ARTICLE IV
INITIAL CAPITAL CONTRIBUTIONS, ADDITIONAL CAPITAL AND CAPITAL ACCOUNTS

4.1 Initial Capital Contributions. Contemporaneously with the execution of this Agreement, and pursuant to the terms and conditions of the Formation Agreement, the Members have made the Capital Contributions to the Company (collectively, the "Initial Capital Contributions") set forth in Section 2.5 of the Formation Agreement. The respective Gross Asset Values of such Initial Capital Contributions are acknowledged and agreed by the Members and the Board as set forth in Schedule A hereto and will be credited to the applicable Members' respective Capital Accounts pursuant to this Agreement.

4.2 Units and Percentage Interests. The Members in the aggregate shall own all of the Units in the Company. In connection with the Initial Capital Contributions, the Company shall issue to each Member the number of initial Units set forth on Schedule A hereto. Such Units shall represent, subject to adjustment pursuant to Section 4.5, the following initial Percentage Interest of each Member in the Company:

Member	Percentage Interest
Fox Member	51%
VeriSign Member	49%

4.3 Additional Capital.

(a) In the event the Board approves a request for additional capital from the Members, either in the form of a Capital Loan or Capital Contribution (a "Capital Call"), in accordance with Section 6.7(b) or Section 6.8(a), as the case may be, the Company shall request by written notice that the Members contribute to the Company such additional capital, in proportion to their respective Percentage Interests, as authorized by the Board on not less than five (5) Business Days' prior notice to the Members or such lesser period as the Members may agree. The notice (the "Capital Call Notice") shall be sent to all Members and (A) in the case of a Capital Contribution, shall specify (i) the amount of funds to be contributed by each Member, which shall be in proportion to the respective Percentage Interests of the Members determined, in each case, as of the date immediately prior to the Capital Call (each, an "Additional Capital Contribution"), (ii) the date on which funds are to be provided (the "Capital Call Date") and (iii) the account of the Company to which such funds are to be transmitted, and (B) in the case of a Capital Loan, shall specify (i) the amount of funds to be lent by each Member, which shall be in proportion to the respective Percentage Interests of the Members determined, in each case, as

of the date immediately prior to the Capital Call (each, an "Additional Capital Loan"), (ii) the Capital Call Date, (iii) the terms and conditions of such Additional Capital Loan, including the interest rate and maturity date thereof, which shall be identical (other than with respect to amount) for each Member and (iv) the account of the Company to which such funds are to be transmitted. Unless otherwise agreed by the Members, all Additional Capital shall be in cash or immediately available funds. Additional Capital Loans shall be deemed to have been made on the same date if a Member shall have funded such Additional Capital Loan on or before the Capital Call Date.

(b) For so long as any Capital Loans remain outstanding, and after payment in full of all principal of, and accrued but unpaid interest on, any Cash Shortfall Loan, all amounts otherwise available for distribution from the Company to the Members (whether before or after the Liquidation of the Company) shall be paid to the Members, if at all, first to repay such Capital Loans until the principal amount thereof and all interest accrued thereon have been paid in full to the lending Members. Payments in respect of any Capital Loans will be applied in the order that such Capital Loans were made, and all payments will be applied first to accrued but unpaid interest and then to reduce the outstanding principal amount of such Capital Loan. Any Capital Loans shall become automatically and immediately due and payable by the Company upon the sale of the VeriSign Member's Units pursuant to Article VIII or Article IX hereof. Any Capital Loan shall be prepayable, together with accrued but unpaid interest, in whole or in part at any time without premium or penalty.

(c) No Capital Calls may be made by the Company after the delivery of a First Call Exercise Notice, a First Put Option Exercise Notice or a Second Put Option Exercise Notice without Unanimous Board Consent.

(d) Notwithstanding anything in this Agreement to the contrary, a Capital Contribution or Capital Loan shall not count towards the computation of the Agreed Upon Capital Contribution Amount or the Agreed Upon Debt Financing Amount if such Capital Contribution or Capital Loan (or the Capital Call Notice therefor) occurs substantially concurrently with a distribution by the Company or the Netherlands Joint Venture of an amount in cash that corresponds with the amount of the Capital Call in question.

4.4 Additional Capital Defaults.

(a) If any Member (the "Defaulting Member") fails to contribute all or any portion of its Additional Capital within three (3) Business Days of the applicable Capital Call Date, the Company shall promptly notify the Members of such failure to contribute and provide the Defaulting Member with ten (10) Business Days following such notice to cure such default. If the Defaulting Member fails to cure such default within such ten (10) Business Day period, the other Member, provided that it has contributed its full share of the applicable Additional Capital (the "Non-Defaulting Member"), may, at its option, with written notice within three (3) Business Days following the failure to cure during the aforementioned ten (10) Business Day period the default of the Defaulting Member, contribute all or any portion of the Additional Capital to have been funded by the Defaulting Member as Additional Capital of such Non-Defaulting Member in the form, at its option, of (i) an Additional Capital Contribution or (ii) a loan between such Non-Defaulting Member and the Company ("Default Loan"), and, in the case of a Default Loan, having a principal amount equal to the portion of such Additional Capital being funded by such

Non-Defaulting Member and on such other terms as the Board and such Non-Defaulting Member shall agree, including with respect to interest rate and maturity (in each case, such Non-Defaulting Member that funds pursuant to (i) or (ii) above, a "Non-Defaulting Funding Member").

(b) For so long as any Default Loan remains unpaid, all distributions from the Company that otherwise would be made to the Defaulting Member (whether before or after the Liquidation of the Company) instead shall be paid to the Non-Defaulting Funding Member (and applied against the Default Loan) until the Default Loan and all interest accrued thereon have been paid in full to the Non-Defaulting Funding Member. For the avoidance of doubt, no payment to the Non-Defaulting Funding Member in accordance with the preceding sentence shall be deemed to be a distribution to the Non-Defaulting Funding Member under Section 7.1 hereof. Payments in respect of any Default Loan will be applied in the order that such loans were made, and all payments will be applied first to accrued but unpaid interest and then to reduce the outstanding principal amount of the Default Loan. A Default Loan shall become automatically and immediately due and payable by the Defaulting Member, and any amounts remaining unpaid under such Default Loan shall constitute a general obligation of the Defaulting Member, upon the earliest of: (i) the sale of the Defaulting Member's Units pursuant to Article VIII or Article IX hereof, however, the amount of any outstanding principal and interest of any Default Loan shall not be taken into account in determining the Fair Market Value of the VeriSign Member's Units; (ii) the Liquidation of the Company; (iii) the filing for bankruptcy or insolvency proceedings by or against the Defaulting Member; and (iv) the two (2) year anniversary of the date on which such Default Loan was made. Any Default Loan shall be prepayable, together with accrued but unpaid interest, by the Defaulting Member in whole or in part at any time without premium or penalty.

4.5 Adjusted Percentage Interests. Following each Additional Capital Contribution and Additional Capital Loan, the respective Units and Percentage Interests of the Members shall be calculated as follows: (i) additional Units shall be issued to each Member (including, if applicable, to a Non-Defaulting Funding Member) equal in number to the amount of each Member's respective Additional Capital (if any, in the case of a Defaulting Member) divided by the Initial Funding Price, and (ii) each Member's Percentage Interest shall be adjusted based on the aggregate number of Units held by each such Member relative to the total number of Units outstanding, in each case after giving effect to any issuances pursuant to this Section 4.5(a) (it being understood that if no Member is a Defaulting Member in respect of such Additional Capital, each Member's Percentage Interest shall remain the same as prior to the making of such Additional Capital); provided, however, that no additional Units shall be issued in respect of any Additional Capital made by a Non-Defaulting Funding Member in the form of a Default Loan pursuant to Section 4.4(a)(ii) above. The parties agree that Schedule A shall be amended to reflect any such issuances of Units and/or any adjustments to the Member's respective Percentage Interests.

4.6 Member Debt.

(a) If the capital requirements of the Company cannot be satisfied in accordance with the provisions of Section 4.3 hereof, any Member may provide funding to the Company in the form of unconvertible loans (including secured or unsecured and subordinated or unsubordinated debt), on such terms as the Board and such Member may agree, including

without limitation with respect to interest rate and maturity, provided, that all Members are allowed to participate in extending such indebtedness pro rata in proportion to their respective Percentage Interests and upon equal terms, provided, further, that (i) any such debt shall not result in the issuance of additional Units or be taken into account in any adjustment of Percentage Interests and (ii) any such debt shall be subordinated in all respects to any Default Loans, Cash Shortfall Loan and Additional Capital Loans. Notwithstanding the foregoing, in the event that the Board determines the Company is in need of additional capital, the Board shall seek to obtain such capital for the Company through Capital Calls prior to causing the Company to incur any indebtedness from third parties.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Each Member hereby represents and warrants to each other Member as follows:

5.1 Such Member has the power and authority to execute, deliver and perform its obligations under this Agreement. This Agreement constitutes the valid and binding obligation of such Member, enforceable against such Member in accordance with its terms except as enforcement may be limited by laws governing bankruptcy, insolvency and similar matters and by general principles of equity.

5.2 The execution, delivery and performance of such Member's obligations hereunder by such Member do not conflict with, violate, or constitute a breach or default in any material respect under any law, regulation, judicial or administrative order, contract, indenture or other agreement to which such Member is a party or subject or by which it may be bound.

5.3 There is not pending or, to the Knowledge of such Member, threatened or pending against such Member any claim, suit, action or governmental proceeding, that would, if adversely determined, materially impair the ability of such Member to perform its obligations hereunder.

5.4 Such Member is acquiring the Company Interests solely for such Member's own account for investment and not with a view to resale in connection with any distribution thereof. Such Member agrees that it will not, directly or indirectly, Transfer any of the Company Interests (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of any of the Company Interests) or any interest therein or any rights relating thereto or offer to Transfer any of the Company Interests, except in compliance with the Securities Act, all applicable state securities or "blue sky" laws and this Agreement, as the same may be amended from time to time. Any attempt by a Member, directly or indirectly, to Transfer, or offer to Transfer, any Company Interests or any interest therein or any rights relating thereto without complying with the provisions of this Agreement, shall be null and void and of no effect.

5.5 (a) Such Member's financial situation is such that such Member can afford to bear the economic risk of holding the Company Interests for an indefinite period and (b) such Member can afford to suffer the complete loss of such Member's investment in the Company Interests.

5.6 (a) Such Member is familiar with the business and financial condition, properties, operations and prospects of the Company and such Member has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Company and the terms and conditions of the purchase of the Company Interests and to obtain any additional information from the Company that such Member deems necessary, (b) such Member's knowledge and experience in financial and business matters is such that such Member is capable of evaluating the merits and risk of the investment in the Company Interests and (c) such Member has carefully reviewed the terms and provisions of this Agreement and has evaluated the restrictions and obligations contained therein. In furtherance of the foregoing, each Member represents and warrants that (i) no representation or warranty, express or implied, whether written or oral, as to the financial condition, results of operations, prospects, properties or business of the Company or as to the desirability or value of an investment in the Company has been made to such Member by or on behalf of the Company, (ii) such Member has relied upon such Member's own independent appraisal and investigation, and the advice of such Member's own counsel, tax advisors and other advisors, regarding the risks of an investment in the Company and (iii) such Member will continue to bear sole responsibility for making its own independent evaluation and monitoring of the risks of its investment in the Company. For purposes of this Section 5.6, the Company includes each of the businesses to be acquired by the Company, if any. Such Member is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act and, in connection with the execution of this Agreement, agrees to deliver such customary certificates to that effect as the Board may reasonably request.

ARTICLE VI
MANAGEMENT; BOARD OF MANAGERS AND OFFICERS

6.1 Board of Managers. Except for situations in which the consent of the Members is expressly required by this Agreement or by the Delaware Act, the business and affairs of the Company shall be managed by or under the direction of its Board of Managers. The Board of Managers shall act as a manager pursuant to Section 18-402 of the Delaware Act.

6.2 Appointment of Board of Managers. The Board of Managers shall initially consist of seven (7) representatives (each representative, a "Manager"), who shall be appointed as follows:

(a) The Fox Member shall be entitled to appoint four (4) Managers, one of whom shall be the CEO (the "Fox Managers"). The Fox Member hereby initially appoints Lucy Hood, Peter Chernin, Dave DeVoe Jr. and Anthea Disney as Managers of the Company.

(b) The VeriSign Member shall be entitled to appoint three (3) Managers (the "VeriSign Managers"). The VeriSign Member hereby initially appoints Stratton Sclavos, Dana Evan and John Donovan as Managers of the Company.

(c) The Chairman of the Board of Managers shall preside at all meetings of the Board of Managers and the Members; provided, that in the absence of the Chairman, such

meetings shall be chaired by a Manager selected by a majority of the Board of Managers attending such meeting. The Chairman shall be a Manager designated by the Fox Member and approved by a majority of the Board of Managers. In the event of a vacancy in the office of Chairman, such vacancy shall be filled by a Manager designated by the Fox Member and approved by a majority of the Board of Managers.

(d) Each Member shall cooperate and take all actions necessary, including, if applicable, voting at any meeting of Members, in support of the appointment and/or removal of the respective Managers of each Member appointed as set forth in this Section 6.2.

(e) In the event the Fox Member's Percentage Interest and the VeriSign Member's Percentage Interest each is fifty percent (50%), then each Member shall be entitled to appoint an equivalent number of Managers. In the event that the Fox Member's Percentage Interest drops below fifty percent (50%), the Fox Member shall only be entitled to appoint three (3) Managers and the VeriSign Member shall be entitled to appoint four (4) Managers.

6.3 Removal; Vacancies

(a) Any Manager appointed hereunder (i) shall serve until his earlier resignation, death, retirement, disability or removal and (ii) may be removed from the Board (and thereupon from all committees of the Board) at the written direction of the Member who appointed such Manager in accordance with Section 6.2. Notwithstanding the foregoing, any Manager may be removed for cause (it being understood that "cause" for removal under this Section 6.3 shall be determined in accordance with the laws of the State of Delaware) by the Board.

(b) In the event that any Manager appointed to serve on the Board hereunder is removed in accordance with Section 6.3(a) or for any other reason ceases to serve as Manager of the Board or any committee thereof, the resulting vacancy on the Board or committee thereof shall be filled by the Member who has the right to appoint such Manager in accordance with Section 6.2.

6.4 Committees.

(a) The Board may at any time and from time to time establish such committees of the Board for such purposes as the Board shall determine. The membership of such committees shall include Managers appointed by the Fox Member and Manager(s) appointed by the VeriSign Member reflecting the Fox Member's and the VeriSign Member's representation on the Board of Managers, respectively, provided, each such committee shall include at least one Manager appointed by the VeriSign Member and at least one Manager appointed by the Fox Member.

(b) Except as otherwise provided herein or required by the Delaware Act, each committee of the Board may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, provided, that (i) notice of the date, time and place of all meetings and the agenda for such meetings shall be given to all committee members

within a reasonable period of time in advance of such meeting to enable a committee member to attend such meeting, including orally, by telephone, by facsimile, in writing or by other similarly timely means of communication, and in any case shall be sufficient if sent by overnight mail or facsimile at least five (5) days prior to such meeting, addressed to a committee member's usual or last known place of business or residence; (ii) one-half of the committee members shall constitute a quorum; (iii) all matters to be decided upon at the meeting shall be determined by a majority vote of the committee members present; and (iv) action may be taken by any committee without a meeting, upon five (5) days prior written notice to all Managers (unless such notice has been waived in writing by each committee member failing to receive notice, whether prior to or after such action has been consented to) and without a vote, if a majority of such committee members consent thereto in writing, and the writing or writings (including any waivers of notice) are filed with the minutes of the proceedings of such committee.

6.5 Meetings of the Board of Managers.

(a) Place of Meetings. Meetings of the Board of Managers may be held in or outside of the State of Delaware as determined by the Board.

(b) Quorum; Acts of the Board; Action by Consent. At all meetings of the Board a majority of the Managers then constituting the full Board shall constitute a quorum for the transaction of business. Except as otherwise provided in this Agreement, the act of a majority of the Managers present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Board, the Managers present thereat may adjourn the meeting from time to time, without notice other than announcement at such meeting, until a quorum shall be present. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting, upon five (5) days prior written notice (unless such notice has been waived in writing by each Manager failing to receive notice, whether prior to or after such action has been consented to) and without a vote, if a majority of the Managers of the Board (or if such action is taken pursuant to Section 6.8(a), all of the Managers of the Board) consent thereto in writing, and the writing or writings (including any waivers of notice) are filed with the minutes of proceedings of the Board.

(c) Regular Meetings. Regular meetings of the Board of Managers may be held without notice at such places and at such times as the Managers may from time to time determine, provided, that any Manager who is absent when such determination is made shall be given notice of determination a reasonable time prior to such meeting. Regular meetings of the Board of Managers shall be held at least once each quarter, with three of such meetings occurring at the offices of the Fox Member or the offices of the Company and one such meeting occurring at the offices of VeriSign, or in each case at such other place that the Board of Managers unanimously determines. The Board shall adopt rules and procedures consistent with the terms of this Agreement for meeting and conducting its business. The Company shall provide written information to all Members prior to a meeting (whether or not such Members have appointed Managers to the Board) concerning the items to be acted upon at any regular or special meeting of the Board, and shall act in accordance therewith.

(d) Special Meetings. Special meetings of the Board may be called by the CEO or by any four (4) Managers.

(e) Notice. Notice of the date, time and place of all meetings and the agenda for such meetings shall be given to all Managers. Notice may be given orally, by telephone, by facsimile, in writing or by other similarly timely means of communication, and such notice shall be sufficient if given within a reasonable period of time in advance of such meeting to enable a Manager to attend such meeting, and in any case shall be sufficient if sent by mail or facsimile at least five (5) days prior to such meeting, addressed to a Manager's usual or last known place of business or residence. No notice of any meeting of the Board of Managers need be given to any Manager if such Manager, by a writing (including, without limitation, by facsimile or electronic mail) filed with the records of the meeting (and whether executed before or after such meeting), waives such notice, or if such Manager attends the meeting without protesting prior thereto or at its commencement the lack of notice to such Manager.

(f) Participation in Meetings By Conference Telephone, Videoconference or Similar Means. Members of the Board, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone, videoconference or similar communications equipment by means of which all Persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

6.6 Authority of Others to Act. Unless authorized to do so by this Agreement or by the Board of Managers, no attorney-in-fact, employee, or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable monetarily for any purpose. No Member and no single Manager shall have any power or authority to bind the Company unless the Member or Manager, as applicable, has been authorized by the Board of Managers to act as an agent of the Company in accordance with the previous sentence.

6.7 Majority Board Consent.

(a) Except as otherwise provided herein, the Board shall have full and complete authority, power, and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. Managers need not be Members.

(b) In furtherance and not of limitation of the foregoing, except as provided in Section 6.8, whenever this Agreement or the Delaware Act requires approval of the Board for the taking of any action by the Company (or, if applicable, its Subsidiaries), such action may be taken upon approval of a majority of the Managers of the Board ("Majority Board Consent"). Without limitation, the following actions by the Company or any of its Subsidiaries shall require Majority Board Consent:

(i) issuing any Capital Calls for Capital Contributions solely for the purpose of funding the ongoing business and working capital needs (and not for acquisitions) of the Company up to and including the Agreed upon Capital Contribution Amount and/or any Capital Calls for Capital Loans solely for the purpose of funding the ongoing business and working capital needs (and not for acquisitions) of the Company up to and including the Agreed Upon Debt Financing Amount;

(ii) declaring distributions of Excess Cash;

(iii)(x) entering into an individual commitment or agreement not contemplated in the Annual Budget that involves payments in excess of $[***] or (y) exceeding the amount allocated to marketing expenditures in the Annual Budget by more than the greater of $[***] and [***];

(iv) changing the scope of the Company's business;

(v) hiring and determining compensation for executive officers;

(vi) approving an annual budget and operating plan for the Company and its Subsidiaries (the "Annual Budget");

(vii) the removal of the CEO and the appointment of a new CEO; and

(viii) determining to pursue any Indemnification Claim on behalf of the Company under the Formation Agreement.

(c) From time to time, the Board shall review the limits on out of budget expenditures set forth in Section 6.7(b)(iii) above.

6.8 Unanimous Board Consent.

(a) The following actions by the Company or any of its Subsidiaries shall require the unanimous approval of the Managers of the Board (such required approval, a "Unanimous Board Consent"):

(i) issuing any Capital Calls for Capital Contributions in excess of the Agreed Upon Capital Contribution Amount and/or any Capital Calls for Capital Loans in excess of the Agreed Upon Debt Financing Amount or issuing Capital Calls for Capital Contributions or Capital Loans for purposes other than funding the ongoing business and working capital needs of the Company (such as for acquisitions);

(ii) changing the scope of the Company's business such that its primary intent is no longer conducting a Direct-to-Consumer Business;

(iii) merging into or consolidating with another Person or reclassifying or recapitalizing the Company or its Subsidiaries;

(iv) entering into, renewing, amending or terminating any material contractual arrangement, other than on terms that are no less favorable to the Company (or its Subsidiaries) than those that would reasonably be expected to be obtained in an arm's length transaction between unrelated parties, with the Fox Member or the VeriSign Member or any of their respective Affiliates, employees or representatives, other than the Technology License Agreement, the MySpace Mobile Storefront/M-Commerce Agreement, the Gateway Services Agreement, the Transition Services Agreement for Jamba Services, the Content Sublicense Agreement and the Transition Services Agreement for VeriSign Services;

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(v) acquiring an equity interest in any Person or the assets of any Person or entering into any partnership or joint venture, in each case, outside of the ordinary course of business;

(vi) selling, assigning, licensing, exchanging or otherwise disposing of assets, in each case, outside of the ordinary course of business;

(vii) effecting a Qualified IPO (other than a Qualified Put IPO);

(viii) except as required by GAAP or applicable Law, adopting or changing any accounting principle;

(ix) admitting any new Member to the Company;

(x) incorporating, forming or otherwise organizing a Subsidiary or other Affiliate of the Company or reorganizing the legal structure of the Company or any Subsidiary or Affiliate of the Company, if doing so would have a materially adverse tax consequence on News, the Fox Member, VeriSign or the VeriSign Member;

(xi) amending or repealing the Company's Certificate of Formation or this Agreement, or any similar organizational documents of any Subsidiary of the Company;

(xii) except as provided under applicable Law, authorizing or effecting any Liquidation or filing for bankruptcy or insolvency by or against the Company;

(xiii) making or revoking any tax election under Treasury Regulation section 301.7701-3;

(xiv) entering into or becoming a party to any transaction that would require disclosure under tax shelter regulations and notices;

(xv) except as provided in Section 4.3, authorizing or issuing any Company Interests or any other Equity Securities of the Company;

(xvi) increasing or decreasing the number of Managers of the Company's Board; or

(xvii) renewing, amending or terminating the Technology License Agreement, the MySpace Mobile Storefront/M-Commerce Agreement, the Gateway Services Agreement, the Transition Services Agreement for Jamba Services, the Content Sublicense Agreement and the Transition Services Agreement for VeriSign Services.

(b) Notwithstanding the foregoing, Unanimous Board Consent shall not be required to include (i) the VeriSign Managers if the VeriSign Member's Percentage Interest falls below forty-nine percent (49%) as a result of failing to make any contribution of Additional Capital pursuant to Section 4.3 (or the same occurs at the Netherlands Joint Venture), (ii) the Fox Managers if the Fox Member's Percentage Interest falls below fifty-one percent (51%) as a result of failing to make any contribution of Additional Capital pursuant to Section 4.3 (or the same

occurs at the Netherlands Joint Venture), in each case for any of the actions specified in this Section 6.8, and such actions may be taken upon Majority Board Consent, following the ten (10) Business Day period referenced in Section 4.4(a).

6.9 Officers.

(a) Tenure and Qualifications. The Company shall have a Chief Executive Officer ("CEO") and such other executive officers as the Board may at any time, and from time to time, appoint, which, subject to Section 11.2, may include employees from News, the Fox Member, the VeriSign Member, Mobizzo and Jamba!. The CEO shall be appointed by the Fox Member and shall initially be Lucy Hood. No executive officer need be a Member and two (2) or more offices may be held by any one Person. Each executive officer shall hold office until he dies, resigns, is removed (with or without cause) or becomes disqualified.

(b) Resignation, Removal and Vacancies. Any executive officer may resign by giving written notice of his resignation to the Board at a meeting of the Board and such resignation shall become effective at the time specified therein. Except as otherwise provided in any services or employment agreement between an executive officer and the Company, any executive officer may be removed with or without cause by the affirmative vote of the Board. Any vacancy in the position of any executive officer may be filled by the Board.

(c) Duties of the CEO. The CEO shall, subject to the control and direction of the Board, have general supervision and control over the management and operations of the Company and shall have and perform such other powers and duties as may be prescribed by this Agreement or at any time, and from time to time, determined by the Board. Subject to Section 6.7(b), the CEO shall have the power and authority to appoint such other officers and key management of the Company and its Subsidiaries as she deems reasonably necessary or appropriate, which, subject to Section 11.2, may include employees from News, the Fox Member, the VeriSign Member, Mobizzo and Jamba!. Such officers shall have and perform such powers and duties as may be delegated by the CEO at any time and from time to time. Such officers shall hold office until removed by the CEO, the Board or otherwise disqualified.

(d) Duties of Other Executive Officers. Each other executive officer appointed by the Board shall, subject to the control and direction of the Board, have and perform such powers and duties as may at any time, and from time to time, be determined by the Board.

ARTICLE VII
DISTRIBUTIONS

7.1 Distributions.

(a) Distributions of Excess Cash. Except as otherwise provided in this Section 7.1, and subject to applicable law, upon payment in full of all outstanding principal of, and any accrued but unpaid interest on, any Cash Shortfall Loan and/or Capital Loans, the Company shall make cash distributions of Excess Cash in accordance with the following sentence, with such distributions, if any, to be paid following [***] and after each subsequent fiscal quarter (with payment of any such distributions occurring no later than the thirtieth (30th)

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day after the Board's determination of the amount of any such distributions pursuant to the following sentence, and in no event later than the ninetieth day following [***] or the end of each such subsequent fiscal quarter). When determining the amount of any distribution, the Board, in consultation with the Netherlands Joint Venture, shall forecast the cash position of the Joint Ventures for the ensuing twelve (12) month period following [***] or the end of such fiscal quarter, as applicable (taking into consideration the Annual Budget, any necessary reserves and such other factors it reasonably deems relevant) and, if such forecasted cash position would allow the Joint Ventures, taken together, to maintain consistently an Available Cash position in excess of $[***] over such twelve (12) month period, the Board, pursuant to this Section 7.1(a), shall cause the Company to distribute its allocable share of any Available Cash that is not needed to maintain such minimum level of Available Cash consistently over such period (such cash to be distributed being referred to as "Excess Cash"), with the allocation thereof between the Joint Ventures being determined by agreement between the Joint Ventures; provided, however, that the Board, if it so reasonably determines, may increase or decrease such $[***] amount in proportion to the amount of any increase or decrease in the Joint Ventures' cash collections relative to the Joint Ventures' cash collections for the preceding twelve months. Subject to Section 4.3 and Section 4.4, distributions of Excess Cash shall be distributed to the Members in proportion to their respective Percentage Interests.

(b) Tax Distributions. Notwithstanding the foregoing, following [***] and only with respect to any taxable year in which the Company does not liquidate or sell all or substantially all of its assets, upon payment in full of all outstanding principal of, and any accrued but unpaid interest on, any Cash Shortfall Loan, the Company shall make cash distributions to the Members in amounts sufficient to cause each Member to have received cumulative distributions under this Article 7 with respect to the prior taxable year at least equal to 41% of the Member's distributive share of the lesser of (i) the Company's net taxable income for such prior taxable year and (ii) the excess of (x) the cumulative amount of the Company's net taxable income (as determined in accordance with Code Section 703(a)) for all taxable years over (y) the cumulative amount of the Company's net taxable loss (as determined in accordance with Code Section 703(a)) for all taxable years (the "Tax Distribution Amount"), provided that (i) distributions under this Section 7.1(b) shall take into account (and be offset as appropriate by) any prior or concurrent distributions made under Section 7.1(a) and Section 7.1(c) of this Agreement with respect to the taxable year for which the distribution amount under this Section 7.1(b) is being determined and any corresponding provisions of the operating agreement for the Netherlands Joint Venture with respect to the taxable year for which the distribution amount under this Section 7.1(b) is being determined (for the avoidance of doubt, on any particular Tax Distribution Date (as defined in the next sentence), the Company shall only be required to make a distribution pursuant to this Section 7.1(b) in the event that (and only to the extent that) the Tax Distribution Amount for the prior taxable year exceeds the amount of cash distributed by the Joint Ventures pursuant to Section 7.1(a) and Section 7.1(c) hereof (and any corresponding provisions of the operating agreement for the Netherlands Joint Venture) with respect to the taxable year for which the distribution amount under this Section 7.1 (b) is being determined), (ii) all determinations of the Tax Distribution Amount shall not take into account any items of taxable income allocated to any Member pursuant to Section 704(c) of the Code, and (iii) in order to take into account changes in Federal, state, local or foreign tax rates, the Board may increase or decrease the applicable percentage rate. Subject to Section 4.3 and Section 4.4, the Tax Distribution Amount, if any, shall be paid within 60 days following the end of each Fiscal Year of the Company (the "Tax Distribution Date").

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(c) Other Distributions. Except as set forth in Section 7.1(a) or Section 7.1(b), the Company shall have no obligation to distribute any cash or other property of the Company to the Members and the Board shall have sole discretion in determining whether to distribute any other cash or other property of the Company to the Members; provided, however, that any such distribution shall be made to the Members in proportion to their respective Adjusted Capital Account Balances.

(d) Distributions Upon Liquidation. Proceeds from the Liquidation of the assets of the Company shall be distributed to the Members in accordance with Section 12.2. Proceeds from the sale (or other conversion into cash) of all or substantially all of the assets of the Company shall be distributed to the Members in accordance with Section 12.2 as if such proceeds arose from the Liquidation of the assets of the Company.

(e) Distributions in Kind. No Member has any right to receive distributions other than in cash. However, the Board may in its reasonable discretion (subject to compliance with the procedures set forth in Article VI) elect to make distributions, entirely or in part, in property or assets of the Company other than cash and to the extent reasonably practicable, such non cash distributions shall be made to both Members. Property and assets distributed in kind shall be deemed to have been sold for their fair market value and distributed in accordance with Section 12.3.

(f) Limitation on Distributions. Notwithstanding the foregoing, a distribution shall not be made to a Member to the extent that such distribution would create an Adjusted Capital Account Deficit for such Member.

7.2 Withholding.

(a) The Company shall seek to qualify for and obtain exemptions from any provision of the Code or any provision of state, local or foreign tax law that would otherwise require the Company to withhold amounts from payments or distributions to the Members. If the Company does not obtain any such exemption, the Company is authorized to withhold from any payment or distribution to any Member any amounts that are required to be withheld pursuant to the Code or any provision of any state, local or foreign tax law that is binding on the Company. Any amount withheld and paid to the appropriate governmental authority with respect to any payment or distribution to any Member shall be treated as a distribution to the Member and credited against the amount of the payment or distribution to which the Member would otherwise be entitled. The Company shall timely pay to the appropriate governmental authority, any amount it withholds pursuant to this Section 7.2.

ARTICLE VIII
CALL RIGHTS OF THE FOX MEMBER

The Fox Member shall have the right to acquire all, but not less than all, of the VeriSign Member’s Company Interests and the shares and interests of VeriSign Netherlands in the Netherlands Joint Venture and the Netherlands GP as follows:

8.1 First Call Right.

(a) Within forty-five (45) days following the date that is [***] years after the date of this Agreement, the Fox Member shall have the right to elect (in the manner set forth in Section 8.1(b) below) to purchase from the VeriSign Member (the "First Call Option Right"), and the VeriSign Member shall thereupon be required to sell to the Fox Member, all, but not less than all, of the Units beneficially owned by the VeriSign Member as of the First Call Exercise Date at an aggregate purchase price (the "First Call Price") for such Units together with all interests and shares beneficially owned by VeriSign Netherlands in the Netherlands Joint Venture and the Netherlands GP in cash equal to $[***] multiplied by, in respect of such purchase price allocated to the Units pursuant to Section 8.7, a fraction the numerator of which is the VeriSign Member's Percentage Interest as of the First Call Exercise Date and the denominator of which is the VeriSign Member's Percentage Interest as of the date of this Agreement; provided, however, that if within 18 (eighteen) months of the First Call Exercise Date, the Company (or its successor) files for a Qualified IPO, then the Fox Member shall pay to the VeriSign Member an additional $[***] upon or promptly following the closing of such Qualified IPO.

(b) The Fox Member shall exercise the First Call Option Right by delivering to the VeriSign Member a written notice of such exercise (the "First Call Option Exercise Notice"), with a copy of the First Call Option Exercise Notice delivered to the Company. The date of the VeriSign Member's receipt of the First Call Option Exercise Notice (the "First Call Exercise Date") shall be deemed to be the date of the Fox Member's exercise of the First Call Option Right, provided that if a Capital Call Notice has been sent to the Members prior to the First Call Option Exercise Notice and the Capital Call Date shall not yet have occurred, such date shall be deemed to be immediately after the Capital Call Date.

8.2 Second Call Right.

(a) Within 45 (forty-five) days following the date that is [***] after the date of this Agreement, the Fox Member shall have the right to elect (in the manner set forth in Section 8.2(b) below) to purchase from the VeriSign Member (the "Second Call Option Right"), and the VeriSign Member shall thereupon be required to sell to the Fox Member, all, but not less than all, of the Units beneficially owned by the VeriSign Member as of the Second Call Exercise Date at an aggregate purchase price (the "Second Call Price") for such Units together with all shares and interests beneficially owned by VeriSign Netherlands in the Netherlands Joint Venture and the Netherlands GP in cash equal to the greater of (x) $[***] multiplied by, in respect of such purchase price allocated to the Units pursuant to Section 8.7, a fraction the numerator of which is the VeriSign Member's Percentage Interest as of the Second Call Exercise Date and the denominator of which is the VeriSign Member's Percentage Interest as of the date of this Agreement and (y) the Fair Market Value of such Units as of the Second Call Exercise Date.

(b) The Fox Member shall exercise the Second Call Option Right by delivering to the VeriSign Member a written notice of such exercise (the "Second Call Option Exercise Notice"), with a copy of the Second Call Option Exercise Notice delivered to the

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Company. The date of the VeriSign Member's receipt of the Second Call Option Exercise Notice (the "Second Call Exercise Date") shall be deemed to be the date of the Fox Member's exercise of the Second Call Option Right, provided that if a Capital Call Notice has been sent to the Members prior to the Second Call Option Exercise Notice and the Capital Call Date shall not yet have occurred, such date shall be deemed to be immediately after the Capital Call Date.

8.3 Third Call Right.

(a) Within 45 (forty-five) days following the date that is [***] years after the date of this Agreement, the Fox Member shall have the right to elect (in the manner set forth in Section 8.3(b) below) to purchase from the VeriSign Member (the "Third Call Option Right"), and the VeriSign Member shall thereupon be required to sell to the Fox Member, all, but not less than all, of the Units beneficially owned by the VeriSign Member at an aggregate purchase price (the "Third Call Price") for such Units together with all interests and shares beneficially owned by VeriSign Netherlands in the Netherlands Joint Venture and the Netherlands GP in cash equal to the greater of (x) $[***] multiplied by, in respect of such purchase price allocated to the Units pursuant to Section 8.7, a fraction the numerator of which is the VeriSign Member's Percentage Interest as of the Third Call Exercise Date and the denominator of which is the VeriSign Member's Percentage Interest as of the date of this Agreement and (y) the Fair Market Value of such Units as of the Third Call Exercise Date.

(b) The Fox Member shall exercise the Third Call Option Right by delivering to the VeriSign Member a written notice of such exercise (the "Third Call Option Exercise Notice") with a copy of the Third Call Option Exercise Notice delivered to the Company. The date of the VeriSign Member's receipt of the Third Call Option Exercise Notice (the "Third Call Exercise Date") shall be deemed to be the date of the Fox Member's exercise of the Third Call Option Right, provided that if a Capital Call Notice has been sent to the Members prior to the Third Call Option Exercise Notice and the Capital Call Date shall not yet have occurred, such date shall be deemed to be immediately after the Capital Call Date.

8.4 Accelerated Call Rights.

(a) If, at any time after the date of this Agreement, any Person that the Fox Member reasonably determines would be an inappropriate joint venture partner in the Company due to material business conflicts or other similar material conflicts, or such Person being a competitor of the Fox Member or its Affiliates, either (x) enters into a definitive agreement to acquire or (y) acquires VeriSign Control, then the Fox Member shall have the right to elect (in the manner set forth in Section 8.4(b) below) for a period of five (5) Business Days following the first public announcement of such definitive agreement or acquisition to purchase from the VeriSign Member (the "Accelerated Call Option Right"), and the VeriSign Member shall thereupon be required to sell to the Fox Member, all, but not less than all, of the Units together with all interests and shares beneficially owned by VeriSign Netherlands in the Netherlands Joint Venture and the Netherlands GP at a purchase price (the "Accelerated Call Price") in cash equal to the greater of (x) $[***] and (y) the Fair Market Value of such Units as of the Accelerated Call Exercise Date.

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(b) The Fox Member shall exercise the Accelerated Call Option Right by delivering to the VeriSign Member a notice of such exercise (the "Accelerated Call Option Exercise Notice"), with a copy of the Accelerated Call Option Exercise Notice delivered to the Company. The date of the VeriSign Member's receipt of the Accelerated Call Option Exercise Notice (the "Accelerated Call Exercise Date") shall be deemed to be the date of the Fox Member's exercise of the Accelerated Call Option Right.

8.5 Fair Market Value. For purposes of this Article VIII, "Fair Market Value" of the VeriSign Member's Units, together with the interests and shares of the Netherlands Joint Venture and the Netherlands GP held by VeriSign Netherlands, shall mean [***] provided, that if the Fox Member exercises its Second Call Option Right, then the Fair Market Value of the VeriSign Member's Units shall include the VeriSign Member's share, based on its Percentage Interest as of the date of calculation, of [***] of the projected EBITDA (as determined by the investment banking firms referred to below based on projections provided by the CEO) of the Company attributable to the MySpace Mobile Storefront/M-Commerce Agreement for the fourth and fifth years of the term of such agreement; provided, further, that the parties acknowledge that during the negotiation of the various purchase prices for the transactions contemplated by this Agreement, the Formation Agreement and the Netherlands Joint Venture Partnership Agreement, no valuation discounts or premiums were used in the financial models prepared by the parties in an attempt to estimate the future value of the Joint Ventures and such financial models were an intricate part of the overall valuation discussions. Such Fair Market Value shall be determined as of the relevant Call Exercise Date pursuant to the process set forth in this Section 8.5. Each of the Fox Member and the VeriSign Member, by written notice to the other, shall designate an investment banking firm of international standing (each an "investment bank") within ten (10) Business Days, or five (5) Business Days in the case of the exercise of the Accelerated Call Option Right, of the applicable Call Exercise Date. Each investment bank shall separately determine the Fair Market Value of the VeriSign Member's Units in accordance with this Section 8.5 and shall provide a detailed written valuation report to each of the Fox Member and the VeriSign Member within forty-five (45) days, or twenty (20) days in the case of the exercise of the Accelerated Call Option Right, of such investment bank's appointment. If only one investment bank timely submits a proper valuation report, its determination of Fair Market Value shall be final and conclusive. If both investment banks timely submit proper valuation reports and their Fair Market Value determinations vary by ten percent (10%) or less, Fair Market Value shall be equal to the average of the two determinations. If both investment banks timely submit proper valuation reports and their Fair Market Value determinations vary by more than ten percent (10%) or less, the two investment banks shall promptly appoint a third investment banking firm of international standing, which shall independently determine the Fair Market Value in accordance with this Section 8.5 and shall provide a detailed written valuation report to each of the Fox Member and the VeriSign Member within forty-five (45) days, or twenty (20) days in the case of the exercise of the Accelerated Call Option Right, after its appointment. Fair Market Value shall then be equal to the average of the two determinations that are the closest to each other in amount of the three Fair Market Value determinations submitted by the three investment banks. The Fair Market Value as determined in accordance with Section 8.5 shall be final and binding on the Fox Member and the VeriSign member. In preparing its Fair Market Value determination, each investment bank shall be provided with the same Company-specific source documents and

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information and the same access to management and the Company shall provide the same source documents and information to each investment banking firm. Each investment bank shall determine a single point estimate of the Fair Market Value of the VeriSign Member's Units, not a range of values. The Fox Member shall pay all fees and costs of the investment bank designated by it and one-half of all fees and costs of the third investment bank, if any. The VeriSign Member shall pay all fees and costs of the investment bank designated by it and one-half of all fees and costs of the third investment bank, if any. For purposes of this definition of "Fair Market Value," all references to the "Company" shall be deemed to include the Netherlands Joint Venture.

8.6 Call Closing Matters. Subject to the conditions set forth below in this Section 8.6, unless waived by the Fox Member or the VeriSign Member, as applicable, the closing of the First Call Option Right, the Second Call Option Right, the Third Call Option Right or the Accelerated Call Option Right (the "Call Option Closing"), as the case may be, shall occur at 10:00 am (EST) on the tenth Business Day (or such other time and date as the Fox Member and VeriSign Member agree) following the later of (x) the satisfaction or (i) waiver by the Fox Member of the conditions set forth in clauses (a), (b), (c)(ii), (e) and (f) below, to the extent not satisfied, or (ii) waiver by the VeriSign Member of the conditions set forth in clauses (a), (b), (c)(i), (d) and (f) below, to the extent not satisfied, and (y) the final determination of the First Call Price, the Second Call Price, the Third Call Price or the Accelerated Call Price, respectively (the date of such Call Option Closing, the "Call Option Closing Date"):

(a) there shall not be in effect any statute, rule, regulation or order of any court, or governmental authority which prohibits or makes illegal the Call Option Closing;

(b) there shall be no litigation pending or threatened in writing which seeks to enjoin, restrain or prohibit the Call Option Closing;

(c) there shall have been obtained all consents and approvals from governmental authorities or other Persons that are required, as the case may be, by (i) the Fox Member to effect the Call Option Closing, or (ii) the Company or the VeriSign Member to effect the Call Option Closing;

(d) on or prior to the Call Option Closing Date, the Fox Member shall pay to the VeriSign Member (or VeriSign or such other Subsidiary of such Member or VeriSign designated by the VeriSign Member) by wire transfer in United States currency the First Call Price, the Second Call Price, the Third Call Price or the Accelerated Call Price, as the case may be;

(e) on or prior to the Call Option Closing Date, the VeriSign Member shall surrender to the Fox Member all, but not less than all, of its Units, free and clear of all Liens and accompanied by duly executed instruments of Transfer, which instruments shall include such customary representations, warranties and other provisions as the Fox Member shall reasonably require; and

(f) the Netherlands Joint Venture Call Option Closing Date shall occur substantially simultaneously with the Call Option Closing Date

8.7 Additional Call Matters. The Fox Member may not exercise any of the First Call Option Right, the Second Call Option Right, the Third Call Option Right or the Accelerated Call Option Right, as the case may be, under this Article VIII unless simultaneously therewith it exercises its corresponding Netherlands Joint Venture Call Option. The First Call Price, the Second Call Price, the Third Call Price or the Accelerated Call Price, as applicable, shall be allocated between the Company and the Netherlands Joint Venture by the joint good faith determination of the Fox Member, the VeriSign Member and the equity holders of the Netherlands Joint Venture; provided, however, that (i) in the event the applicable Call Price is to be determined based on Fair Market Value (as opposed to a fixed dollar amount), the Fox Member and the VeriSign Member shall each instruct the investment banks retained to perform such valuation to include in such valuation an allocation of the applicable Call Price between the Company and the Netherlands Joint Venture, with such allocation to be determined by such investment banks in a manner consistent with the procedures for the determination of Fair Market Value set forth in Section 8.5 and (ii) in the event that the applicable Call Price is determined based on a fixed dollar amount (and not Fair Market Value), and the allocation has not been agreed upon by the Fox Member, the VeriSign Member and the equity holders of the Netherlands Joint Venture by the Call Option Closing Date, the Call Option Closing shall nonetheless occur with such allocation being determined solely for purposes of such Closing by the Fox Member and thereafter by employing the procedures for the determination of Fair Market Value set forth in Section 8.5 for the purpose of determining such allocation (and following such determination pursuant to such procedures, such final allocation shall be binding on the parties, and the initial allocation of the Fox Member shall be disregarded).

ARTICLE IX
PUT RIGHTS OF THE VERISIGN MEMBER

Subject to Section 9.3, the VeriSign Member shall have the right to sell all, but not less than all, of its Company Interests and the shares and interests of VeriSign Netherlands in the Netherlands Joint Venture and the Netherlands GP as follows:

9.1 First Put Right.

(a) Within forty-five (45) days following the date that is [***] years after the date of this Agreement, the VeriSign Member shall have the right to elect (in the manner set forth in Section 9.1(b) below) to sell to the Fox Member (the "First Put Option Right"), and the Fox Member or News shall thereupon be required to purchase from the VeriSign Member, all, but not less than all, of the Units beneficially owned by the VeriSign Member as of the First Put Exercise Date at an aggregate purchase price (the "First Put Price") for such Units together with all interests and shares beneficially owned by VeriSign Netherlands in the Netherlands Joint Venture and the Netherlands GP equal to $[***] multiplied by, in respect of such purchase price allocated to the Units pursuant to Section 9.6, a fraction the numerator of which is the VeriSign Member's Percentage Interest as of the First Put Exercise Date and the denominator of which is the VeriSign Member's Percentage Interest as of the date of this Agreement.

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(b) The VeriSign Member shall exercise the First Put Option Right by delivering to the Fox Member a written notice of such exercise (the "First Put Option Exercise Notice"), with a copy of the First Put Option Exercise Notice delivered to the Company. The date of the Fox Member's receipt of the First Put Option Exercise Notice (the "First Put Exercise Date") shall be deemed to be the date of the VeriSign Member's exercise of the First Put Option Right, provided that if a Capital Call Notice has been sent to the Members prior to the First Put Option Exercise Notice and the Capital Call Date shall not yet have occurred, such date shall be deemed to be immediately after the Capital Call Date.

9.2 Second Put Right.

(a) Within forty-five (45) days following the date that is [***] after the date of this Agreement, the VeriSign Member shall have the right to elect (in the manner set forth in Section 9.2(b) below) to sell to the Fox Member (the "Second Put Option Right"), and the Fox Member or News shall thereupon be required to purchase from the VeriSign Member, all, but not less than all, of the Units beneficially owned by the VeriSign Member as of the Second Put Exercise Date at an aggregate purchase price (the "Second Put Price") for such Units together with all interests and shares beneficially owned by VeriSign Netherlands in the Netherlands Joint Venture and the Netherlands GP equal to $[***] multiplied by, in respect of such purchase price allocated to the Units pursuant to Section 9.6, a fraction the numerator of which is the VeriSign Member's Percentage Interest as of the Second Put Exercise Date and the denominator of which is the VeriSign Member's Percentage Interest as of the date of this Agreement.

(b) The VeriSign Member shall exercise the Second Put Option Right by delivering to the Fox Member a written notice of such exercise (the "Second Put Option Exercise Notice"), with a copy of the Second Put Option Exercise Notice delivered to the Company. The date of the Fox Member's receipt of the Second Put Option Exercise Notice (the "Second Put Exercise Date") shall be deemed to be the date of the VeriSign Member's exercise of the Second Put Option Right, provided that if a Capital Call Notice has been sent to the Members prior to the Second Put Option Exercise Notice and the Capital Call Date shall not yet have occurred, such date shall be deemed to be immediately after the Capital Call Date.

9.3 Qualified Put IPO. The VeriSign Member's First Put Option Right and Second Put Option Right, as the case may be, shall not apply if the Company determines at any time prior to or within forty-five (45) Business Days after the Company's receipt of the First Put Option Exercise Notice or the Second Put Option Exercise Notice, as applicable, to effect a Qualified IPO that is reasonably expected to be a Qualified Put IPO. In the event that such Qualified Put IPO is not consummated within two hundred seventy (270) days from the First Put Exercise Date or the Second Put Exercise Date, as the case may be, the Fox Member or News shall pay to the VeriSign Member the First Put Price or the Second Put Price, as applicable, plus interest (at the market rate for indebtedness of similar duration incurred by News) from the applicable Put Exercise Date to, but not including, the date of payment.

9.4 Put Consideration. The Fox Member or News may satisfy its payment obligations under this Article IX with, at its option, cash or News common stock, or any combination thereof

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(the "Put Consideration"). In the event the Fox Member or News elects to satisfy its payment obligation, in whole or in part, with News common stock, News shall (x) promptly, and in any event on the day of issuance thereof, register the resale by the VeriSign Member of such News Common Stock in compliance with the rules and regulations of the SEC and (y) reimburse the VeriSign Member for any reasonable brokerage commissions for the sale of such stock by the VeriSign Member, provided, that News shall not be required to maintain the effectiveness of any registration statement for such purposes for more than ten (10) Business Days or reimburse the VeriSign Member for such commissions if such stock is not sold by the VeriSign Member within such ten (10) Business Day period.

9.5 Put Closing Matters. Subject to the conditions set forth below in this Section 9.5, unless waived by the Fox Member or the VeriSign Member, as applicable, the closing of the First Put Option Right or the Second Put Option Right (the "Put Option Closing"), as the case may be, shall occur at 10:00 am (EST) on the tenth Business Day (or such other time and date as the Fox Member and the VeriSign Member may agree) following the satisfaction or (i) waiver by the Fox Member of the conditions set forth in clauses (a), (b), (c)(i), (e) and (f) below, to the extent not satisfied, or (ii) waiver by the VeriSign Member of the conditions set forth in clauses (a), (b), (c)(ii), (d) and (f) below, to the extent not satisfied (the date of such Put Option Closing, the "Put Option Closing Date"):

(a) there shall not be in effect any statute, rule, regulation or order of any court, or governmental authority which prohibits or makes illegal the Put Option Closing;

(b) there shall be no litigation pending or threatened in writing which seeks to enjoin, restrain or prohibit the Put Option Closing;

(c) there shall have been obtained all consents and approvals from governmental authorities or other Persons that are required, as the case may be, by (i) the Company or the VeriSign Member to effect the Put Option Closing or (ii) the Fox Member or News to effect the Put Option Closing;

(d) on or prior to the Put Option Closing Date, the Fox Member or News, as the case may be, shall pay to the VeriSign Member (or VeriSign or such other Subsidiary of such Member or VeriSign designated by the VeriSign Member) the First Put Price or the Second Put Price, as the case may be;

(e) on or prior to the Put Option Closing Date, the VeriSign Member shall surrender to the Fox Member all, and not less than all, of its Units, free and clear of all Liens and accompanied by duly executed instruments of Transfer, which instruments shall include such customary representations, warranties and other provisions as the Fox Member shall reasonably require; and

(f) the Netherlands Joint Venture Put Option Closing Date shall occur substantially simultaneously with the Put Option Closing Date.

9.6 Additional Put Matters. The VeriSign Member may not exercise the First Put Option Right or the Second Put Option Right, as the case may be, under this Article IX unless simultaneously therewith it exercises its corresponding Netherlands Joint Venture Put Option.

The First Put Price or the Second Put Price, as applicable, shall be allocated between the Company and the Netherlands Joint Venture by the joint good faith determination of the Fox Member, the VeriSign Member and the equity holders of the Netherlands Joint Venture; provided, however, that in the event such allocation has not been agreed upon by the Fox Member, the VeriSign Member and the equity holders of the Netherlands Joint Venture by the Put Option Closing Date, the Put Option Closing shall nonetheless occur with such allocation being determined solely for purposes of such Closing by the Fox Member and thereafter by employing the procedures for the determination of Fair Market Value set forth in Section 8.5 for the purpose of determining such allocation (and following such determination pursuant to such procedures, such final allocation shall be binding on the parties, and the initial allocation of the Fox Member shall be disregarded).

ARTICLE X
TRANSFER RESTRICTIONS

10.1 Restriction on Transfers.

(a) No Member may Transfer all, or any portion, of its Units, other than to a Permitted Transferee, without the prior written consent of the other Member, which consent may be given or withheld for any reason or for no reason. Any purported Transfer of Units not made in compliance with this Article X shall be null and void and of no force or effect whatsoever.

(b) Transfers to Permitted Transferees. The restriction on Transfer contained in this Section 10.1 shall not apply to Transfers by a Member to (a) any Affiliate of such Member or (b) any other Member (collectively, "Permitted Transferees"); provided, however, that such Permitted Transferee shall become a Member of the Company in accordance with Section 10.2 (unless such Permitted Transferee is already a Member) and in any event such Units so Transferred in the hands of each such Permitted Transferee shall remain subject to this Agreement.

10.2 Admission of New Members.

(a) No Person shall be admitted as a new Member of the Company without first complying with the following provisions:

(i) the new Member shall, at the request of the Board, deliver an opinion of counsel, in form and substance reasonably satisfactory to counsel designated by the Board, that such Transfer and any offerings made in connection therewith are in compliance with applicable federal and state securities laws;

(ii) the new Member shall execute a statement that it is acquiring such Units for its own account for investment and not with a view to the distribution or resale thereof; and

(iii) the new Member shall execute an instrument accepting and adopting the terms and provisions of this Agreement.

(b) Upon the admission of such a new Member in accordance with the Delaware Act and this Agreement, the Company shall establish a Capital Account which shall be credited with the Capital Contribution of the new Member and Schedule A shall be adjusted accordingly, including to reflect the Percentage Interest and Units of each Member.

(c) In addition, the Members shall make such amendments to this Agreement as the Board determines are necessary or appropriate to effect the admission of such new Member.

10.3 Covenants. Each Member hereby represents, covenants and agrees with the Company for the benefit of the Company and each other Member, that (a) it is not currently making a market in Company Interests and will not in the future make a market in Company Interests, (b) it will not Transfer its Company Interest on an established securities market, a secondary market (or the substantial equivalent thereof) within the meaning of Code Section 7704(b) (and any regulations, proposed regulations, revenue rulings, or other official pronouncements of the Internal Revenue Service or Treasury Department that may be promulgated or published thereunder), and (c) such Member either (x) is not a grantor trust, partnership or S corporation for U.S. federal income tax purposes, or (y) was not formed with, and will not be used for, a principal purpose of permitting the Company to satisfy the one hundred (100) partner limitation contained in Section 1.7704-1(h)(1)(ii) of the Treasury Regulations.

10.4 Distributions and Allocations in Respect of Transferred Company Interests. If any Company Interest is Transferred during any Fiscal Year in compliance with the provisions of this Article X, Profits, Losses, each item thereof and all other items attributable to the Transferred Units for such Fiscal Year shall be divided and allocated between the transferor and the transferee by taking into account their varying Company Interests during such Fiscal Year in accordance with Section 15.5. All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making such allocations and distributions, the Company shall recognize such Transfer not later than the end of the calendar month during which it is given notice of such Transfer; provided, however, that, if the Company is given notice of a Transfer at least ten (10) Business Days prior to the Transfer, the Company shall recognize such Transfer as the date of such Transfer; and provided, further, that, if the Company does not receive a notice stating the date such Company Interest was Transferred and such other information as the Board may reasonably require within thirty (30) days after the end of the Fiscal Year during which the Transfer occurs, then all such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Company, was the owner of the Company Interest on the last day of the Fiscal Year during which the Transfer occurred. Neither the Company nor any Member or Manager shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 10.4, whether or not any Member or the Company has knowledge of any Transfer of ownership of any Company Interest.

10.5 Termination. The respective rights and obligations of the Members under Section 10.1 shall terminate immediately prior to the consummation of a Qualified IPO.

ARTICLE XI
ADDITIONAL COVENANTS

11.1 Competition Matters.

(a) The parties hereto agree that the primary intent of VeriSign's B-to-B Business offering for mobile content is to provide third parties that are not Affiliates of VeriSign with technology and services to enable mobile media enablement and distribution. Although not the primary intent of VeriSign's B-to-B Business mobile content services, the parties hereto agree that VeriSign may also engage in provisioning mobile services for third parties that include advising and supporting third parties with respect to their retail operations (including supporting and servicing any marketing and development initiatives of such third parties) so long as such retail operations (x) are not predominately controlled by VeriSign or its Affiliates (other than entities affiliated with directors and officers of VeriSign which are not also otherwise Affiliates of VeriSign but for the fact that the director or officer of VeriSign is affiliated with such entity) and (y) in no event use any brand owned or controlled by VeriSign or its Affiliates (other than entities affiliated with directors and officers of VeriSign which are not also otherwise Affiliates of VeriSign but for the fact that the director or officer of VeriSign is affiliated with such entity) except for ingredient branding purposes (i.e. "Powered by VeriSign") and branding for other VeriSign services not related to providing mobile content (i.e., VeriSign's "VeriSign Secured" seal) (any activities permitted by this sentence being herein referred to as "Secondary B-to-B Business Services"). Notwithstanding the foregoing, for so long as VeriSign Member beneficially owns any Company Interest and for a period of two years thereafter (the "Prohibited Period"), VeriSign shall not, and shall cause its Affiliates (other than entities affiliated with directors and officers of VeriSign which are not also Affiliates of VeriSign) not to, for their own benefit or for the benefit of any other Person, in any manner, directly or indirectly, operate or engage in (alone or with others), be financially interested in, or have an equity or other ownership interest in any Person engaged in, or form a joint venture with any Person to conduct, any direct-to-consumer mobile business that is substantially similar to the businesses conducted by Jamba! or Mobizzo prior to the date of the Formation Agreement (a "Competing Business"); provided, however, that the covenant contained in this Section 11.1(a) shall not prohibit VeriSign from (i) engaging in or conducting any B-to-B Business or providing any Secondary B-to-B Business Services; (ii) engaging in activities with any international mobile carrier to the extent any such activities would otherwise qualify as B-to-B Business; or (iii) owning as an investment less than one percent (1%) of the outstanding capital stock of a Competing Business whose stock is traded on a national securities exchange or market, or over-the-counter.

(b) The parties hereto agree that in the event any disputes arise between the Company and VeriSign as to the appropriateness of (i) the Company providing Direct-to-Consumer services for Persons other than News and its Affiliates that appear to conflict with or compete with the B-to-B Business of VeriSign in the marketplace or (ii) VeriSign providing infrastructure services that include functions normally associated with retail operations of a Direct-to-Consumer Business, then the CEO and the chief executive officer of VeriSign will attempt to resolve such dispute amicably using the primary intent of the respective businesses as set forth herein as a guideline. Should such Persons not be able to resolve a particular dispute, the dispute shall be discussed at the next scheduled meeting of the Board to determine if new guidelines or rules of engagement are necessary between the Company and the B-to-B Business group of VeriSign. The parties hereto expect such disputes to be infrequent and will use their respective commercially reasonable efforts to resolve them in a timely and professional manner.

(c) If a judicial or arbitral determination is made that any provision of Section 11.1(a) constitutes an unreasonable or otherwise unenforceable restriction against VeriSign or any of its Affiliates (other than directors and officers of VeriSign), then the provisions of Section 11.1(a) shall be rendered void only to the extent such judicial or arbitral determination finds such provisions to be unenforceable. In that regard, any judicial or arbitral authority construing Section 11.1(a) shall be empowered to sever any prohibited business activity, time period or geographical area from the coverage of Section 11.1(a) and to apply the remaining provisions of Section 11.1(a) to the remaining business activities, time periods and/or geographical areas not so severed. Moreover, in the event that any provision, or the application thereof, of Section 11.1(a) is determined not to be specifically enforceable, the Company shall nevertheless be entitled to seek to recover monetary damages as a result of the breach of Section 11.1(a) by VeriSign or any of its Affiliates (other than entities affiliated with directors and officers of VeriSign which are not also otherwise Affiliates of VeriSign but for the fact that the director or officer of VeriSign is affiliated with such entity).

(d) Each of the Fox Member and News shall use its reasonable efforts to cause its Affiliates to use the Company as a primary go to market vehicle on a global basis for consumer mobile services.

(e) To the extent that the Company decides to outsource B-to-B Business services (other than those services addressed in the Gateway Services Agreement) and to the extent that the functionality, usability and pricing of such offerings by VeriSign are substantially similar to or better than those of the applicable competitor, VeriSign will be the Company's preferred provider of such services and, as such, as part of the vendor selection process will be given the opportunity to present a responsive solution prior to selecting any competitive offering.

(f) No less frequently than quarterly, a representative of News and a representative of VeriSign shall meet to discuss features, capabilities and services that VeriSign may be able to offer News and/or its Affiliates (including the Company). VeriSign will have an opportunity to participate in these opportunities, to the extent practicable, prior to formal discussions by News (or its Affiliates, as the case may be) with other Persons and at new, mutually agreed upon commercial terms and conditions to be negotiated at such time. An employee of News shall serve as a liaison for the this preferred supplier relationship, which liaison shall be identified within thirty (30) days of Closing. The Covenant contained in this Section 11.1(f) shall terminate upon the earlier of (x) five years after the Closing Date and (y) the exercise of the VeriSign Member of the First Put Option Right or the Second Put Option Right, as applicable.

11.2 Non-Solicitation.

(a) The Fox Member shall not (and News shall not) and VeriSign shall not, without the prior consent of the other Member, for so long as it beneficially owns any Company Interest and for a period of three years thereafter, directly or indirectly, solicit for employment any employees of the Company other than (i) any employee who has been terminated by the Company prior to the commencement of employment discussions with such other Member or

who contacts such other Member on his own initiative without prompting from such other Member other than as permitted in clause (ii), or (ii) any employee who responds to a solicitation which constitutes a good faith general solicitation, mass advertisement or similar type of broad based publicly disseminated solicitation through advertisement or search firms not specifically directed toward employees of the Company.

(b) Subject to any restrictions imposed by applicable law, for so long as the VeriSign Member beneficially owns any Company Interest, the Company shall not, without the prior consent of the VeriSign Member, directly or indirectly, solicit for employment any employees of VeriSign other than (i) any employee who has been terminated by VeriSign prior to the commencement of employment discussions with the Company or who contacts the Company on his own initiative without prompting from such other Member other than as permitted in clause (ii), or (ii) any employee who responds to a solicitation which constitutes a good faith general solicitation, mass advertisement or similar type of broad based publicly disseminated solicitation through advertisement or search firms not specifically directed toward employees of VeriSign.

11.3 Confidentiality.

(a) Each of the Company and each Member acknowledges that in the course of the formation, and during the operation, of the Company it has or shall receive confidential and proprietary information concerning the assets, business plans, intellectual property rights and operations of the Company and the other Members and their respective Affiliates ("Confidential Information"). Each of the Company, each Member and each Manager agrees that the Confidential Information is a valuable asset of the Company or its owner, as the case may be, and its public disclosure or use outside of the Company's activities without the prior consent of the Company and/or the relevant Member would cause substantial harm to the Company, such disclosing Member or other Person. Therefore, each of the Company and each Member and Manager agrees to treat all Confidential Information received by it with the amount of care that a reasonable business Person would use to protect its own valuable and proprietary confidential information and shall not disclose any Confidential Information to any Person who does not have a contractual obligation with such Person to keep such Confidential Information confidential. In addition, each of the Company and each Member and Manager shall not personally, and shall not permit other Persons (including its Affiliates) to utilize Confidential Information for any purpose other than for the benefit of the Company or the owner of such information, as the case may be.

(b) Notwithstanding the foregoing, the Company, a Member or a Manager may disclose Confidential Information to its Affiliates and professional advisors, if such Persons have agreed to comply with the provisions of this Section 11.3 and as otherwise required by law and subject to Section 11.3(c).

(c) As used herein, "Confidential Information" shall not include information (i) that has become generally available to the public through no fault of the receiving Person, (ii) to the minimum extent necessary in order to comply with any law, order, regulation, ruling or other governmental request pursuant to subpoena or government order, provided that in the event a receiving Person is subject to such a subpoena or order, it shall notify in writing the disclosing Person of such event, and shall cooperate with any reasonable request or efforts by the disclosing Person, at the expense of the disclosing Person, to take reasonable legally permissible actions to

limit the scope of disclosure required in order for such Person to comply with such subpoena or order and (iii) to the minimum extent necessary in response to any required report, statement or testimony submitted to any municipal, state or national (including foreign regulatory) bodies having or claiming to have jurisdiction over such Person, provided that it shall notify in writing the disclosing Person of such event, and shall cooperate with any reasonable request or efforts by the disclosing Person, at the expense of the disclosing Person, to take legally permissible actions to limit the scope of disclosure.

11.4 Public Offering. If, in connection with a Qualified IPO, (a) the Board approves a recapitalization of, or a transaction that contemplates the recapitalization of , the Company or any of its Subsidiaries, whether involving a merger, contribution of Equity Securities, share exchange or otherwise (a "Recapitalization") and (b) pursuant to such Recapitalization, the Members will receive common stock of the corporation that will consummate such Qualified IPO in exchange for the Equity Securities of the Company then held by such Members, then the Company and all Members shall take, at the Company's expense, all reasonable actions in connection with the consummation of such Recapitalization as the Board so requests, including the approval of a merger or conversion of the Company or one or more of its Subsidiaries with and into a corporation, execution of applicable customary holdback (not to exceed one hundred eighty (180) days, and provided all officers, directors and one percent (1%) stockholders execute such holdback agreements) and underwriting agreements, registration rights agreements and compliance with the requirements of all laws, exchanges and other self-regulatory organizations that are applicable to, or have jurisdiction over, such Qualified IPO. The common stock of any corporation issued to the Members in connection with any Recapitalization shall be allocated to each Member pro rata based on its Percentage Interest and shall have the same voting, dividend and other rights, preferences and privileges.

ARTICLE XII
DISSOLUTION, LIQUIDATION AND TERMINATION OF COMPANY

12.1 Dissolving Events. The Company shall be Liquidated and its affairs wound up in the manner hereinafter provided upon the happening of any of the following events:

(a) the determination of the Board of Managers by Unanimous Board Consent to Liquidate the Company; or

(b) any event which under applicable law would cause the Liquidation of the Company, provided that, unless required by applicable law, the Company shall not be wound up as a result of any such event and the business of the Company shall continue.

Notwithstanding the foregoing, the death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member or the occurrence of any other event that terminates the continued membership of any Member in the Company under the Delaware Act shall not, in and of itself, cause the Liquidation of the Company. In such event, the remaining Member(s) may continue the business of the Company without Liquidation.

12.2 Dissolution and Winding-Up. Upon the Liquidation of the Company, the assets of the Company shall be liquidated or distributed under the direction of and to the extent determined by the Board and the business of the Company shall be wound up. Within a reasonable time after the effective date of Liquidation, the Company's assets shall be distributed in the following manner and order:

First, to creditors in satisfaction of indebtedness of the Company (other than any loans or advances that may have been made by any of the Members to the Company) and the expenses of Liquidation, in each case whether by payment or the making of reasonable provision for payment, including the establishment of reasonable reserves (which may be funded by a liquidating trust) determined by the Board or the liquidating trustee, as the case may be, to be reasonably necessary for the payment of the Company's expenses, liabilities and other obligations (whether fixed, conditional, unmatured or contingent);

Second, to the payment of any loans or advances, if any, that may have been made by any of the Members to the Company in the following order: (i) Default Loans, (ii) Cash Shortfall Loan, (iii) Additional Capital Loans, and (iv) any other loans or advances in order of their priority;

Third, to the Members in proportion to their respective Adjusted Capital Accounts as of the date of Liquidation, after giving effect to all contributions, distributions and allocations for all periods;

provided that no payment or distribution in any of the foregoing categories shall be made until all payments in each prior category shall have been made in full; and provided, further, that if the payments due to be made in any of the foregoing categories exceed the remaining assets available for such purpose, such payments shall be made to the Persons entitled to receive the same pro rata in accordance with the respective amounts due to them.

12.3 Distribution in Cash or in Kind. Upon the Liquidation of the Company, the Board shall use its commercially reasonable efforts to liquidate all of the Company's assets in an orderly manner and apply the proceeds of such Liquidation as set forth in Section 12.2; provided, that if in the good faith judgment of the Board, a Company asset should not be liquidated, the Board shall cause the Company to allocate, on the basis of the fair market value (as determined by the Board) of any such Company assets not sold or otherwise disposed of, any unrealized gain or loss based on such value to the Members' Capital Accounts as though the assets in question had been sold on the date of distribution and, after giving effect to any such adjustment, distribute such assets in accordance with Section 12.2 as if such fair market value had been received in cash, subject to the priorities set forth in Section 12.2; and provided, further, that the Board shall in good faith attempt to liquidate sufficient Company assets to satisfy in cash (or make reasonable provision for) the expenses, liabilities and other obligations referred to in Section 12.2.

12.4 Termination. The Company shall terminate when the winding up of the Company's affairs has been completed, all of the assets of the Company have been distributed and the Certificate of Formation has been canceled, all in accordance with the Delaware Act.

12.5 Claims of the Members. The Members and former Members shall look solely to the Company's assets for the return of their Capital Contributions, and if the assets of the Company remaining after payment of or due provision for all debts, liabilities and obligations of the Company are insufficient to return such Capital Contributions, the Members and former Members shall have no recourse against the Company or any other Member.

12.6 Statements Upon Liquidation. By no later than one hundred twenty (120) days after the Liquidation and termination of the Company, each of the Members shall be furnished with statements similar, so far as may be practicable, to those described in Section 13.4, prepared by the certified public accountant for the Company, as of and for the period ending with the date of complete Liquidation.

ARTICLE XIII
BOOKS OF ACCOUNT, RECORDS AND REPORTS

13.1 Books and Records of the Company. Proper and complete records and books of account of the Company shall be kept or caused to be kept by the Company and an accountant selected by the Board, in which shall be entered fully and accurately all transactions and such other matters relating to the business of the Company as are usually entered into records and books of account maintained by Persons engaged in businesses of a like character. The Company books and records shall be prepared on an accrual basis in accordance with GAAP. The Company's income tax returns shall be filed on an accrual basis unless the Members shall determine otherwise (and if permitted under applicable Law). The books and records of the Company shall at all times be maintained at its principal place of business.

13.2 Reports. The Company shall (i) provide in a timely manner such financial reports and other operational information as are reasonably necessary for each Member to prepare financial statements required by the rules and regulations of the SEC, and (ii) maintain such systems, personnel and controls as are necessary so that each Member is able to satisfy its internal control, financial reporting and other compliance requirements, in each case, to the extent required by any Member in order to comply with the rules and regulations of the SEC, including Section 404 of the Sarbanes-Oxley Act of 2002, and relevant stock exchanges.

13.3 Tax Information to Members. Within ninety (90) days after the end of each Fiscal Year of the Company, the Company shall send to each Person who was or is a Member at any time during such Fiscal Year such tax information, including, without limitation, Federal Tax Schedule K-1, as shall be reasonably necessary for the preparation of such Member's or former Member's federal income tax return. This period shall be automatically extended by the period of any delay beyond the control of the Company, such as a delay resulting from the failure of a third party to provide required tax information to the Company in a timely manner.

13.4 Financial Information. The Company shall provide the following information to each Member:

(a) Annual Reports. As soon as practicable and in any event within thirty (30) days after the end of each fiscal year of the Company (which shall be based on News Corporation's fiscal calendar), a consolidated balance sheet as of the end of such fiscal year, and a consolidated statement of operations, consolidated statement of Members' equity, and a consolidated statement of cash flows of the Company and its Subsidiaries for such year, all prepared in accordance with generally accepted accounting principles and practices and audited by a nationally recognized independent registered public accounting firm, or in the event the

Company does not obtain such an audit, the Company shall cooperate with VeriSign and its Independent Registered Public Accounting Firm in performing such review or other audit procedures as are reasonably requested by VeriSign in order for VeriSign to prepare its audited consolidated financial statements;

(b) Quarterly Reports. As soon as practicable and in any event within five (5) business days after the end of each fiscal quarter close of the Company (which shall be based on News Corporation's fiscal calendar) (except the last quarter of the Company's fiscal year), an unaudited consolidated balance sheet as of the end of such fiscal quarter, and an unaudited consolidated statement of operations and an unaudited consolidated statement of cash flows of the Company and its Subsidiaries for such quarter;

(c) Monthly Reports. As soon as practicable and in any event within five (5) business days after the end of each fiscal month close (which shall be based on News Corporation's fiscal calendar) (except the last month of the Company's fiscal year), an unaudited consolidated balance sheet as of the end of such month and an unaudited consolidated statement of operations of the Company and its Subsidiaries for such month; and

(d) Annual Budget. Prior to the end of each fiscal year of the Company, an Annual Budget, prepared on a monthly basis, for the next immediate fiscal year. The Company shall also furnish to such Member, within a reasonable time of its preparation, amendments to the Annual Budget, if any.

13.5 Inspection Rights. The Company shall permit each Member, at such Member's expense, to visit and inspect, with such frequency as it has a reasonable purpose therefor, the Company's properties, to examine and, if reasonably necessary to effectuate the purpose of such inspection, make copies of its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, and shall provide such other reasonable cooperation all at such reasonable times and upon reasonable written notice as may be requested by such Member, provided, that in no event shall any such inspection interfere with the normal business operations of the Company. In furtherance of the foregoing, the Company shall permit such inspections, including by each Member, representatives of its Independent Registered Public Accounting Firm and any other advisors necessary for a Member to complete any review or audit of such Member's consolidated financial statements or any review or audit of the financial statements of a "significant subsidiary" of such Member or its Affiliates in order for such Member or its Affiliates to prepare quarterly or annual consolidated financial statements required under the applicable rules and regulations of the SEC. provisions of this Section 13.5 shall survive the termination of this Agreement so long as is necessary in order for VeriSign to comply with such rules and regulations of the SEC.

ARTICLE XIV
INDEMNIFICATION AND EXCULPATION

14.1 Indemnification; Exculpation.

(a) Generally. The Company shall, to the fullest extent permitted under the Delaware Act, as the same may be amended and supplemented from time to time, indemnify and advance expenses to (i) its Managers, officers, employees, controlling Persons and agents and

(ii) any Person who at the request of the Company is or was serving as a director, manager, officer, employee, controlling Person or agent of another corporation, partnership, joint venture, trust or other enterprise, from and against any and all expenses, liabilities, claims, demands and other matters whatsoever, subject to the provisions of this Section 14.1. The indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of securityholders or disinterested directors or managers or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office, and shall continue as to a Person who has ceased to be a director, manager, officer, employee, or agent and shall inure to the benefit of the heirs, executors and administrators of such a Person.

(b) Actions other than by or in the Right of the Company. The Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was a Manager, officer, employee, controlling Person or agent of the Company, or is or was serving at the request of the Company as a director, manager, officer, employee, controlling Person or agent of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding so long as he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(c) Actions by or in the Right of the Company. The Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that he is or was a Manager, officer, employee, controlling Person or agent of the Company, or is or was serving at the request of the Company as a director, manager, officer, employee, controlling Person or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit so long as he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which such Person shall have been adjudged to be liable to the Company, unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, and in view of all the circumstances of the case, such Person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

(d) Success on the Merits. To the extent that any Person referred to in Section 14.1(b) or Section 14.1(c) has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in such subsections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(e) Specific Authorization. Any indemnification under Section 14.1(b) or Section 14.1(c) (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of any Person described in said subsections is proper in the circumstances because he has met the applicable standard of conduct required by said Sections. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of Managers who were not parties to such action, suit or proceeding, even if less than a quorum, (ii) if there are no such Managers, or if such Managers so direct, by independent legal counsel in a written opinion, or (iii) by affirmative vote of the Members holding a Majority Interest.

(f) Advance Payment. Expenses (including reasonable attorney's fees) incurred by any Person referred to in Section 14.1(b) or Section 14.1(c) in defending any civil, criminal, administrative, or investigative action, suit or proceeding referred to in such subsections shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Person to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the Company as authorized in this Section 14.1.

(g) Insurance. The Company shall purchase and maintain insurance on behalf of any Person who is or was a Manager, officer, employee, controlling Person or agent of the Company, or is or was serving at the request of the Company as a director, manager, officer, employee, controlling Person or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Section 14.1.

(h) Intent of Section. The intent of this Section 14.1 is to provide for indemnification and advancement of expenses to the same extent that would apply under Section 145 of the DGCL as if the Company were a Delaware corporation, provided such indemnification also is permitted by Section 18-108 of the Delaware Act. To the extent that Section 145 of the DGCL or Section 18-108 of the Delaware Act or any successor section thereto may be amended or supplemented from time to time, this Article XIV shall be deemed amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law. Any amendment or supplement to Section 145 of the DGCL or Section 18-108 of the Delaware Act or any successor section thereto or to this Article XIV shall not adversely affect any right or protection of any Manager, officer, employee or agent of the Company with respect to acts or omissions of such Person occurring prior to such amendment or supplement.

(i) Exculpation of Managers. No Manager of the Company shall be personally liable to the Company or its Members for monetary damages for breach of fiduciary

duty as a Manager except to the extent that exemption from liability or limitation thereof is not permitted under the laws of the State of Delaware as in effect at the time such liability or limitation thereof is determined. No amendment, modification or repeal of this Section 14.1 shall apply to or have any effect on the liability or alleged liability of any Manager of the Company for or with respect to any acts or omissions of such Manager occurring prior to such amendment, modification or repeal. If the applicable laws of the State of Delaware are amended after the date hereof to authorize action further eliminating or limiting the personal liability of managers, then the liability of a Manager of the Company shall be eliminated or limited to the fullest extent permitted by such laws, as so amended.

(j) Indemnification Agreements. The Company shall enter into indemnification agreements with its Managers providing for the indemnification described in Section 14.1(b) and Section 14.1(c) without further authorization under Section 14(e).

14.2 Exculpation and Indemnity of Members. A Member shall not be liable or accountable in damages or otherwise to the Company or the other Members for any act or omission done or omitted by it in good faith, unless such act or omission constitutes gross negligence, willful misconduct, or a breach of this Agreement on the part of the Member. The Company shall indemnify each Member against any loss, damage, judgment or claim incurred by or asserted against the Member (including reasonable attorneys' fees incurred in the defense thereof) arising out of any act or omission of the Member in connection with the Company, unless such act or omission constitutes gross negligence, willful misconduct or a breach of this Agreement on the part of the Member.

14.3 Fiduciary Duty; Corporate Opportunity.

(a) The parties hereto acknowledge that the Managers are designees of the Members that appoint them, are acting as proxies for such Members with respect to the management of the Company, and do not have any duties (including fiduciary duties) to any other Member or the Company, and that any duties (including fiduciary duties) of a Manager to the Company or to any other Member that would otherwise apply at law or in equity are hereby eliminated to the fullest extent permitted under the Delaware Act and any other applicable Law; provided that (i) the foregoing shall not eliminate the obligation of each Manager to act in compliance with the express terms of this Agreement and (ii) the foregoing shall not be deemed to eliminate the implied contractual covenant of good faith and fair dealing. Notwithstanding anything to the contrary contained in this Agreement, each Member hereby acknowledges and agrees that each Manager, in determining whether or not to vote in support of or against any particular decision for which Board consent is required, may act in and consider the best interest of the Member who designated such Manager and shall not be required to act in or consider the best interests of the Company or the other Members or parties hereto. Except as otherwise expressly provided in this Agreement, nothing contained in this Agreement shall be deemed to constitute any Manager or Member an agent or legal representative of any other Member or to create any fiduciary relationship for any purpose whatsoever, apart from such obligations between the members of a limited liability company as may be created by the Delaware Act. Except as otherwise expressly provided in this Agreement, a Member shall not have any authority to act for, or to assume any obligation or responsibility on behalf of, any other Member or the Company.

(b) Except as provided in Section 11.1, to the fullest extent permitted by the Delaware Act and any other applicable law, the doctrine of corporate opportunity, or any analogous doctrine, shall not apply with respect to any Member or Manager, and no Member or Manager, or any of their respective Affiliates, shall be obligated to present to the Company any particular investment or business opportunity, regardless of whether such investment or opportunity is of a character that the Company could take advantage of if it were presented to the Company, but instead such Member or Manager, or its respective Affiliate, shall have the right to pursue such opportunity independently and for its own account, and neither the Company nor any other Member shall have, by virtue of this Agreement, any rights or interests in or to such opportunity or the revenue derived therefrom.

14.4 Certain Expenses. All reasonable and necessary expenses incurred by the Board and officers of the Company in connection with the Company's business shall be paid by the Company or reimbursed to the Board and such officers by the Company.

ARTICLE XV
ALLOCATIONS AND TAX MATTERS

15.1 Allocation of Profits and Losses.

(a) Allocation of Profits and Losses. After giving effect to the special allocations set forth in Section 15.1(b) and subject to Section 15.5, Profits and Losses of the Company shall be determined as of the end of each Fiscal Year and shall be allocated among the Members pro rata in proportion to their Percentage Interests.

(b) Regulatory Allocations. The following special allocations shall be made in the following order:

(i) Except as otherwise provided in Treas. Reg. § 1.704-2(f), notwithstanding any other provision of this Section 15.1(b), if there is a net decrease in Company Minimum Gain for any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and if necessary for succeeding Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treas. Reg. § 1.704-2(g). Allocations made pursuant to the preceding sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items of Company income and gain to be allocated pursuant to this Section 15.1(b)(i) shall be determined in accordance with Treas. Reg. § 1.704-2(f)(6) and Treas. Reg. § 1.704-2(j)(2). The amount of Company Minimum Gain shall be determined in accordance with Treas. Reg. § 1.704-2(d). This Section 15.1(b)(i) is intended to comply with the minimum gain chargeback requirement in Treas. Reg. § 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Except as otherwise provided in Treas. Reg. § 1.704-2(i)(4), notwithstanding any other provision of this Section 15.1(b) except Section 15.1(b)(i), if during any Fiscal Year there is a net decrease in Member Nonrecourse Debt Minimum Gain, each Member that has a share of that Member Nonrecourse Debt Minimum Gain (determined in accordance with Treas. Reg. § 1.704-2(i)(5) shall be allocated items of Company income and gain for the Fiscal Year (and, if necessary, for succeeding Fiscal Years) equal to that Member's

share of the net decrease in the Member Nonrecourse Debt Minimum Gain (determined in accordance with Treas. Reg. § 1.704-2(i)(4)). Allocations pursuant to the preceding sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items of Company income and gain to be allocated pursuant to this Section 15.1(b)(ii) shall be determined in accordance with Treas. Reg. § 1.704-2(i)(4) and Treas. Reg. § 1.704-2(j)(2). The amount of Member Nonrecourse Debt Minimum Gain shall be determined in accordance with Treas. Reg. § 1.704-2(i)(3). This Section 15.1(b)(ii) is intended to comply with the minimum gain chargeback requirement in Treas. Reg. § 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) If any Member unexpectedly receives an adjustment, allocation, or distribution of the type contemplated by Treas. Reg. § 1.704-1(b)(2)(ii)(d)(4), (5), or (6) that causes or increases a deficit in such Member's Adjusted Capital Account Balance, items of Company income and gain entering into the computation of Profits and Losses shall be allocated to all such Members in an amount and manner sufficient to eliminate, to the extent required by Treas. Reg. § 1.704-1(b), the deficit Adjusted Capital Account Balance of such Member as quickly as possible, provided, however, that an allocation pursuant to this Section 15.1(b)(iii) shall be made only if and to the extent that such Member would have a deficit Adjusted Capital Account Balance after all other allocations provided for in this Section 15.1 have been tentatively made as if this Section 15.1(b)(iii) were not in the Agreement. It is the intent of the Members that this Section 15.1(b)(iii) constitute a qualified income offset provision under Treas. Reg. § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(iv) In the event that any Member has a deficit Capital Account balance at the end of any Fiscal Year which is in excess of the sum of (1) the amount such Member is obligated to restore pursuant to any provision of this Agreement, and (2) the amount such Member is deemed to be obligated to restore pursuant to the next to last sentences of Treas. Reg. §§ 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 15.1(b)(iv) shall be made only if and to the extent that such Member would have a deficit Capital Account balance in excess of such sum after all other allocations provided for in this Section 15.1 have been made as if Section 15.1(b)(iii) and this Section 15.1(b)(iv) were not in the Agreement. It is the intent of the Members that this Section 15.1(b)(iv) constitute a gross income allocation and be interpreted to effectuate such intent.

(v) Company Nonrecourse Deductions for any Fiscal Year or other period shall be allocated to the Members in proportion to their respective Percentage Interests.

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or 743(b) is required, pursuant to Treas. Reg. §§ 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution to a Member in complete liquidation of such Member's Interest in the Company, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event Treas. Reg. §§ 1.704-1(b)(2)(iv)(m)(2) applies, or to the Members to whom such distribution was made in the event Treas. Reg. §§ 1.704-1(b)(2)(iv)(m)(4) applies.

(vii) Member Nonrecourse Deductions for any Fiscal Year or other period attributable to a Member Nonrecourse Debt shall be specially allocated to the Member (or Members) that bear the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treas. Reg. § 1.704-2(i).

(viii) The allocations set forth in Sections 15.1(b)(i), (ii), (iii), (iv), (v), (vi) and (vii) and Section 15.1(c) (the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss, or deduction pursuant to this Section 15.1(b)(viii). Therefore, notwithstanding any other provision of this Section 15 (other than the Regulatory Allocations), the Board of Managers shall make such offsetting special allocations of the Company income, gain, loss, or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Section 15.1(a).

(c) Loss Limitation. Losses allocated pursuant to Section 15.1(a) hereof shall not exceed the maximum amount of Losses that can be allocated to a Member without creating or increasing a deficit in such Member's Adjusted Capital Account Balance ("Adjusted Capital Account Deficit") at the end of any Fiscal Year. Losses not allocated to a Member pursuant to the preceding sentence shall be specially allocated to the other Member(s) to whom the allocations of such Losses would not create or increase an Adjusted Capital Account Deficit pro rata in proportion to their Percentage Interests. If the allocation of Losses would create or increase a Capital Account Deficit for all Members, then this Section 15.1(c) shall not apply. Those Members who were specially allocated Losses pursuant to this Section 15.1(c) shall, as soon as possible, be specially allocated Profits of the Company in amount equal to the specially allocated Losses (and pro rated in proportion to the specially allocated Losses).

15.2 Tax Allocations. All items of income, gain, loss, and deduction, and all tax preferences, depreciation, accelerated cost recovery system deductions and investment interest and other tax items of the Company for each Fiscal Year (collectively referred to as "Company Tax Items") shall be allocated for tax purposes to the Members in accordance with this Section 15.2.

(a) Except as provided in Section 15.2(b) and Section 15.2(c), Company Tax Items shall be allocated for tax purposes in accordance with the allocations of items of income, gain, loss, deduction, Company Nonrecourse Deductions, Member Nonrecourse Deductions, Profits, and Losses under Section 15.1. For purposes of the preceding sentence, an allocation to a Member of a share of Profits or Losses shall be treated as an allocation to such Member of the same share of each Company Tax Item that is taken into account in computing such Profits or Losses.

(b) Gain or loss upon sale or other disposition of any Property contributed to the Company or any depreciation, amortization, or other cost recovery deduction allowable with respect to the basis of Property contributed to the Company shall be allocated for tax purposes among the contributing and non-contributing Members so as to take into account the difference between the adjusted tax basis and the Gross Asset Value of the Property on the date of its contribution in accordance with Section 704(c) of the Code. In making allocations pursuant to the preceding sentence, the Tax Matters Member may apply any method or convention required or permitted by Section 704(c) of the Code, provided, however, that, with respect to Property contributed to the Company pursuant to the Formation Agreement, the Tax Matters Member shall elect to use the "traditional allocation method" under Treas. Reg. Sec. 1.704-3(b).

(c) Except as provided in Section 15.2(b), if there has been an adjustment to the Gross Asset Value of any Company Property pursuant to subparagraph (b) of the definition of "Gross Asset Value", Company Tax Items with respect to such Property shall be allocated to the Members for tax purposes so as to take into account the difference between the adjusted tax basis of such Property and its Gross Asset Value in the same manner as variations between the adjusted tax basis and fair market value of Property contributed to the Company are taken into account in determining the Members' allocations of Company Tax Items under Section 15.2(b). The allocations under this Section 15.2(c) are intended to comply with paragraphs (b)(2)(iv)(f)(4) and (b)(4)(i) of Treas. Reg. § 1.704-1 and shall be interpreted consistently with such regulation to effectuate such intent.

(d) To the extent consistent with the intent of the parties to this Agreement, accounting matters relating to allocations of Profits and Losses, Capital Accounts, and allocations of items of federal income tax significance shall be handled in such a way that the allocations of items of federal income tax significance will have substantial economic effect or will otherwise be respected for federal income tax purposes.

15.3 Other Allocation Rules.

(a) All other items that must be allocated to the Members shall be allocated to the Members in accordance with the allocation of Profits and Losses as provided in Section 15.1.

(b) The Members are aware of the income tax consequences of the allocations made by this Section 15 and hereby agree to be bound by the provisions of this Section 15 in reporting their shares of Company income and loss for income tax purposes.

(c) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treas. Reg. § 1.752-3(a)(3), the Members' interests in Company profits are in proportion to their Percentage Interests.

15.4 Allocation Savings Provision. The allocation method set forth in this Section 15 is intended to allocate Profits and Losses to the Members for federal income tax purposes in accordance with their economic interests in the Company while complying with the requirements of Code Section 704(b) and the Treasury Regulations promulgated thereunder. If in the opinion of the Board, the allocation of Profits or Losses pursuant to the provisions of this Section 15 shall not (i) satisfy the requirements of Code Section 704(b) or the Treasury Regulations thereunder,

(ii) comply with any other provisions of the Code or Treasury Regulations or (iii) properly take into account any expenditure made by the Company or Transfer of a Company Interest, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 15, Profits and Losses shall be allocated in such manner as the Board determines to be required so as to reflect properly (i), (ii) or (iii), as the case may be; provided, however, that any change in the method of allocating Profits or Losses shall not materially alter the economic agreement between the Members.

15.5 Members' Varying Interests. In the event of any changes in any Member's Percentage Interest during the Fiscal Year, then for purposes of this Section 15, Company Tax Items shall be determined and allocated by an interim closing of the Company's books method which satisfies Code Section 706(d), unless the Board selects another method of determining the varying interests of the Members during the Fiscal Year which satisfies Code Section 706(d). Distributions and allocations in respect to Transferred Company Interests shall be subject to the provisions of Section 10.4.

15.6 Tax Elections.

(a) In the event of a Transfer of all or part of a Company Interest by sale or exchange, upon request of the transferee Member (or in other circumstances as the Members may agree), the Company shall elect, pursuant to Section 754 of the Code, to adjust the basis of the Company's Property with respect to such Member; provided, however, that the transferee Member shall bear all costs incurred by the Company as a result of the election. Any tax items or aspects attributable to the aforesaid adjustments to basis (whether consisting of additional depreciation deductions or a reduction of gain on sale or otherwise) shall be allocated solely to the transferee Member. Each Member shall, at its own expense, within thirty (30) days of request from the Company, furnish to the Company such information as is reasonably necessary to accomplish the adjustments in basis provided for under the Section 754 election.

(b) The Tax Matters Member shall, in consultation with each of the Members, cause the Company to make or revoke all other tax elections provided for under the Code. Each Member who Transfers all or any portion of its Company Interest shall furnish the Company with all information required to enable the Company to fulfill any federal income tax reporting requirements imposed with respect to such Transfer.

15.7 Tax Matters Member.

(a) The Fox Member shall be the Company's "tax matters partner," as provided in the Treasury Regulations under Code Section 6231 (the "Tax Matters Member"), unless and until removed and replaced by the Members, and as such shall perform the duties as are required or appropriate thereunder. Each Member by its execution of this Agreement consents to the designation of the Tax Matters Member and agrees to execute, certify, acknowledge, deliver, swear to, file, and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent.

(b) The Tax Matters Member shall have all the powers and duties assigned to the "tax matters partner" under Code Sections 6221 through 6232 and the Treasury Regulations thereunder, and shall have the authority to act, elect, report, and exercise its discretion with respect to all federal, state, and local tax matters relating to the Company.

(c) Notwithstanding Section 15.7(b),

(i) the Tax Matters Member is not authorized to take any action that is left to the determination of an individual Member under Code Sections 6222 through 6231;

(ii) the Tax Matters Member may not finally settle or otherwise dispose of any audit or administrative or judicial proceeding relating to tax items of the Company that would bind any Member without the approval of such Member, which approval shall not be unreasonably withheld or delayed;

(iii) the Members shall have the right to participate in any audit or administrative or judicial proceeding relating to the Company; and

(iv) the Tax Matters Member shall not take any of the following actions without prior written consent of the VeriSign Member (which consent shall not be unreasonably withheld or delayed):

(A) agree to extend any statute of limitations with respect to the Company under Code Section 6229;

(B) file a request for administrative adjustment (including a request for substituted return treatment) under Code Section 6227;

(C) file a petition for judicial review, or any appeal with respect to any judicial determination, under Code Section 6226 or Code Section 6228;

(D) consent to be bound by a settlement reflected in a decision of a court; or

(E) enter into any tax settlement agreement affecting the Company.

(d) The Tax Matters Member shall, at the expense, and on behalf, of the Company, cause to be prepared and filed all tax returns (including amended returns) required to be filed by the Company pursuant to Section 15.8.

(e) The Tax Matters Member shall promptly furnish the appropriate executive officers of the Company, the name and address of each Member and any other required information and shall arrange for and cause to be taken such actions as may be necessary to cause each other Member to become a “Notice Member” within the meaning of Code Section 6223(a) and shall provide similar information to any foreign or state tax authority if and to the extent required or permitted so as to provide similar benefits to the other Members under any provision of foreign or state law or with respect to the administrative practice of any such tax authority. The Tax Matters Member shall arrange for and cause to be delivered to each other Member notice of all significant matters that may come to its attention in its capacity as Tax Matters Member by giving notice thereof within ten (10) Business Days after becoming aware thereof and, within such time, shall forward to each other Member copies of all significant written communications it may receive in such capacity.

(f) The Tax Matters Member shall be entitled to be reimbursed by the Company for all costs and expenses incurred by it in connection with any administrative or judicial proceeding affecting tax matters of the Company and the Members in their capacity as such and to be indemnified by the Company (solely out of Company assets) with respect to any action brought against it in connection with any judgment in or settlement of any such proceeding.

(g) Any Member who enters into a settlement agreement with respect to any Company item shall notify the Tax Matters Member of such settlement agreement and its terms within ten (10) days after the date of settlement.

(h) Prior to the Tax Matters Member or the Board taking any discretionary action under Sections 15.2, 15.4, 15.5 or 15.6 or determining Gross Asset Value under subsections (b) and (c) of the definition thereof in Section 1.1(a), the Tax Matters Member, shall consult with and obtain the consent of the VeriSign Member prior to taking any such action or making any such determination.

15.8 Tax Returns. The Tax Matters Member shall cause income and other required federal, state and local tax returns for the Company to be prepared and to be timely filed with the appropriate authorities making such elections as are directed by the Board. The Tax Matters Member shall submit such returns to the other Member(s) as soon as reasonably practicable prior to the respective due dates of such returns for review and approval, which approval shall not be unreasonably withheld or delayed. The Tax Matters Member shall use reasonable efforts to distribute all necessary tax information to each Member as soon as practicable after the end of each Fiscal Year but not later than three months after the end of each Fiscal Year.

ARTICLE XVI
MISCELLANEOUS

16.1 Notices. Except as otherwise provided in this Agreement, all notices under this Agreement shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient and if not, then on the next Business Day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written confirmation verification of receipt. Notices shall be addressed as follows or to such other address as the recipient may specify by written notice to the Company and the Members:

If to the Company, to:

U.S. Mobile Holdings, LLC
345 North Maple Drive, Suite 353
Beverly Hills, California 90210
Attention: Chief Executive Officer
Phone: (310) 598-4880
Fax: (310) 598-4882

If to a Member, to such Member at the address listed for such Member on Schedule A.

16.2 Certificates Evidencing Interests. The Company shall not issue certificates to Members representing their Units in the Company.

16.3 Amendments. This Agreement may be amended, modified or supplemented by written agreement of each of the Members.

16.4 Further Assurances. Each Member agrees to execute and acknowledge all documents and writings reasonably necessary to carry out the full intent and purpose of this Agreement.

16.5 Successors and Assigns. Except as herein otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

16.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without giving regard to the conflict of laws provisions thereof.

16.7 Consent to Jurisdiction.

(a) This Agreement and the duties and obligations of the parties hereto shall be enforceable against each party in the United States District Court for the District of Delaware or any Delaware state court sitting in Wilmington, Delaware. For such purpose, each party hereby irrevocably submits to the exclusive jurisdiction of such courts, and agrees that all claims in respect of this Agreement may be heard and determined in any of such courts.

(b) THE PARTIES EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO JURY TRIAL OF ANY DISPUTE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OTHER AGREEMENTS RELATING HERETO OR ANY DEALINGS AMONG THEM RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. The scope of this waiver is intended to be all encompassing of any and all actions that may be filed in any court and that relate to the subject matter of this Agreement, including, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. The parties each acknowledge that this waiver is a material inducement to enter into a business relationship and that they will continue to rely on the waiver in their related future dealings. Each party further represents and warrants that it has reviewed this waiver with its legal counsel, and that each knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY AMENDMENTS, RENEWALS, SUPPLEMENTS, OR MODIFICATIONS TO THIS AGREEMENT OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING HERETO. In the event of an action, this Agreement may be filed as a written consent to trial by a court.

(c) The parties hereby irrevocably agree that a final judgment of any of the courts specified in Section 16.7(a) in any action or proceeding relating to this Agreement shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

16.8 Enforcement of Agreement. The parties hereto agree that irreparable damage would occur in the event that the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions thereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

16.9 Severability. If any provision, sentence, phrase or word of this Agreement or the application thereof to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision, sentence, phrase or word to Persons or circumstances, other than those as to which it is held invalid, shall not be affected thereby.

16.10 Publicity. Except as may be required by law or stock exchange rule, neither the Company nor any Member shall, without the prior written consent of the other parties hereto, advertise, issue any press release or otherwise publicize the fact that the parties have entered into this Agreement. The parties agree that VeriSign will file the Formation Agreement and this Agreement as an exhibit to a periodic report to be filed with the; provided, however, that VeriSign shall use reasonable efforts to obtain confidential treatment of any information in this Agreement reasonably designated by the Fox Member as confidential subject to compliance with the SEC staff's policies on requests for confidential treatment.

16.11 Extension; Waiver.

(a) The parties, to the extent legally allowed, may (i) extend the time for the performance of any of the obligations of another party, (ii) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

(b) No waiver by any party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising because of any prior or subsequent such occurrence.

16.12 Remedies. Except as expressly provided herein, the rights, obligations and remedies created by this Agreement are cumulative and in addition to any other rights, obligations or remedies otherwise available at law or in equity. Except as expressly provided herein, nothing herein shall be considered an election of remedies.

16.13 Expenses. Except as expressly provided in this Agreement or the Formation Agreement, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such expense.

16.14 Entire Agreement; Construction. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

16.15 Counterparts; Electronic Signatures.

(a) This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

(b) Notwithstanding the Electronic Signatures in Global and National Commerce Act, the Uniform Electronic Transactions Act or any other Law relating to or enabling the creation, execution, delivery or recordation of any contract or signature by electronic means, and notwithstanding any course of conduct engaged in by the parties, no party shall be deemed to have executed this Agreement or any other document contemplated hereby (including any amendment or other change hereto or thereto) unless and until such party shall have executed this Agreement or such other document on paper by a handwritten original signature or any other symbol executed or adopted by a party with current intention to authenticate this Agreement or such other document.

(c) Delivery of a copy of this Agreement or such other document bearing an original signature by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in “portable document format” (“pdf”) form or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, shall have the same effect as physical delivery of the paper document bearing the original signature. “Originally signed” or “original signature” means or refers to a signature that has not been mechanically or electronically reproduced.

16.16 Third Parties. Except as set forth in Article XIV and Section 15.1, the agreements, covenants and representations contained herein are for the benefit of the Company and the Members hereto and are not for the benefit of any third parties including any creditors of the Company.

[Signatures follow]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Limited Liability Company Agreement as of the day and year first above written.

Fox Member:

FOX US MOBILE HOLDINGS, INC.

By: /s/ JAMIE SAMSON
Name: Jamie Samson
Title: Senior Vice President

VeriSign Member:

VERISIGN U.S. HOLDINGS, INC.

By: /s/ JEFFREY BERGMANN
Name: Jeffrey Bergmann
Title: Treasurer

Company:

US MOBILE HOLDINGS, LLC

By: /s/ LUCY HOOD
Name: Lucy Hood
Title: Chief Executive Officer

News:

NEWS CORPORATION

By: /s/ MICHAEL BUNDER
Name: Michael Bunder
Title: Senior Vice President and Deputy General Counsel

VeriSign:

VERISIGN, INC.

By: /s/ STRATTON SCLAVOS
Name: Stratton Sclavos
Title: President and Chief Executive Officer

SCHEDULE A

MEMBERS OF U.S. MOBILE HOLDINGS, LLC

Members Names and Addresses	**Initial Capital Contribution**	**Percentage Interest**	**Number of Units**
Fox Mobile Holdings, Inc.	[***]	51%	[***]
VeriSign LLC Holdings, Inc.	[***]	49%	[***]

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

EXHIBIT 31.01

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

I, William A. Roper, Jr., certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 16, 2007

By: /s/ WILLIAM A. ROPER, JR.

William A. Roper, Jr.
President and Chief Executive Officer

EXHIBIT 31.02

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

I, Albert E. Clement, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 16, 2007

By: /s/ ALBERT E. CLEMENT

Albert E. Clement
Executive Vice President, Finance and Chief Financial Officer

EXHIBIT 32.01

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

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

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2007s, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 16, 2007

/s/ WILLIAM A. ROPER, JR.

William A. Roper, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.02

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

I, Albert E. Clement, Executive Vice President, Finance and Chief Financial Officer of VeriSign, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2007, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 16, 2007

/s/ ALBERT E. CLEMENT

Albert E. Clement
Executive Vice President, Finance and
Chief Financial Officer
(Principal Financial and Accounting Officer)