VERISIGN

ANNUAL REPORT 2011

VERISIGN™

DEAR VERISIGN STOCKHOLDERS:

In a year that saw solid growth in global Internet adoption, increased demand on our DNS infrastructure, and a growing need for network security services, Verisign delivered security and stability. We were able to both invest in strengthening our infrastructure, and manage our business for growth. Also in 2011, we completed four years of Board-directed restructuring including divesting non-core businesses, and relocating our corporate headquarters. We returned divestiture proceeds to our shareholders through share repurchases and a special dividend. This restructuring has resulted in a more efficient, focused Verisign that we believe is better prepared for the opportunities ahead. We delivered for both the global community of Internet users that increasingly rely on us, and for our shareholders.

HIGHLIGHTS OF OUR 2011 ACHIEVEMENTS INCLUDE:

- Revenues grew 13% over 2010.
- Through restructuring efficiencies, we were able to expand our margins.
- Verisign successfully transitioned the .gov Domain Name Registry operations from the previous provider in 2011.
- We fully deployed our Domain Name System Security Extension (DNSSEC) in .com.
- In April, Verisign's Board declared a special cash dividend of $2.75 per share of its common stock.
- In June, Verisign's agreement with ICANN to operate the .net registry was renewed.
- Using divestiture proceeds, we repurchased 16.3 million shares for $535 million.

In 2012 our focus will be to: continue providing unparalleled network and registry services performance; renew our .com agreement; participate meaningfully in the new generic top level domain program; continue to invest in and grow the NIA business; and continue to identify and select opportunities for growth through value-added services that leverage our core strengths and offer quality of revenue.

Above all, we will continue our service as responsible stewards for critical Internet infrastructure, both operationally and in the management of the business. We believe that this is the appropriate and responsible strategy for balancing stability, growth, and shareholder interest, all of which are intertwined.

I would like to express my thanks to our shareholders, customers, and employees for your support.

Jim Bidzos
Executive Chairman
President and Chief Executive Officer
April 2012

Form 10-K

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2011

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.)**
12061 Bluemont Way, Reston, Virginia	**20190**
(Address of principal executive offices)	**(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock $0.001 Par Value Per Share, and the Associated Stock Purchase Rights	NASDAQ Global Select Market

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

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

The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the Registrant as of June 30, 2011, was $4.2 billion based upon the last sale price reported for such date on the NASDAQ Global Select Market. For purposes of this disclosure, shares of Common Stock held by persons known to the Registrant (based on information provided by such persons and/or the most recent schedule 13Gs filed by such persons) to beneficially own more than 5% of the Registrant's Common Stock and shares held by officers and directors of the Registrant have been excluded because such persons may be deemed to be affiliates. This determination is not necessarily a conclusive determination for other purposes.

Number of shares of Common Stock, $0.001 par value, outstanding as of the close of business on February 17, 2012: 159,518,978 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the 2012 Annual Meeting of Stockholders are incorporated by reference into Part III.

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

PART I

ITEM 1. BUSINESS

Overview

We are a provider of Internet infrastructure services. By leveraging our global infrastructure, we provide network confidence and availability for mission-critical Internet services, such as domain name registry services and infrastructure assurance services. Our service capabilities enable domain name registration through our registrar partners and provide network availability for registrars and Internet users alike.

Our one reportable segment is Naming Services, which consists of Registry Services and Network Intelligence and Availability ("NIA") Services. We have operations inside as well as outside the United States ("U.S."). For a geographic breakdown of revenues and changes in revenues, see Note 10, "Geographic and Customer Information" of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

Registry Services operates the authoritative directory of all *.com, .net, .cc, .tv,* and *.name* domain names and the back-end systems for all *.gov, .jobs* and *.edu* domain names. NIA Services provides infrastructure assurance services to organizations and is comprised of Verisign iDefense Security Intelligence Services ("iDefense"), Managed Domain Name System Services ("Managed DNS"), and Distributed Denial of Service ("DDoS") Protection Services.

We were incorporated in Delaware on April 12, 1995. On November 15, 2011, we purchased the land and building that we had previously leased in Reston, Virginia. Our principal executive offices are now located at 12061 Bluemont Way, Reston, Virginia 20190. Our telephone number at that address is (703) 948-3200. Our common stock is traded on the NASDAQ Global Select Market under the ticker symbol VRSN. VERISIGN, the VERISIGN logo, and certain other product or service names are our registered or unregistered trademarks in the U.S. and other countries. Other names used in this Form 10-K may be trademarks of their respective owners. Our primary website is www.verisigninc.com. The information on our website is not a part of this Form 10-K.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available, free of charge, on the Investor Relations section of our website as soon as is reasonably practicable after filing such reports with the Securities and Exchange Commission (the "SEC"). The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Naming Services

Registry Services

Registry Services operates the authoritative directory of all *.com, .net, .cc, .tv,* and *.name* domain names and the back-end systems for all *.gov, .jobs* and *.edu* domain names. Registry Services allows individuals and organizations to establish their online identities, while providing the secure, always-on access they need to communicate and transact reliably with large-scale online audiences.

We are the exclusive registry of domain names within the *.com, .net* and *.name* generic top-level domains ("gTLDs") under agreements with the Internet Corporation for Assigned Names and Numbers ("ICANN") and the U.S. Department of Commerce ("DOC"). As a registry, we maintain the master directory of all second-level domain names in these top-level domains (e.g., johndoe.com and janedoe.net). These top-level domains are supported by our global constellation of domain name servers. In addition, we own and maintain the shared registration system that allows all registrars to enter new second-level domain names into the master directory and to submit modifications, transfers, re-registrations and deletions for existing second-level domain names ("Shared Registration System").

Separate from our agreements with ICANN, we have agreements to be the exclusive registry for the *.tv* and *.cc* country code top-level domains ("ccTLDs") and to operate the back-end registry systems for the *.gov*, *.jobs* and *.edu* gTLDs. These top-level domains are also supported by our global constellation of domain name servers and Shared Registration System.

With our existing gTLDs and ccTLDs, we also provide internationalized domain name ("IDN") services that enable Internet users to access websites in characters representing their local language. Currently, IDNs may be registered in as many as 350 different native languages and scripts. We also support the Domain Name Systems ("DNS") by locating and translating certain Internet Protocol ("IP") addresses into Internet domain names.

Domain names can be registered for between one and ten years, and the fees charged for *.com* and *.net* may only be increased according to adjustments prescribed in our agreements with ICANN over the applicable term. Revenues for registrations of *.name* are not subject to the same pricing restrictions as those applicable to *.com* and *.net;* however, *.name* fees charged are subject to our agreement with ICANN over the applicable term. Revenues for *.cc* and *.tv* domain names are based on a similar fee system and registration system, though the fees charged are not subject to the same pricing restrictions as those imposed by ICANN. The fees received from operating the *.gov* registry are based on the terms of Verisign's agreement with the U.S. General Services Administration ("GSA"). The fees received from operating the *.jobs* registry infrastructure are based on the terms of Verisign's agreement with the registry operator of *.jobs.* No fees are received from operating the *.edu* registry infrastructure.

Historically, we have experienced higher domain name growth in the first quarter of the year compared to other quarters. Our quarterly revenue does not reflect these seasonal patterns because the preponderance of our revenue for each quarterly period is provided by the ratable recognition of our deferred revenue balance.

Network Intelligence and Availability Services

NIA Services provides infrastructure assurance to organizations and is comprised of iDefense, Managed DNS and DDoS Protection Services.

iDefense provides 24 hours a day, every day of the year, access to cyber intelligence related to vulnerabilities, malicious code, and global threats. Our teams enable companies to improve vulnerability management, incident response, fraud mitigation, and proactive mitigation of the particular threats targeting their industry or global operations. Customers include financial institutions, large corporations, and governmental and quasi-governmental organizations. Customers pay an annual fee for iDefense.

Managed DNS is a hosting service that delivers DNS resolution, improving the availability of web-based systems. Managed DNS provides DNS availability through a globally distributed, securely managed, cloud-based DNS infrastructure, allowing enterprises to save on capital expenses associated with DNS infrastructure deployment and reduce operational costs and complexity associated with DNS management. In 2011, Verisign enhanced Managed DNS services by providing full support for DNS Security Extensions compliance features and Geo Location capabilities. Security Extensions are designed to protect the DNS infrastructure from man-in-the-middle attacks that corrupt, or poison, DNS data. Geo Location allows website owners to customize responses for end-users based on their physical location or IP address, giving them the ability to deliver location-specific content. Customers include financial institutions and e-commerce providers. Customers pay a monthly subscription fee that varies depending on the customer's network requirements.

DDoS Protection Services supports online business continuity by providing monitoring and mitigation services against DDoS attacks. We help companies stay online without needing to make significant investments in infrastructure or establish internal DDoS expertise. As a cloud-based service, it can be deployed quickly and easily, with no customer premise equipment required. This saves time and money through operational efficiencies, support cost, and economies of scale to provide detection and protection against the largest of DDoS attacks. Customers include financial institutions and e-commerce providers. Customers pay a monthly subscription fee that varies depending on the customer's network requirements.

Operations Infrastructure

Our operations infrastructure consists of three primary Company-operated secure data centers in Dulles, Virginia; New Castle, Delaware; and Fribourg, Switzerland as well as approximately 70 globally distributed resolution sites, which includes both regional resolution sites and supersites. These secure data centers operate 24-hours a day, supporting our business units and services. The performance and scale of our infrastructure are critical for our Naming Services businesses, and give us the platform to maintain our leadership position. Key features of our operations infrastructure include:

- *Distributed Servers:* We deploy a large number of high-speed servers globally to support capacity and availability demands that, in conjunction with our proprietary software, processes and procedures, offer automatic failover, global and local load balancing and threshold monitoring on critical servers.
- *Advanced Telecommunications:* We deploy and maintain redundant and diverse telecommunications and routing hardware and maintain high-speed connections to multiple Internet service providers ("ISPs") and peering relationships globally to ensure that our critical services are readily accessible to customers at all times.
- *Network Security:* We incorporate architectural concepts such as protected domains, restricted nodes and distributed access control in our system architecture. We have also developed proprietary communications protocols within and between software modules that are designed to prevent most known forms of electronic attacks. In addition, we employ firewalls and intrusion detection software, as well as proprietary security mechanisms at many points across our infrastructure. We perform recurring internal vulnerability testing and controls audits, and also contract with third-party security consultants who perform periodic penetration tests and security risk assessments on our systems. Verisign has engineered resiliency and diversity into how it hosts classes of products throughout its set of interconnected sites. This includes different physical security silos, which themselves are separated into bulkheads, and in which servers are located. Diversity and functional separation of duties also extends to operations personnel, with different teams administering different infrastructure, account credentials, modes of authentication, security layers, and where appropriate, application software, operating systems and hardware. Corporate networks are in their own physical silo. Thus, the corporate networks to which personnel directly connect are separated from the silos that house production services; administration of production gear from corporate systems must go through an internal, fortified intermediary; and account credentials used within the corporate networks are not used within the production silos, nor on the fortified systems.
- *Services Integrity:* Verisign employs both phased and systemic integrity validation operations via a number of proprietary mechanisms on all internal DNS publication operations.

As part of our operations infrastructure for our Registry Services business, we operate all authoritative domain name servers that answer domain name lookups for the *.com* and *.net* zones, as well as for the other top-level domains for which we are the registry. We also operate two of the thirteen externally visible root zone server addresses, which are considered to be the authoritative root zone servers of the Internet's DNS. The domain name servers provide the associated authoritative name servers and IP addresses for every *.com* and *.net* domain name on the Internet and a large number of other top-level domain queries, resulting in an annual average of over 60 billion transactions per day. These name servers are located around the world, providing local domain name service throughout North America, South America, Europe, Africa, Asia, and Australia. Each server facility is a controlled and monitored environment, incorporating security and system maintenance features. This network of name servers is one of the cornerstones of the Internet's DNS infrastructure.

In 2011, we deployed DNS Security Extensions in the *.com* domain, to protect the integrity of domain name system data. In 2010, we announced an approximately $300 million new initiative called "Project Apollo" to meet infrastructure challenges expected over the next decade. We expect that this initiative will strengthen, scale and in some cases revamp the *.com* infrastructure to absorb very large loads, repel significant DDoS attacks and provide enhanced monitoring and logging capabilities. We expect to grow capacity 1,000 times today's level of 4 trillion queries to manage 4 quadrillion queries per day to support normal and peak system load and attack volumes based on what we have experienced historically, as well as to accommodate projected Internet attack trends. In 2009, we completed the prior infrastructure initiative called "Project Titan," a three-year large-scale infrastructure upgrade that included the deployment of a new operations center as well as regional resolution sites, of which we now have more than 50 globally.

Call Centers and Help Desk: We provide customer support services through our phone-based call centers, email help desks and Web-based self-help systems. Our Virginia call center is staffed 24 hours a day, every day of the year to support our businesses. All call centers have a staff of trained customer support agents and provide Web-based support services utilizing customized automatic response systems to provide self-help recommendations.

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

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

Divestitures and Restructuring

In 2011, we completed our four-year restructuring plans, which included divesting or winding down our non-core businesses, the sale of our Authentication Services business, and relocating our headquarters. Information about the divestitures and restructuring is included in Note 4 "Discontinued Operations" and Note 6 "Restructuring Charges" of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

Marketing, Sales and Distribution

We offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate. We market our NIA Services worldwide through multiple distribution channels, including direct sales and indirect channels. Our direct sales and marketing organization as of December 31, 2011, consisted of 191 employees. We have marketing and sales offices throughout the world.

Research and Development

We believe that timely development of new and enhanced Internet security, e-commerce, information, and technologies is necessary to remain competitive in the marketplace. During 2011, 2010 and 2009 our research and development expenses were $53.3 million, $53.7 million and $52.4 million, respectively.

Our future success will depend in large part on our ability to continue to maintain and enhance our current technologies and services. In the past, we developed our services both independently and through efforts with leading application developers and major customers. We have also, in certain circumstances, acquired or licensed technology from third parties. Although we will continue to work closely with developers and major customers in our development efforts, we expect that most of the future enhancements to existing services and new services will be developed internally.

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

Competition

We compete with numerous companies in each of the Registry Services and NIA Services businesses. The overall number of our competitors may increase and the identity and composition of competitors may change over time.

Competition in Registry 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 *.info, .org, .mobi, .biz, .pro, .aero, .museum, .coop* and *.xxx* gTLDs and registries offering services related to ccTLDs. ICANN currently has registry agreements with 16 registries for the operation of 18 gTLDs. In addition, there are over 250 Latin script ccTLD registries and 38 IDN ccTLD registries. Furthermore, under our agreements with ICANN, we are subject to certain restrictions in the operation of *.com*, *.net* and *.name* on pricing, bundling, methods of distribution and use of registrars that do not apply to ccTLDs and therefore may create a competitive disadvantage. If other registries launch marketing campaigns for new or existing TLDs, including forms of marketing campaigns that we are prohibited from running under the terms of our agreements with ICANN, which result in registrars giving other TLDs greater prominence on their websites, advertising or marketing materials, we could be at a competitive disadvantage and our business could suffer.

We also face competition from service providers that offer outsourced domain name registration, resolution and other DNS services to organizations that require a reliable and scalable infrastructure. Among the competitors are Neustar Inc., Afilias Limited, ARI Registry Services and Nominet UK, Inc. In addition, to the extent end-users navigate using search engines or social media, as opposed to direct navigation, we may face competition from search engine operators such as Google Inc., Microsoft Corporation, and Yahoo! Inc., operators of social networks such as Facebook, and operators of microblogging tools such as Twitter. Furthermore, to the extent end-users increase the use of web and phone applications to locate and access content, we may face competition from providers of such web and mobile applications.

Additional competition to our business may arise from the introduction of new TLDs by ICANN. These include IDN TLDs and the upcoming introduction of new gTLDs by ICANN. On October 30, 2009, ICANN approved a fast track process for the awarding of new IDN ccTLDs and such new IDN ccTLDs have started to be introduced into the root. An application period for other new domain extensions (including ones for which we could apply) opened in January 2012 with new registration opportunities available by the beginning of 2013. We do not yet know the impact, if any, that these new domain extensions may have on our business. Applicants for such new TLDs may have greater financial, technical, marketing and other resources than we do. Furthermore, ICANN will allow the operators of new gTLDs to also own, be owned 100% by or otherwise affiliated with a registrar, whereas we are currently prohibited by our agreements with ICANN and the DOC from owning more than 15% of a registrar. As a result, operators of new gTLDs may be able to obtain competitive advantages through such vertical integration. ICANN has also approved a process pursuant to which an operator of an existing gTLD could apply to become a registrar with respect to a new gTLD; however, it is uncertain whether ICANN and/or the DOC would approve the necessary changes to Verisign’s existing agreements to allow us to vertically integrate with respect to new gTLDs, in which case, we may be at a competitive disadvantage. While we intend to apply for one or more of these new domain extensions, there is no certainty that we will ultimately be successful, and even if we are successful in obtaining one or more of these new domain extensions, there is no guarantee that such extensions will be any more successful than the domain name extensions obtained by our competitors. Similarly, while we may provide back-end registry services to other applicants for new gTLDs, we face competition from other back-end registry service providers and there is no guarantee that such applicants we do enter into agreements with will be successful in obtaining one or more these new domain extensions or that such domain extensions will be successful.

Competition in Network Intelligence and Availability Services: Several of our current and potential competitors have longer operating histories and/or 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, we may experience difficulty establishing or increasing demand for our products and services or distributing our products successfully.

We face competition in the network intelligence and availability services industry from companies or services such as iSight Partners, Security Services X-Force Threat Analysis Service, Secunia ApS, Dell SecureWorks, McAfee, Inc., Prolexic Technologies, Inc., AT&T Inc., Verizon Communications, Inc., Dyn, Inc.'s Dynect Platform, NeuStar Ultra Services, OpenDNS, BlueCat Networks, Inc., Infoblox Inc., Nominum, Inc. and Afilias Limited.

Industry Regulation

Registry Services: Within the U.S. Government, oversight of Internet administration is provided by the DOC. Effective October 1, 2009, the DOC and ICANN entered into a new agreement, known as the "Affirmation of Commitments" which replaced a prior agreement known as the Joint Project Agreement. Under the Affirmation of Commitments, the DOC became one of several parties working together with other representative constituency members in providing an on-going review of ICANN's performance and accountability. The Affirmation of Commitments provides for more defined international participation in this review. The agreement sets forth periodic reviews by committees. These review panels are charged with reviewing and making recommendations regarding: (i) the accountability and transparency of ICANN; (ii) the security, stability and resiliency of the DNS; (iii) the impact of new gTLDs on competition, consumer trust, and consumer choice; and (iv) the effectiveness of ICANN's policies with respect to registrant data in meeting the legitimate needs of law enforcement and promoting consumer trust. Under the Affirmation of Commitments, the Assistant Secretary of Communications and Information of the DOC will be a member of the "Accountability and Transparency" review panel. The reviews generally are to occur no less than every three to four years.

As the exclusive registry of domain names within the *.com*, *.net* and *.name* gTLDs, we have entered into certain agreements with ICANN and the DOC:

.com Registry Agreement: On November 29, 2006, the DOC approved the Registry Agreement between ICANN and Verisign for the *.com* gTLD (the "*.com* Registry Agreement"). The *.com* Registry Agreement provides that we will continue to be the sole registry operator for domain names in the *.com* top-level domain through November 30, 2012. The *.com* Registry Agreement provides that it shall be renewed for successive terms unless it has been determined that Verisign has been in fundamental and material breach of certain provisions of the *.com* Registry Agreement and has failed to cure such breach. The DOC shall approve such renewal if it concludes that approval will serve the public interest in (a) the continued security and stability of the Internet DNS and the operation of the *.com* registry including, in addition to other relevant factors, consideration of Verisign's compliance with consensus policies and technical specifications, its service level agreements as set

forth in the *.com* Registry Agreement, and the investment associated with improving the security and stability of the DNS, and (b) the provision of registry services as defined in the *.com* Registry Agreement at reasonable prices, terms and conditions. The parties have an expectancy of renewal of the *.com* Registry Agreement so long as the foregoing public interest standard is met and Verisign is not in breach of the *.com* Registry Agreement. We have commenced the renewal process with ICANN. If we fail to renew the *.com* Registry Agreement on the same or similar terms, our business could be materially adversely affected. For further information regarding the impact of this renewal on our business, see Item 1A, "Risk Factors—Substantially all of our revenue is derived from our Registry Services business;—Issues arising from our agreements with ICANN, the DOC and the GSA could harm our Registry Services business."

We are required to comply with and implement temporary specifications or policies and consensus policies, as well as other provisions pursuant to the *.com* Registry Agreement relating to handling of data and other registry operations. The *.com* Registry Agreement also provides a procedure for Verisign to propose, and ICANN to review and approve, additional registry services.

Cooperative Agreement: In connection with the DOC's approval of the *.com* Registry Agreement, Verisign and the DOC entered into Amendment No. Thirty (30) to their Cooperative Agreement—Special Awards Conditions NCR-92-18742 (the "Amendment"), regarding operation of the *.com* registry, which extends the term of Cooperative Agreement through November 30, 2012, and provides that any renewal or extension of the *.com* Registry Agreement is subject to prior written approval by the DOC. As described above, the Amendment provides that the DOC shall approve such renewal if it concludes that it is in the public interest and in the continued security and stability of the DNS and that the provision of *.com* registry services is offered on reasonable terms.

.net Registry Agreement: On June 27, 2011, we entered into a renewal of our Registry Agreement with ICANN for the *.net* gTLD (the "*.net* Registry Agreement"). The *.net* Registry Agreement provides that we will continue to be the sole registry operator for domain names in the *.net* top-level domain through June 30, 2017. The *.net* Registry Agreement provides that it shall be renewed unless it has been determined that Verisign has been in fundamental and material breach of certain provisions of the *.net* Registry Agreement and has failed to cure such breach.

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

.name Registry Agreement: On October 1, 2008, we acquired The Global Name Registry Ltd. ("GNR"), the holder of the *.name* Registry Agreement which was assigned to VeriSign Information Services, Inc., our wholly owned subsidiary, and provides that we will continue to be the sole registry operator for domain names in the *.name* top-level domain through August 15, 2012. The renewal provisions are the same as for the *.net* Registry Agreement. We have commenced the renewal process with ICANN.

Some of the services we provide to customers globally may require approval under applicable U.S. export law. As the list of products and countries for which export approval is expanded or changes, government restrictions on the export of software and hardware products utilizing encryption technology may grow and become an impediment to our growth in international markets. If we do not obtain required approvals or we violate applicable laws, we may not be able to provide some of our services in international markets and may be subject to fines and other penalties.

Intellectual Property

We rely primarily on a combination of copyrights, trademarks, service marks, patents, restrictions on disclosure and other methods to protect our intellectual property. We also enter into confidentiality and/or invention assignment agreements with our employees, consultants and current and potential affiliates, customers and business partners. We also generally control access to and distribution of proprietary documentation and other confidential information.

We have been issued numerous patents in the U.S. and abroad, covering a wide range of our technology. Additionally, we have filed numerous patent applications with respect to certain of our technology in the U.S. Patent and Trademark Office and patent offices outside the U.S. Patents may not be awarded with respect to these applications and even if such patents are awarded, such patents may not provide us with sufficient protection of our intellectual property.

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

With regard to our Naming Services businesses, our principal intellectual property consists of, and our success is dependent upon, proprietary software used in our Naming Services businesses and certain methodologies and technical expertise we use in both the design and implementation of our current and future registry services and Internet-based products and services businesses, including the conversion of IDNs. We own our proprietary Shared Registration System through which registrars submit second-level domain name registrations for each of the registries we operate, as well as the ATLAS distributed lookup system which processes billions of queries per day. Some of the software and protocols used in our registry services are in the public domain or are otherwise available to our competitors.

Under the agreement reached with Symantec for the sale of our Authentication Services business, which closed on August 9, 2010 (the "Closing Date"), Symantec acquired all trademarks primarily used in our Authentication Services business, including our checkmark logo and the Geotrust and thawte brand names, and we granted Symantec a five-year license in connection with the VeriSign.com website. The VeriSign.com website will be operated by Symantec for a period of five years following the Closing Date, subject to certain rights of Verisign (including the right to include links to sub-domains operated by us).

Employees

The following table shows a comparison of our consolidated employee headcount, by function, including historical headcount associated with the divested and wound-down businesses:

	As of December 31,		
	2011	**2010**	**2009**
Employee headcount by function:			
Cost of revenues	284	256	658
Sales and marketing	191	133	488
Research and development	287	272	571
General and administrative	247	387	611
Total	1,009	1,048	2,328

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

ITEM 1A. RISK FACTORS

In addition to other information in this Form 10-K, 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-K as a result of the risk factors discussed below and elsewhere in this Form 10-K and in other filings we make with the SEC.

Risks relating to our business

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:

- current global economic and financial conditions as well as their impact on e-commerce, financial services, and the communications and Internet industries;
- volume of new domain name registrations and customer renewals in our Naming Services businesses;
- the long sales and implementation cycles for, and potentially large order sizes of, some of our services and the timing and execution of individual customer contracts;
- our success in direct marketing and promotional campaigns;
- in the case of our Registry Services business, any changes to the scope and success of marketing efforts by third-party registrars;
- market acceptance of our services by our existing customers and by new customers;
- customer renewal rates and turnover of customers of our services, and in the case of our Registry Services business, the customers of the distributors of our services;
- continued development of our distribution channels for our products and services, both in the U.S. and abroad;
- the impact of price changes in our products and services or our competitors' products and services;
- the impact of decisions by distributors to offer competing or replacement products or modify or cease their marketing practices;
- the availability of alternatives to our products;
- seasonal fluctuations in business activity;
- changes in marketing expenses related to promoting and distributing our services or services provided by third-party registrars or their resellers;
- potential attacks, including hacktivism, by nefarious actors, which could threaten the perceived reliability of our products and services;
- potential attacks on the service offerings of our distributors, such as distributed denial-of-service ("DDoS") attacks, which could limit the availability of their service offerings and their ability to offer our products and services;
- potential disruptions in regional registration behaviors due to catastrophic natural events or armed conflict;
- changes in the level of spending for information technology-related products and services by our customers; and

- the uncertainties, costs and risks as a result of the sale of our Authentication Services business, including costs related to our transition services agreements and any retained liability related to existing and future claims or retained litigation.

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 continue to be adversely affected as a result of unfavorable market, economic, social and political conditions.

An unstable global economic, social and political environment may have a negative impact on demand for our services, our business and our foreign operations, including the ongoing hostilities in the Middle East, natural disasters, the eurozone crisis and the U.S. debt ceiling crisis. The economic, social and political environment has or may negatively impact, among other things:

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

In addition, to the extent that the economic, social and political environment impacts specific industry and geographic sectors in which many of our customers are concentrated, that may further negatively impact our business. If the market, economic, social and political conditions in the U.S. and globally do not improve, or if they further deteriorate, we may experience material adverse impacts on our business, operating results and financial position as a consequence of the above factors or otherwise.

We may experience significant fluctuations in our financial results.

The successful operation of our business depends on numerous factors, many of which are not entirely under our control, including, but not limited to, the following:

- the use of the Internet and other IP networks, and the extent to which domain names and the DNS are used for e-commerce and communications;
- changes in customer behavior, Internet platforms, mobile devices and web-browsing patterns;

- growth in demand for our services;
- the competition for any of our services;
- the perceived security of e-commerce and communications over the Internet;
- the perceived security of our services, technology, infrastructure and practices;
- the loss of customers through industry consolidation or customer decisions to deploy in-house or competitor technology and services;
- our continued ability to maintain our current, and enter into additional, strategic relationships;
- our ability to successfully market our services to new and existing distributors and customers;
- our success in attracting, integrating, training, retaining and motivating qualified personnel;
- our response to competitive developments;
- the successful introduction, and acceptance by our customers, of new products and services, including our NIA Services;
- potential disruptions in regional registration behaviors due to catastrophic natural events and armed conflict;
- seasonal fluctuations in business activity;
- our ability to implement remedial actions in response to any attacks by nefarious actors; and
- the successful introduction of enhancements to our services to address new technologies and standards, alternatives to our products and services and changing market conditions.

Issues arising from our agreements with ICANN, the DOC and the GSA could harm our Registry Services business.

We are parties to agreements (i) with the DOC with respect to certain aspects of the DNS, (ii) with ICANN and the DOC as the exclusive registry of domain names within the *.com* gTLD and (iii) with ICANN with respect to being the exclusive registry for the *.net* and *.name* gTLDs.

We face risks arising from our agreements with ICANN and the DOC, including the following:

- the *.com* Registry Agreement may not renew when it expires in 2012, which could have a material adverse effect on our business;
- ICANN could adopt or promote policies, procedures or programs that are unfavorable to us as the registry operator of the *.com*, *.net* and *.name* gTLDs, that are inconsistent with our current or future plans, or that affect our competitive position;
- under certain circumstances, ICANN could terminate one or more of our agreements to be the registry for the *.com*, *.net* or *.name* gTLDs and the DOC could refuse to grant its approval to the renewal of the *.com* Registry Agreement, which, in the case of the *.com* and *.net* Registry Agreements, could have a material adverse impact on our business;
- the DOC's or ICANN's interpretation of provisions of our Registry Agreements with either of them could differ from ours;
- under certain circumstances, the GSA could terminate our agreement to be the registry for the *.gov* gTLD, which could have a material adverse impact on how the Registry Services business is perceived; and
- our Registry Services business faces, and could continue to face, legal or other challenges resulting from our activities or the activities of registrars and registrants, and any adverse outcome from such matters could have a material adverse effect on our business.

In addition, under the *.com*, *.net* and *.name* Registry Agreements, as well as the Cooperative Agreement with the DOC, we are prohibited from holding a greater than 15% ownership interest in any ICANN accredited registrar. This prohibition on cross-ownership currently applies to all eighteen ICANN gTLDs, but does not apply to ccTLDs. ICANN has adopted a proposal to allow the operators of new gTLDs to also own, be owned 100% by, or otherwise be affiliated with, a registrar. The impact of these changes to the distribution channel is uncertain but could have a material adverse effect on our business. In addition, ICANN has also adopted a procedure pursuant to which an operator of one of the existing eighteen ICANN gTLDs can apply to remove the cross-ownership restrictions with respect to new, but not existing gTLDs. If Verisign were to seek removal of the cross-ownership restriction with respect to new gTLDs, it is uncertain whether ICANN and/or the DOC approval would be obtained.

Substantially all of our revenue is derived from our Registry Services business.

Our Registry Services business, which derives most of its revenues from registration fees for domain names, generates substantially all of our revenue. If there is a disruption in the Registry Services business, including any disruption from changes in the domain name industry, changes in or challenges to our agreements with ICANN, including any changes resulting from legal challenges to these agreements, changes in customer preferences, a downturn in the economy or changes in technology related to the use of domain names, there may be a material adverse effect on our business and results of operations. In addition, a failure of the *.com* Registry Agreement to renew on the same or similar terms when it expires in 2012 could have a material adverse effect on our business.

Challenges to Internet administration could harm our Registry Services business.

Risks we face from challenges by third parties, including governmental authorities in the U.S. and other countries, to our role in the ongoing operation 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 DNS administration; and
- some governments and governmental authorities outside the U.S. have in the past disagreed, and may in the future disagree, with the actions, policies or programs of ICANN, the U.S. Government and us relating to the DNS. The Affirmation of Commitments established several multi-party review panels and contemplates a greater involvement by foreign governments and governmental authorities in the oversight and review of ICANN. These periodic review panels may take positions that are unfavorable to Verisign.

As a result of these and other risks, it may be difficult for us to introduce new services in our Registry Services business and we could also be subject to additional restrictions on how this business is conducted, which may not also apply to our competitors.

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

As of December 31, 2011, we had 117, or 12%, of our employees outside the U.S. Expansion into international markets has required and will continue to require significant management attention and resources. We may also need to tailor some of our services for a particular market and to enter into international distribution and operating relationships. We have limited experience in localizing our services and in developing international distribution or operating relationships. We may not succeed in expanding our services into new international markets or expand our presence in existing markets. Failure to do so could harm our business. Moreover, local laws and customs in many countries differ significantly from those in the U.S. In many foreign countries, particularly in those with developing economies, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. law or regulations applicable to us. There can be no assurance that all of our employees, contractors and agents will not take actions in violation of such policies, procedures, laws and/or regulations. Violations of laws, regulations 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 services and could have a material adverse effect on our business. In addition, we face risks inherent in doing business on an international basis, including, among others:

- competition with foreign companies or other domestic companies entering the foreign markets in which we operate;
- differing and uncertain regulatory requirements;
- legal uncertainty regarding liability, enforcing our contracts and compliance with foreign laws;
- tariffs and other trade barriers and restrictions;
- difficulties in staffing and managing foreign operations;
- longer sales and payment cycles;
- problems in collecting accounts receivable;
- currency fluctuations, as a small portion of our international revenues are not always denominated in U.S. dollars and some of our costs are denominated in foreign currencies;
- high costs associated with repatriating profits to the U.S.;
- potential problems associated with adapting our services to technical conditions existing in different countries;
- difficulty of verifying customer information;
- political instability;
- failure of foreign laws to protect our U.S. proprietary rights adequately;
- more stringent privacy policies in some foreign countries;
- export and import restrictions on cryptographic technology and products incorporating that technology;
- additional vulnerability from terrorist groups targeting U.S. interests abroad;
- seasonal reductions in business activity; and
- potentially adverse tax consequences.

We are exposed to risks faced by financial institutions.

The hedging transactions we have entered into expose us to credit risk in the event of default by one of our counterparties. Despite the risk control measures we have in place, a default by one of our counterparties, or liquidity problems in the financial services industry in general, could have a material adverse effect on our business, financial condition and results of operations.

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

As of December 31, 2011, we had $1.4 billion in cash, cash equivalents, marketable securities and restricted cash, of which $32.9 million was invested in marketable securities. The marketable securities consist of debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies meeting the criteria of our investment policy, which is focused on the preservation of our capital through the investment in investment grade securities. We currently do not use derivative financial instruments to adjust our investment portfolio risk or income profile.

These investments, as well as any cash deposited in bank accounts, are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by unusual events, such as the eurozone crisis and the U.S. debt ceiling crisis, which have affected various sectors of the financial markets and led to global credit and liquidity issues. Over the past several years, the volatility and disruption in the global credit market reached unprecedented levels. If the global credit market deteriorates further, our investment portfolio may be impacted and we could determine that some of our investments have experienced an other-than-temporary decline in fair value, requiring an impairment charge which could adversely impact our financial results.

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

Application of new and existing laws and regulations to the Internet and communications industry can be unclear. The costs of complying or failing to comply with these laws and regulations could limit our ability to operate in our current markets, expose us to compliance costs and substantial liability and result in costly and time-consuming litigation.

Foreign, federal or state laws could have an adverse impact on our business, financial condition, results of operations, and our ability to conduct business in certain foreign countries. For example, laws designed to restrict who can register domain names, the on-line distribution of certain materials deemed harmful to children, on-line gambling (especially as we consider providing NIA Services to this sector), counterfeit goods, and cybersquatting; laws designed to require registrants to provide additional documentation or information in connection with domain name registrations; and laws designed to promote cyber security may impose significant additional costs on our business or subject us to additional liabilities. We have contracts pursuant to which we provide services to the U.S. government and even though these contracts are immaterial, they impose compliance costs, including compliance with the Federal Acquisition Regulation, which could be significant to the Company.

Due to the nature of the Internet, it is possible that state or foreign governments might attempt to regulate Internet transmissions or prosecute us for violations of their laws. We might unintentionally violate such laws, such laws may be modified and new laws may be enacted in the future. Any such developments could increase the costs of regulatory compliance for us, affect our reputation, force us to change our business practices or otherwise materially harm our business. In addition, any such new laws could impede growth of or result in a decline in domain name registrations, as well as impact the demand for our services.

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 non-regulated basis. Root zone servers are name servers that contain authoritative data for the very top of the DNS hierarchy. These servers have the software and data needed to locate name servers that contain authoritative data for the top-level domains. These root zone servers are critical to the functioning of the Internet. Consequently, our Registry Services business could be harmed if these independent 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 the independent operators fails to include or provide accessibility to the data that it maintains in the root zone servers that it controls, or presents inconsistent data for the top-level domains.

Changes in customer behavior, either as a result of evolving technologies or user practices, may impact the demand for domain names.

Currently, Internet users navigate to a website either by directly typing its domain name into a web browser or through the use of a search engine. If (i) web browser or Internet search technologies were to change significantly; (ii) Internet search engines changed the value of their algorithms on the use of a domain for finding a website; (iii) Internet users' preferences or practices were to shift away from direct navigation; (iv) Internet users were to increase the use of web and phone applications to locate and access content; or (v) Internet users were to increase the use of second or third level domains or alternate identifiers, such as social networking and microblogging sites, in each case the demand for domain names could decrease.

Changes in the level of spending on on-line advertising and/or the way that on-line networks compensate owners of websites could impact the demand for domain names.

Some domain name registrars and registrants seek to generate revenue through advertising on their websites; changes in the way these registrars and registrants are compensated (including changes in methodologies and metrics) by advertisers and advertisement placement networks, such as Google and Yahoo!, could adversely affect the market for those domain names favored by such registrars and registrants resulting in a decrease in demand and/or the renewal rate for those domain names. In addition, as a result of the general economic environment, spending on on-line advertising and marketing may not increase as projected or may be reduced, which in turn, may result in a further decline in the demand for those domain names.

Consolidation or changes in ownership or management among third-party registrars could result in reduced marketing efforts or other operational changes that could harm our Registry Services business.

Third-party registrars utilize substantial marketing efforts to increase the demand and/or renewal rates for domain names. Consolidation in the registrar industry or changes in ownership or management among individual registrars could result in significant changes to their business, operating model and cost structure. Such changes could include reduced marketing efforts or other operational changes that could adversely impact the demand and/or the renewal rates for domain names. Our Registry Services business, which generates substantially all of our revenue, derives most of its revenues from registrations and renewals of domain names, and decreased demand for and/or renewals of domain names could cause a material adverse effect on our business and results of operations.

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

Services as complex as those we offer or develop could contain undetected defects or errors. Despite testing, defects or errors may occur in our existing or new services, which could result in compromised customer data, 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.

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

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

- power loss, transmission cable cuts and other telecommunications failures;
- damage or interruption caused by fire, earthquake, and other natural disasters;
- attacks, including hacktivism, by hackers or nefarious actors;

- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism, terrorist attacks and other events beyond our control;
- State suppression of Internet operations; and
- any failure to implement effective and timely remedial actions in response to any damage or interruption.

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

In addition, our Registry Services business and certain of our other 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 top-level domain name zone servers, the domain name root zone servers, or other events could result in the deletion of one or more domain names from the Internet for a period of time or a misdirection of a domain name to a different server. In the event that a registrar has not implemented back up services recommended by us in conformance with industry best practices, 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 also 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 or a misdirection of a domain name to a different server. Any of these problems or outages could decrease customer satisfaction, harming our business or resulting in adverse publicity that could adversely affect the market's perception of the security of e-commerce and communications over the Internet as well as of the security or reliability of our services.

In addition, a failure in our NIA Services could have a negative impact on our reputation and our business could suffer.

We experienced security breaches in the corporate network in 2010 which were not sufficiently reported to Management.

In 2010, the Company faced several successful attacks against its corporate network in which access was gained to information on a small portion of our computers and servers. We have investigated and do not believe these attacks breached the servers that support our DNS network as all DNS zone files were and are protected by a series of integrity checks including real-time monitoring and validation. Information stored on some of the compromised corporate systems was exfiltrated. The Company's information security group was aware of the attacks shortly after the time of their occurrence and the group implemented remedial measures designed to mitigate the attacks and to detect and thwart similar additional attacks. However, given the nature of such attacks, we cannot assure that our remedial actions will be sufficient to thwart future attacks or prevent the future loss of information. In addition, although the Company is unaware of any situation in which possibly exfiltrated information has been used, we are unable to assure that such information was not or could not be used in the future.

The occurrences of the attacks were not sufficiently reported to the Company's management at the time they occurred for the purpose of assessing any disclosure requirements. Management was informed of the incident in September 2011 and, following the review, the Company's management concluded that our disclosure controls and procedures are effective. However, the Company has implemented reporting line and escalation organization changes, procedures and processes to strengthen the Company's disclosure controls and procedures in this area. See Item 9A "Controls and Procedures" in Part II of this report.

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

We retain certain customer and employee 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. The Company, as an operator of critical infrastructure, is frequently targeted and experiences a high rate of attacks. These include the most sophisticated form of attacks, such as advanced persistent threat ("APT") attacks and zero-hour threats, which means that the threat is not compiled or has been previously unobserved within our observation and threat indicators space until the moment it is launched, making these attacks virtually impossible to anticipate and defend against. The Shared Registration System, the domain name root zone servers and top-level domain name zone servers that we operate are critical hardware and software to our Registry Services operations. We expend significant time and money on 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 nefarious actors or similar disruptive problems, including hacktivism. It is possible that we may have to expend additional financial and other resources to address such problems. Any physical or electronic break-in or other security breach or compromise of the information stored at our 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, customers could be reluctant to use our services and we could be at risk for loss of various security and standards-based compliance certifications needed for certain of our businesses, all or any of which could adversely affect our reputation and harm our business. Such an occurrence could also result in adverse publicity and therefore adversely affect the market's perception of the security of e-commerce and communications over the Internet as well as of the security or reliability of our services. For example, in 2010 our corporate network was breached. See "Risk Factors—We experienced security breaches in the corporate network in 2010 which were not sufficiently reported to Management."

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 in part on our internally developed technologies and 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 U.S. In addition, it is possible that others may independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, our business could suffer. Additionally, we have filed patent applications with respect to certain of our technology in the U.S. Patent and Trademark Office and patent offices outside the U.S. Patents may not be awarded with respect to these applications and even if such patents are awarded, such patents may not provide us with sufficient protection of our intellectual property. 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 attention 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 would suffer if we lost the rights to use certain of these technologies. Additionally, another 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 harm our business.

We rely on the strength of our Verisign brand to help differentiate ourselves in the marketing of our products. Dilution of the strength of our brand could harm our business. We are at risk that we will be unable to register, build equity in, or enforce the new logo for the Company.

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

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 being filed in connection with Internet-related technology. There are a significant number of U.S. and foreign patents and patent applications in our areas of interest, and we believe that there has been, and is likely to continue to be, significant litigation in the industry regarding patent and other intellectual property rights.

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

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

We must establish and maintain strategic, channel 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, including in international markets. 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 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, any changes by our distributors to their existing marketing strategies could have a material adverse effect on our business. Similarly, if one or more of our distributors were to encounter financial difficulties, or if there were a significant reduction in marketing expenditures by our distributors (including registrars), as a result of industry consolidation or otherwise, it could have a material adverse effect on our business, including a decrease in domain name registrations and renewals. Failure of one or more of our strategic, channel or other 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 existing relationships or to enter into additional relationships, this could harm our business.

The success of our NIA Services depends in part on the acceptance of our services.

We are investing in our NIA Services, and the future growth of these services depends, in part, on the commercial success, acceptance, and reliability of our NIA Services. These services will suffer if our target customers do not adopt or use these services. We are not certain that our target customers will choose our NIA Services or continue to use these services even after adoption.

We rely on third parties to provide products which are incorporated in our NIA Services.

The NIA Services incorporate and rely on third party hardware and software products, many of which have unique capabilities. If Verisign was unable to procure these third party products, the NIA Services may malfunction, not perform as well as they should perform, not perform as well as they have been performing or not perform as planned, and our business could suffer.

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 be harmed.

Our Registry Services and NIA Services businesses are developing services in emerging markets, including services that involve naming and directory services other than registry and related infrastructure services. These emerging markets are rapidly evolving, may never gain wide acceptance and may not grow. Even if these markets grow, our services may not be widely accepted. Accordingly, the demand for our services in these markets is very uncertain. The factors that may affect market acceptance of our services in these markets 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 devices;
- the ability of the Internet infrastructure to accommodate increased levels of usage; and
- government regulations affecting Internet access and availability, e-commerce and telecommunications over the Internet.

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

We depend on key employees to manage our business effectively and have experienced changes in our senior management team, and we may face difficulty in attracting and retaining full-time, qualified leaders.

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 employees, both in the U.S. and abroad.

During the third quarter of 2011, our Board appointed D. James Bidzos, our Executive Chairman, as President and Chief Executive Officer, and John Calys, our Vice President, Controller, as Interim Chief Financial Officer, following the resignations of our President and Chief Executive Officer and our Chief Financial Officer, respectively. The search for a regular full-time replacement to fill the chief financial officer position may be a distraction to our senior management, business partners and customers, and, although we believe we have taken appropriate measures to address the impact of these departures, there is a risk that such changes may impair our ability to meet our business objectives. During the period of transition following the appointment of a permanent chief financial officer, there may be operational inefficiencies as the chief financial officer becomes familiar with our business and operations. We cannot provide you with any assurance that the search for any replacements will be successful, and if we cannot recruit (or experience delays in recruiting) a qualified regular full-time replacement for such position, our business may suffer.

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

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

- our stockholders may take action only at a duly called meeting and not by written consent;
- special meetings of our stockholders may be called only by the chief executive officer, the president or our Board, and cannot be called by our stockholders;
- 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;
- vacancies on our Board can be filled until the next annual meeting of stockholders by majority vote of the members of the Corporate Governance and Nominating Committee, or a majority of directors then in office if no such committee exists, or a sole remaining director; and
- our Board has the ability to designate the terms of and issue new series of preferred stock without stockholder approval.

We have also adopted a stockholder rights plan that may discourage, delay or prevent a change of control or the acquisition of a substantial block of our common stock and may make any future unsolicited acquisition attempt more difficult. Under the rights plan:

- The rights will generally become exercisable if a person or group acquires 20% or more of our outstanding common stock (unless such transaction is approved by our Board) and thus becomes an "acquiring person."
- Each right, when exercisable, will entitle the holder, other than the "acquiring person," to acquire shares of our common stock at a 50% discount to the then-prevailing market price.
- As a result, the rights plan will cause substantial dilution to a person or group that becomes an "acquiring person" on terms that our Board does not believe are in our best interests and those of our stockholders and may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares.

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

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 U.S. and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are subject to audit by various tax authorities. 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.

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. A significant portion of our foreign earnings for the current fiscal year were earned by our Swiss subsidiaries. Our effective tax rate could fluctuate significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates.

Various legislative proposals that would reform U.S. corporate tax laws have been proposed by the Obama administration as well as members of Congress. We are unable to predict whether these or other proposals will be implemented. We have not yet determined whether, or the extent to which, these proposals will ultimately impact us.

Our inability to indefinitely reinvest our foreign earnings could materially adversely affect our results of operations.

Deferred income taxes have not been provided on most of the undistributed earnings of our foreign subsidiaries because these earnings have been indefinitely reinvested and we do not plan to initiate any action that would precipitate the payment of income taxes thereon. We consider the following matters, among others, in evaluating our plans for indefinite reinvestment: the forecasts, budgets and financial requirements of the parent and subsidiaries for both the long and short term; the tax consequences of a decision to reinvest; and any U.S. and foreign government programs designed to influence remittances. If factors change and as a result we are unable to indefinitely reinvest the foreign earnings, the income tax expense and payments may differ significantly from the current period and could materially adversely affect our results of operations.

We are subject to the risks of owning real property.

We closed on the purchase of the land and building in Reston, Virginia, constituting our headquarters facility, on November 15, 2011. Ownership of this property may subject us to risks, including:

- adverse changes in the value of this property, due to interest rate changes, changes in the commercial property markets, or other factors;
- ongoing maintenance expenses and costs of improvements;
- the possible need for structural improvements in order to comply with zoning, seismic, disability law, or other requirements;
- the possibility of environmental contamination and the costs associated with fixing any environmental problems; and
- possible disputes with neighboring owners, service providers or others.

Risks relating to the competitive environment in which we operate

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.

General: 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 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.

Competition in Registry 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 *.info, .org, .mobi, .biz, .pro, .aero, .museum, .coop* and *.xxx* gTLDs and registries offering services related to ccTLDs. ICANN currently has registry agreements with 16 registries for the operation of 18 gTLDs. In addition, there are over 250 Latin script ccTLD registries and 38 IDN ccTLD registries. Furthermore, under our agreements with ICANN, we are subject to certain restrictions in the operation of *.com*, *.net* and *.name* on pricing, bundling, methods of distribution and use of registrars that do not apply to ccTLDs and therefore may create a competitive disadvantage. If other registries launch marketing campaigns for new or existing TLDs, including forms of marketing campaigns that we are prohibited from running under the terms of our agreements with ICANN, which result in registrars giving other TLDs greater prominence on their websites, advertising or marketing materials, we could be at a competitive disadvantage and our business could suffer.

We also face competition from service providers that offer outsourced domain name registration, resolution and other DNS services to organizations that require a reliable and scalable infrastructure. Among the competitors are Neustar Inc., Afilias Limited, ARI Registry Services and Nominet UK, Inc. In addition, to the extent end-users navigate using search engines or social media, as opposed to direct navigation, we may face competition from search engine operators such as Google Inc., Microsoft Corporation, and Yahoo! Inc., operators of social networks such as Facebook, and operators of microblogging tools such as Twitter. Furthermore, to the extent end-users increase the use of web and phone applications to locate and access content, we may face competition from providers of such web and mobile applications.

Additional competition to our business may arise from the introduction of new TLDs by ICANN. These include IDN TLDs and the upcoming introduction of new gTLDs by ICANN. On October 30, 2009, ICANN approved a fast track process for the awarding of new IDN ccTLDs and such new IDN ccTLDs have started to be introduced into the root. An application period for other new domain extensions (including ones for which we could apply) opened in January 2012 with new registration opportunities available by the beginning of 2013. We do not yet know the impact, if any, that these new domain extensions may have on our business. Applicants for such new TLDs may have greater financial, technical, marketing and other resources than we do. Furthermore, ICANN will allow the operators of new gTLDs to also own, be owned 100% by or otherwise affiliated with a registrar, whereas we are currently prohibited by our agreements with ICANN and the DOC from owning more than 15% of a registrar. As a result, operators of new gTLDs may be able to obtain competitive advantages through such vertical integration. ICANN has also approved a process pursuant to which an operator of an existing gTLD could apply to become a registrar with respect to a new gTLD; however, it is uncertain whether ICANN and/or the DOC would approve the necessary changes to Verisign's existing agreements to allow us to vertically integrate with respect to new gTLDs, in which case, we may be at a competitive disadvantage. While we intend to apply for one or more of these new domain extensions, there is no certainty that we will ultimately be successful, and even if we are successful in obtaining one or more of these new domain extensions, there is no guarantee that such extensions will be any more successful than the domain name extensions obtained by our competitors. Similarly, while we may provide back-end registry services to other applicants for new gTLDs, we face competition from other back-end registry service providers and there is no guarantee that such applicants we do enter into agreements with will be successful in obtaining one or more of these new domain extensions or that such domain extensions will be successful.

Competition in Network Intelligence and Availability Services: Several of our current and potential competitors have longer operating histories and/or 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, we may experience difficulty establishing or increasing demand for our products and services or distributing our products successfully.

We face competition in the network intelligence and availability services industry from companies or services such as iSight Partners, Security Services X-Force Threat Analysis Service, Secunia ApS, Dell SecureWorks, McAfee, Inc., Prolexic Technologies, Inc., AT&T Inc., Verizon Communications, Inc., Dyn, Inc.'s Dynect Platform, NeuStar Ultra Services, OpenDNS, BlueCat Networks, Inc., Infoblox Inc., Nominum, Inc. and Afilias Limited.

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

The Internet and communications network services industries are characterized by rapid technological change and frequent new product and service announcements which require us continually to improve the performance, features and reliability of our services, particularly in response to competitive offerings or alternatives to our products and services. In order to remain competitive and retain our market share, 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 and practices, or launch entirely new products and services in anticipation of, or in response to, market trends. We cannot assure you that we will be able to adapt to these challenges or anticipate 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.

Risks related to the sale of our Authentication Services business and the completion of our divestitures

We face risks related to the terms of the sale of the Authentication Services business.

Under the agreement reached with Symantec for the sale of our Authentication Services business (the "Symantec Agreement"), we agreed to several terms that may pose risks to us, including the potential for confusion by the public with respect to Symantec's right to use certain of our trademarks, brands and domain names, as well as the risk that current or potential investors in or customers of the Company may incorrectly attribute to the Company problems with Symantec products or services that currently use the VERISIGN brand pursuant to a license granted by the Company to Symantec. Any such confusion may have a negative impact on our reputation, our brand and the market for our products and services. In addition, we may determine that certain assets transferred to Symantec could have been useful in our Naming Services businesses or in other future endeavors, requiring us to forego future opportunities or design or purchase alternatives which could be costly and less effective than the transferred assets. Further, we may not be able to achieve the full strategic and financial benefits we expect from the sale of our Authentication Services business.

Under the terms of the Symantec Agreement, we have licensed rights to certain of our domain name registrations to Symantec. We are at risk that our customers will go to a URL for a licensed domain name and be unable to locate our Registry or NIA Services. In addition, we will continue to maintain the registration rights for the domain names licensed to Symantec for which Symantec has sole control over the displayed content, and we may be subject to claims of infringement if Symantec posts content that is alleged to infringe the rights of a third party.

We continue to be responsible for certain liabilities and transition services following the divestiture of certain businesses.

Under the agreements reached with the buyers of certain divested businesses, including the Authentication Services business, we remain liable for certain liabilities related to the divested businesses. In addition, we have entered into, and may in the future amend or extend, a transition services agreement with Symantec in connection with the divestiture of the Authentication Services business. These transition services may be required for a longer period of time than anticipated by management, and currently, we are obligated to provide the transition services at a fixed price, but our actual costs to provide such services may exceed the fees Symantec is contractually obligated to pay.

There is a possibility that we will incur unanticipated costs and expenses associated with management of liabilities relating to the businesses we have divested, including requests for indemnification by the buyers of the divested businesses. These liabilities could potentially relate to (i) breaches of contractual representations and warranties we gave to the buyers of the divested businesses, or (ii) certain liabilities relating to the divested businesses that we retained under the agreements reached with the buyers of the divested businesses. Such liabilities could include certain litigation matters, including actions brought by third parties. Where responsibility for such liabilities is to be contractually allocated to the buyer or shared with the buyer or another party, it is possible that the buyer or the other party may be in default for payments for which they are responsible, obligating us to pay amounts in excess of our agreed-upon share of those obligations.

Following the divestiture of certain businesses, our ability to compete in certain market sectors is restricted.

Under the agreements reached with buyers for certain businesses we divested, including the Authentication Services business, we are restricted from competing, either directly or indirectly, with those businesses or from entering certain market sectors for a defined period of time pursuant to negotiated non-compete arrangements.

Risks related to our securities

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

As of December 31, 2011, we had one billion authorized common shares, of which 159.4 million shares were outstanding. In addition, of our authorized common shares, 19.9 million common shares were reserved for issuance pursuant to outstanding employee stock option and employee stock purchase plans ("Equity Plans"), and 36.4 million shares were reserved for issuance upon conversion of the 3.25% junior subordinated convertible debentures due 2037 (the "Convertible Debentures"). As a result, we keep substantial amounts of our common stock available for issuance upon exercise or settlement of equity awards outstanding under our Equity Plans and/or the conversion of Convertible Debentures into our common stock. Issuance of all or a large portion of such shares would be dilutive to existing security holders, could adversely affect the prevailing market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities.

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

As a result of the sale of the Convertible Debentures, we have a substantial amount of long-term debt outstanding. In addition to the Convertible Debentures, we have a Facility with a borrowing capacity of $200.0 million. As of December 31, 2011, we had borrowed $100.0 million under the Facility. The availability of borrowing capacity under the Facility allows us immediate access to working capital if we identify opportunities for the use of this cash. Our maintenance of substantial levels of debt could adversely affect our flexibility to take advantage of corporate opportunities. The Facility is described in Note 7, "Debt and Interest Expense," of the Notes to Consolidated Financial Statements in this Form 10-K.

We may not have the ability to repurchase the Convertible Debentures in cash upon the occurrence of a fundamental change, or to pay cash upon the conversion of Convertible Debentures, as required by the indenture governing the Convertible Debentures.

As a result of the sale of the Convertible Debentures, we have a substantial amount of long-term debt outstanding. Holders of our outstanding Convertible Debentures will have the right to require us to repurchase the Convertible Debentures upon the occurrence of a fundamental change as defined in the Indenture dated as of August 20, 2007 (the "Indenture") between the Company and U.S. Bank National Association, as Trustee. Although we currently intend to settle the principal amount of the Convertible Debentures in cash as required under the Indenture, we may not have sufficient funds to repurchase the Convertible Debentures in cash or have the ability to arrange necessary financing on acceptable terms or at all. In addition, upon conversion of the Convertible Debentures, we will be required to make cash payments to the holders of the Convertible Debentures equal to the lesser of the principal amount of the Convertible Debentures being converted and the conversion value (as defined in the Indenture) of those debentures. Such payments could be significant, and we may not have sufficient funds to make them at such time.

A fundamental change may also constitute an event of default or prepayment under, or result in the acceleration of the maturity of, our then-existing indebtedness. Our ability to repurchase the Convertible Debentures in cash or make any other required payments may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to repurchase the Convertible Debentures or pay cash in respect of conversions when required would result in an event of default with respect to the Convertible Debentures.

While we currently have the intent and ability to settle the principal in cash, if we conclude that we no longer have the ability, in the future, we will be required to change our accounting policy for earnings per share from the treasury stock method to the if-converted method.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Reston, Virginia. We have administrative, sales, marketing, research and development and operations facilities located in the U.S., Brazil, Europe, Asia, and Australia. As of December 31, 2011, we owned approximately 454,000 square feet of space, which includes facilities in Reston and Dulles, Virginia and New Castle, Delaware. As of December 31, 2011 we leased approximately 245,000 square feet of space, primarily in the U.S. and to a lesser extent, in Europe and Asia Pacific. These facilities are under lease agreements that expire at various dates through 2017.

We believe that our existing facilities are well maintained and in good operating condition, and are sufficient for our needs for the foreseeable future. The following table lists our major locations and primary use as of December 31, 2011:

Major Locations	Approximate Square Footage	Use
United States:		
Reston, Virginia	221,000	Corporate Headquarters; and Naming Services
Dulles, Virginia	70,000	Naming Services
New Castle, Delaware	105,000	Naming Services
San Francisco, California	13,000	Naming Services; and Corporate Services
Europe/Middle East/Africa:		
Fribourg, Switzerland	8,000	Naming Services; and Corporate Services
Asia Pacific:		
Bangalore, India	25,000	Naming Services; and Corporate Services

As of December 31, 2011, on a worldwide basis, we had an aggregate of approximately 180,000 square feet that was vacant and in restructuring, and approximately 70,000 square feet that was owned by us and leased to third parties or subleased, which is not included in the table above.

ITEM 3. LEGAL PROCEEDINGS

See Note 14, "Commitments and Contingencies," *Legal Proceedings*, of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth information regarding our executive officers as of February 24, 2012:

Name	Age	Position
D. James Bidzos	56	Executive Chairman, President and Chief Executive Officer
John D. Calys	53	Interim Chief Financial Officer, Vice President and Controller
Richard H. Goshorn	55	Senior Vice President, General Counsel and Secretary
Patrick S. Kane	49	Senior Vice President and General Manager, Naming Services

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

John D. Calys has served as Interim Chief Financial Officer since September 2011 and Vice President and Controller since December 2010. From September 2007 to December 2010, Mr. Calys was Vice President and Controller for XO Holdings, Inc., a telecommunications services provider, which was formerly a publicly traded company. From August 2005 to May 2007, Mr. Calys served as Vice President and Assistant Treasurer for Sprint Nextel Corporation. Mr. Calys served as Vice President and Assistant Controller for Nextel Communications, Inc. from May 2003 to August 2005. Mr. Calys' career began as an auditor with Ernst & Young, serving clients primarily in the manufacturing and financial services industries. Mr. Calys holds M.S. and B.S. degrees in Accounting and Business Administration from the University of Kansas.

Richard H. Goshorn has served as Senior Vice President, General Counsel and Secretary since June 2007. From October 2004 to May 2007, he served as General Counsel for Akin Gump Strauss Hauer & Feld, LLP, an international law firm. From 2002 to 2003, Mr. Goshorn was Corporate Vice President, General Counsel and Secretary of Acterna Corporation Inc., a public communications test equipment company. From 1991 to 2001 he held a variety of senior executive legal positions with London-based Cable and Wireless PLC, a telecommunications company, including the position of Senior Vice President and General Counsel, Cable & Wireless Global. Mr. Goshorn holds a B.A. degree in Economics from the College of Wooster and a J.D. degree from Duke University School of Law.

Patrick S. Kane has served as Senior Vice President and General Manager, Naming Services, since January 2011. From October 2007 to December 2010, he served as Vice President and Assistant General Manager, Naming Services and from November 1999 to October 2007 he served as Director, Senior Product and Program Manager. Prior to joining Verisign, he served in many capacities with American Management Systems and Electronic Data Systems, where he began his career as a Systems Engineer. Mr. Kane holds a B.S. degree in Architectural Engineering from University of Texas at Austin.

PART II

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

Price Range of Common Stock

Our common stock is traded on the NASDAQ Global Select Market under the symbol "VRSN." The following table sets forth, for the periods indicated, the high and low sales prices per share for our common stock as reported by the NASDAQ Global Select Market:

	Price Range	
	High	Low
Year ended December 31, 2011:		
Fourth Quarter	$36.35	$27.00
Third Quarter	35.18	27.00
Second Quarter	37.73	32.43
First Quarter	$37.57	$31.97
Year ended December 31, 2010:		
Fourth Quarter	$37.18	$31.40
Third Quarter	32.17	25.73
Second Quarter	29.79	24.59
First Quarter	$27.18	$21.21

On February 17, 2012, there were 707 holders of record of our common stock. We cannot estimate the number of beneficial owners since many brokers and other institutions hold our stock on behalf of stockholders. On February 17, 2012, the reported last sale price of our common stock was $37.18 per share as reported by the NASDAQ Global Select Market.

The market price of our common stock has been and is likely to continue to be highly volatile and significantly affected by factors such as:

- general market and economic conditions in the U.S., the eurozone and elsewhere;
- market conditions affecting technology and Internet stocks generally;
- announcements of technological innovations, acquisitions or investments by us or our competitors;
- developments in Internet governance; and
- industry conditions and trends.

The market price of our common stock also has been and is likely to continue to be significantly affected by expectations of analysts and investors. Reports and statements of analysts do not necessarily reflect our views. To the extent we have met or exceeded analyst or investor expectations in the past does not necessarily mean that we will be able to do so in the future. In the past, securities class action lawsuits have often followed periods of volatility in the market price of a particular company's securities. This type of litigation could result in substantial costs and a diversion of our management's attention and resources.

On April 27, 2011, our Board declared a special cash dividend of $2.75 per share of our outstanding common stock totaling $463.5 million that was paid on May 18, 2011 to stockholders of record at the close of business on May 9, 2011. On December 9, 2010, our Board declared a special cash dividend of $3.00 per share of our outstanding common stock totaling $518.2 million that was paid on December 28, 2010 to stockholders of record at the close of business on December 20, 2010. Each of these special dividends was a means to return proceeds from our divestitures. Other than these special cash dividends, we have never declared or paid any cash dividends on our common stock or other securities. We continually evaluate the overall cash and investing needs of the business and consider the best uses for our cash, including investments in the strengthening of our infrastructure and growth opportunities for our business, as well as potential share repurchases.

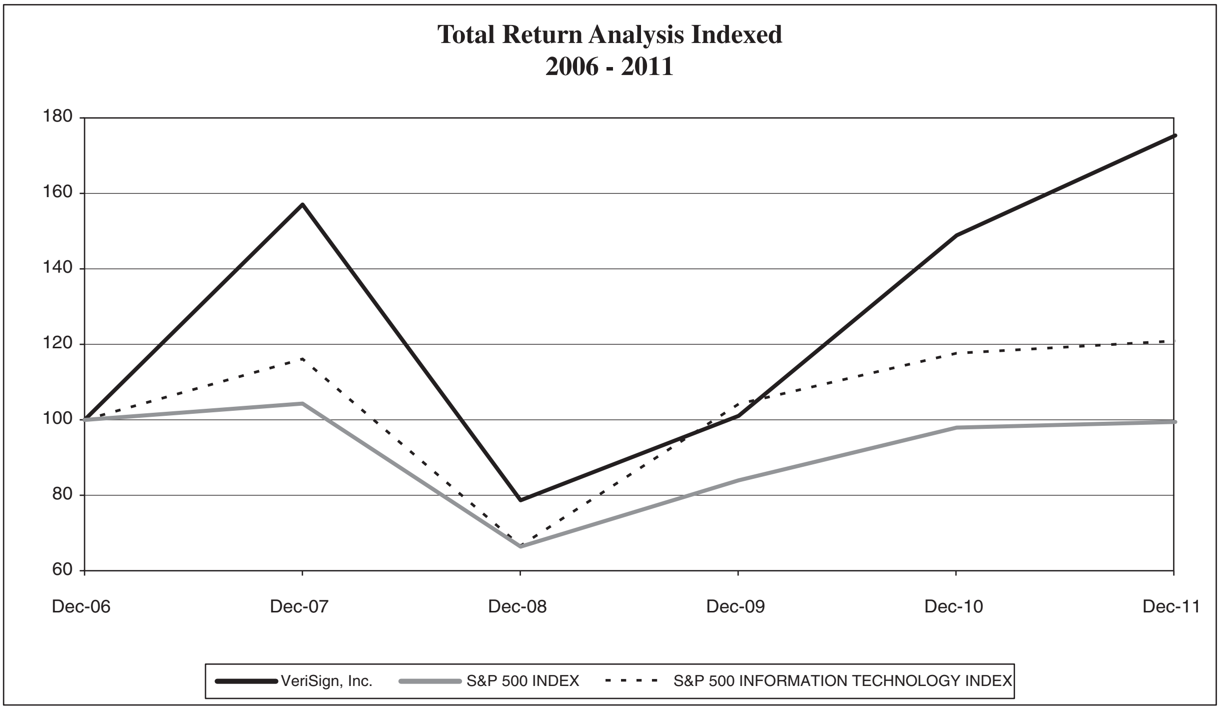
Share Repurchases

On July 27, 2010, the Board authorized the repurchase of up to approximately $1.1 billion of our common stock, in addition to the $393.6 million of our common stock remaining available for repurchase under the previous 2008 Share Buyback Program, for a total repurchase of up to $1.5 billion of our common stock (collectively, the "2010 Share Buyback Program"). The 2010 Share Buyback Program has no expiration date. Purchases made under the 2010 Share Buyback Program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions. No share repurchases were made during the fourth quarter of fiscal 2011. As of December 31, 2011, there was $831.3 million remaining for future share repurchases under the 2010 Share Buyback Program.

Performance Graph

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

The following graph compares the cumulative total stockholder return on our common stock, the Standard and Poor's ("S&P") 500 Index, and the S&P 500 Information Technology Index. The graph assumes that $100 was invested in our common stock, the S&P 500 Index and the S&P 500 Information Technology Index on December 31, 2006, and calculates the return annually through December 31, 2011. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11
VeriSign, Inc	$100	$156	$79	$101	$148	$174
S&P 500 Index	$100	$105	$66	$ 84	$ 97	$ 99
S&P 500 Information Technology Index	$100	$116	$66	$107	$118	$121

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data as of and for the last five fiscal years. The information set forth below is not necessarily indicative of results of future operations, and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K, to fully understand factors that may affect the comparability of the information presented below.

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

	Year Ended December 31,				
	2011 (2)	**2010 (3)**	**2009 (4)**	**2008 (5)**	**2007 (6)**
Continuing Operations:					
Revenues	$ 772	$ 681	$ 616	$ 559	$ 494
Operating income (loss)	$ 329	$ 232	$ 160	$ (26)	$ (408)
Income (loss) attributable to Verisign stockholders	$ 139	$ 70	$ 92	$ 32	$ (245)
Income (loss) per share attributable to Verisign stockholders:					
Basic	$0.84	$0.39	$0.48	$ 0.16	$ (1.03)
Diluted	$0.83	$0.39	$0.48	$ 0.16	$ (1.03)
Discontinued Operations:					
Revenues	$ —	$ 249	$ 640	$ 997	$1,008
Operating (loss) income	$ (4)	$ 64	$ 216	$ (405)	$ 180
Income (loss) attributable to Verisign stockholders	$ 4	$ 761	$ 154	$ (406)	$ 95
Income (loss) per share attributable to Verisign stockholders:					
Basic	$0.03	$4.29	$0.80	$(2.06)	$ 0.40
Diluted	$0.03	$4.25	$0.80	$(2.03)	$ 0.40
Consolidated Total:					
Net income (loss) attributable to Verisign stockholders	$ 143	$ 831	$ 246	$ (374)	$ (150)
Net income (loss) per share attributable to Verisign stockholders:					
Basic	$0.87	$4.68	$1.28	$(1.90)	$ (0.63)
Diluted	$0.86	$4.64	$1.28	$(1.87)	$ (0.63)
Cash dividend declared per share (1)	$2.75	$3.00	$ —	$ —	$ —

(1) In April 2011, we declared and in May 2011 paid a special dividend of $2.75 per share of our common stock totaling $463.5 million. In December 2010, we declared and paid a special dividend of $3.00 per share of our common stock totaling $518.2 million.

(2) Operating income from continuing operations for 2011 is reduced by $15.5 million in restructuring charges. Income from continuing operations attributable to Verisign stockholders for 2011 is reduced by $100.0 million in contingent interest paid to holders of our Convertible Debentures, as a result of the special dividend to stockholders.

(3) Operating income from continuing operations for 2010 is reduced by $16.9 million in restructuring charges. Income from continuing operations attributable to Verisign stockholders for 2010 is reduced by $109.1 million in contingent interest paid to holders of our Convertible Debentures, as a result of the special dividend to stockholders. Income from discontinued operations attributable to Verisign stockholders for 2010 includes a $726.2 million gain, net of tax of $254.3 million, upon the divestiture of our Authentication Services business.

(4) Operating income from continuing operations for 2009 is reduced by a $9.7 million impairment charge related to our *.name* gTLD and $5.4 million in restructuring charges. Income from discontinued operations attributable to Verisign stockholders for 2009 includes $36.0 million in net gain upon divestiture and wind-down of businesses.

(5) Operating loss from continuing operations for 2008 includes $29.4 million in restructuring charges, and a loss of $79.1 million on the sale of a portion of our Mountain View facilities. Income from continuing operations attributable to Verisign stockholders for 2008 includes gain on sale of $77.8 million, upon the divestiture of our remaining 49% ownership interest in the Jamba joint ventures. Operating loss from discontinued operations for 2008 includes $41.0 million in restructuring charges, a goodwill impairment charge of $77.6 million for our VeriSign Japan reporting unit and a goodwill impairment charge of $45.8 million related to our Post-pay reporting unit. Loss from discontinued operations attributable to Verisign stockholders for 2008 includes $433.3 million in held-for-sale impairments and net losses upon divestiture and wind-down of businesses.

(6) Operating loss from continuing operations for 2007 includes impairment charges of $197.8 million of goodwill and other intangible assets. Loss from continuing operations attributable to Verisign stockholders for 2007 was offset by a $68.2 million gain recognized upon the divestiture of our majority ownership interest in the Jamba! business. Operating income from discontinued operations for 2007 is reduced by impairment charges of $51.8 million for other intangible assets.

Consolidated Balance Sheet Data: (in millions)

	As of December 31,				
	2011	2010	2009	2008	2007
Cash, cash equivalents and marketable securities (1) (2)	$1,346	$2,061	$1,477	$ 789	$1,377
Total assets	1,856	2,444	2,470	2,367	3,795
Deferred revenues (1)	729	663	888	845	774
Convertible debentures, including contingent interest derivative	590	582	574	569	567
Long-term debt	100	—	—	—	—
Stockholders' (deficit) equity	$ (88)	$ 676	$ 599	$ 518	$1,969

(1) Excludes assets and liabilities classified as held for sale as reported at each Balance Sheet date, if applicable.

(2) Includes $501.2 million of marketable securities as of December 31, 2010. Marketable securities held as of the end of other fiscal years in the table above were not material.

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

FORWARD-LOOKING STATEMENTS

This Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our anticipated costs and expenses and revenue mix. Forward-looking statements include, among others, those statements including the words "expects," "anticipates," "intends," "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors" in Part I, Item 1A of this Form 10-K. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-K. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.

Overview

We are a provider of Internet infrastructure services. By leveraging our global infrastructure, we provide network confidence and availability for mission-critical Internet services, such as domain name registry services and infrastructure assurance services. Our service capabilities enable domain name registration through registrars and provide network availability for registrars and Internet users alike.

Our business consists of one reportable segment, Naming Services, which consists of Registry Services and Network Intelligence and Availability ("NIA") Services. Registry Services operates the authoritative directory of all *.com, .net, .cc, .tv,* and *.name* domain names and the back-end systems for all *.gov*, *.jobs* and *.edu* domain names. As of December 31, 2011, we had approximately 113.8 million domain names registered under the *.com* and *.net* registries, our principal registries. The number of domain names registered is largely driven by continued growth in online advertising, e-commerce, and the number of Internet users, which is partially driven by greater availability of broadband, as well as advertising and promotional activities carried out by us and third-party registrars. Although growth in absolute number of registrations remains greatest in the U.S., growth on an annual percentage basis is expected to be greatest in markets outside of the U.S. over the long-term. NIA Services provides infrastructure assurance services to organizations and is comprised of Verisign iDefense Security Intelligence Services, Managed Domain Name System Services, and Distributed Denial of Service Protection Services. Revenues from NIA Services are not significant in relation to our consolidated revenue.

2011 Business Highlights and Trends

- We recorded revenues of $772.0 million, an increase of 13% as compared to 2010. The increase was primarily due to an 8% year-over-year increase in active domain names ending in *.com* and *.net* and increases in our *.com* and *.net* registry fees in July 2010.
- We recorded operating income of $329.4 million, an increase of 42% as compared to 2010, primarily due to an increase in revenues and as well as a reduction in general and administrative expenses as we completed the 2010 Restructuring Plan.
- In April 2011, we declared and in May 2011 paid a special dividend of $2.75 per share of our common stock totaling $463.5 million. As a result of the dividend, we also paid $100.0 million in contingent interest to holders of our Convertible Debentures.
- We repurchased 16.3 million shares of our common stock for an aggregate cost of $534.6 million in 2011 under the 2010 Share Buyback Program.
- In 2011, we sold $546.0 million of marketable securities, primarily to fund the May 2011 special dividend.

- We generated cash flows from operating activities of $335.9 million, an increase of 56% as compared to 2010. The increase was primarily due to a decrease in cash payments to suppliers and employees as well as greater income taxes payable in 2010 as a result of the gain resulting from the sale of the Authentication Services business, before consideration of carried forward excess tax benefits from exercises of stock options and vesting of restricted stock units ("RSUs"). The increase was partially offset by the elimination of cash flows from the divested Authentication Services business.
- We renewed our agreement with ICANN to serve as the authoritative registry operator for the *.net* registry for another six years, effective July 1, 2011.
- In November 2011, we purchased our new corporate headquarters building in Reston, Virginia for $118.5 million.
- In November 2011, we entered into a new $200.0 million unsecured revolving credit facility and borrowed $100.0 million under this facility in part to finance the purchase of the Reston building.

Critical Accounting Policies and Significant Management Estimates

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

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

Revenue recognition

We generate revenues by providing services over a period of time. Fees for these services are deferred and recognized as performance occurs. The majority of our revenue transactions contain standard business terms and conditions. However, at times, we enter into non-standard arrangements including multiple-element arrangements. As a result, we must evaluate (1) whether an arrangement exists, (2) how the arrangement consideration should be allocated among the deliverables; (3) when to recognize revenue on the deliverables; and (4) whether all elements of the arrangement have been delivered. Our revenue recognition policy also requires an assessment as to whether collection is reasonably assured, which requires us to evaluate the creditworthiness of our customers.

Fair value of financial instruments

Our Convertible Debentures have a contingent interest payment provision that is identified as an embedded derivative. The embedded derivative is accounted for separately at fair value, and is marked to market at the end of each reporting period. We utilize a valuation model based on stock price, bond price, risk adjusted interest rates, volatility, and credit spread observations to estimate the value of the derivative. Several of these inputs to the model are not observable and require management judgment.

Litigation and contingencies

Liabilities for loss contingencies are based on management's judgment as to the potential amount of loss incurred. A liability is recorded when a loss is considered probable and the amount can be reasonably estimated.

These liabilities are based largely on estimates that require significant judgment. If actual results differ from these estimates, our results of operations could be materially affected in future periods when the contingencies are resolved.

Income taxes

Accounting for income taxes requires significant judgments in the development of estimates used in income tax calculations. Such judgments include, but are not limited to, the likelihood we would realize the benefits of net operating loss carryforwards, domestic and/or foreign tax credit carryforwards, the adequacy of valuation allowances, and the rates used to measure transactions with foreign subsidiaries. To the extent recovery of deferred tax assets is not likely, we record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized.

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

Deferred income taxes have not been provided on the undistributed earnings of foreign subsidiaries because these earnings have been indefinitely reinvested and we do not plan to initiate any action that would precipitate the payment of income taxes thereon. We consider the following matters, among others, in evaluating our plans for indefinite reinvestment: the forecasts, budgets and financial requirements of the parent and subsidiaries for both the long and short term; the tax consequences of a decision to reinvest; and any U.S. and foreign government programs designed to influence remittances. If factors change and as a result we are unable to indefinitely reinvest the foreign earnings, the income tax expense and payments may differ significantly from the current period and could materially adversely affect our results of operations.

Earnings per Share

We use the treasury stock method to calculate the impact of our convertible debentures on diluted earnings per share. Under this method, only a positive conversion spread related to the convertible debentures is included in the diluted earnings per share calculations. This is based on management’s intent and ability to settle the principal amount of the debt in cash. A change in management’s intent and ability would require us to use the if-converted method, which could have a material impact on our diluted earnings per share.

Results of Operations

The following table sets forth selected information regarding our results of operations as a percentage of revenues:

	Year Ended December 31,		
	2011	2010	2009
Revenues	100%	100%	100%
Costs and expenses			
Cost of revenues	21	23	27
Sales and marketing	13	12	12
Research and development	7	8	9
General and administrative	14	20	24
Restructuring and impairment charges	2	3	2
Total costs and expenses	57	66	74
Operating income	43	34	26
Interest expense	(19)	(23)	(8)
Non-operating income, net	1	3	2
Income from continuing operations before income taxes	25	14	20
Income tax expense	(7)	(4)	(5)
Income from continuing operations, net of tax	18	10	15
Income from discontinued operations, net of tax	1	112	26
Net income	19	122	41
Less: Net income attributable to noncontrolling interest in subsidiary	—	—	(1)
Net income attributable to Verisign stockholders	19%	122%	40%

Revenues

Revenues related to our Registry Services are primarily derived from registrations for domain names in the *.com, .net, .cc, .tv*, *.name, .gov* and *.jobs* domain name registries. Revenues from *.cc, .tv, .name, .gov* and *.jobs* are not significant. For domain names registered with the *.com* and *.net* registries, we receive a fee from third-party registrars per annual registration that is fixed pursuant to our agreements with ICANN. Individual customers, called registrants, contract directly with third-party registrars or their resellers, and the third-party registrars in turn register the *.com*, *.net*, *.cc*, *.tv*, *.name, .gov* and *.jobs* domain names with Verisign. Changes in revenues are driven largely by increases in the number of new domain name registrations and the renewal rate for existing registrations, in each case as impacted by continued Internet growth, promotional marketing programs, marketing expenditure by third-party registrars, as well as fee increases as permitted under our agreements with ICANN. On July 1, 2010, we increased our *.com* domain name registration fees by 7% from \$6.86 to \$7.34 and our *.net* domain name registration fees by 10% from \$4.23 to \$4.65. In July 2011, we announced another fee increase for *.com* domain name registrations of 7% from \$7.34 to \$7.85 and for *.net* domain name registrations of 10% from \$4.65 to \$5.11. The fee increases announced in July 2011 became effective January 15, 2012. We have the contractual right to increase the fees for *.net* domain name registrations by up to 10% each year during the term of our renewed agreement with ICANN through June 30, 2017. We offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate. We are largely insulated from the risk posed by fluctuations in exchange rates due to the fact that all revenues paid to us for *.com* and *.net* registrations are in U.S. dollars. Revenues from NIA Services are not significant in relation to our total consolidated revenue.

A comparison of revenues is presented below:

	2011	% Change	2010	% Change	2009
			(Dollars in thousands)		
Revenues	$771,978	13%	$680,578	10%	$615,947

The following table compares domain names ending in *.com* and *.net* managed by our Registry Services business:

	December 31, 2011	% Change	December 31, 2010	% Change	December 31, 2009
Active domain names ending in *.com* and *.net*	113.8 million	8%	105.2 million	9%	96.7 million

Our revenues increased by $91.4 million in 2011, as compared to 2010, primarily due to an 8% year-over-year increase in the number of domain names ending in *.com* and *.net* and increases in our *.com* and *.net* registry fees in July 2010 as per our agreements with ICANN. Our revenues increased by $64.6 million in 2010, as compared to 2009, primarily due to a 9% year-over-year increase in the number of domain names ending in *.com* and *.net* and increases in our *.com* and *.net* registry fees in October 2008 and July 2010 as per our agreements with ICANN, partially offset by a $7.6 million decrease in revenues because of a one-time project in the U.S. that was completed in 2009.

The growth in the number of active domain names was primarily driven by continued Internet growth and new domain name promotional programs. We expect to see continued growth in the number of active domain names in 2012 as a result of further Internet growth. In addition, we expect to see continued growth internationally in both *.com* and *.net* domain name bases, especially in markets that we have targeted through our marketing programs. We expect revenues to increase in fiscal 2012 as compared to fiscal 2011 as a result of continued growth in the number of active domain names ending in *.com* and *.net* and implementation of the price increase which became effective in January 2012 as domain names are renewed at the increased price.

Mature markets such as the U.S., where broadband and e-commerce have seen strong market penetration, are expected to see decreasing incremental growth rates reflecting the maturing of the markets. We expect to see larger increases in certain international regions, resulting from greater broadband and Internet penetration and expanding e-commerce as electronic means of payments are increasingly adopted. Presentation of geographic revenues is included in Note 10, "Geographic and Customer Information," of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

New TLDs, including new IDN TLDs, ccTLDs and gTLDs, may be introduced by ICANN in 2012. We cannot assess the impact, if any, the introduction of these new TLDs will have on our revenues and results of operations. See Item 1A. "Risk Factors—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*,"* of this Form 10-K.

Cost of Revenues

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

A comparison of cost of revenues is presented below:

	2011	% Change	2010	% Change	2009
		(Dollars in thousands)			
Cost of revenues	$165,246	5%	$156,676	(6%)	$166,705

2011 compared to 2010: Cost of revenues increased primarily due to increases in salary and employee benefits expenses, depreciation expenses, telecommunication expenses, contract and professional services expenses, and direct cost of revenues, partially offset by a decrease in allocated overhead expenses. Salary and employee benefits expenses increased by $7.4 million, primarily due to an increase in average headcount to support Registry Services, and an increase in stock-based compensation expenses due to additional vested RSUs granted during 2011 to option holders as they did not participate in the December 2010 and May 2011 special cash dividends. Depreciation expenses increased by $3.0 million, primarily due to an increase in capitalized hardware and software purchased to support investments in infrastructure projects. Telecommunication expenses increased by $2.8 million, primarily due to additional circuits required to support the increase in our network infrastructure. Contract and professional services expenses increased by $1.2 million, primarily due to an increased need for temporary staff. Direct cost of revenues increased by $1.1 million, primarily due to costs for a new data hosting service. Allocated overhead expenses decreased by $5.7 million, primarily due to a decrease in allocable indirect costs.

2010 compared to 2009: Cost of revenues decreased primarily due to decreases in allocated overhead expenses, expenses related to a one-time revenue project, occupancy expenses, contract and professional services expenses, and equipment and software expenses, partially offset by increases in salary and employee benefits expenses, depreciation expenses, telecommunication expenses and fees paid to ICANN. Allocated overhead expenses decreased by $14.2 million, primarily due to a decrease in allocable indirect costs and a decrease in proportional headcount within the cost of revenues function as a result of the divestitures in 2010 and 2009. Expenses related to a one-time revenue project that was completed in 2009 decreased by $4.5 million. Occupancy expenses decreased by $2.4 million, primarily due to the purchase in December 2009 of a previously leased facility, management cost-saving initiatives to reduce overall utility expenses, and the elimination of certain shared services utility expenses as a result of the sale of the Authentication Services business. Contract and professional services expenses decreased by $1.8 million, primarily due to a decrease in the need for such external services and the increase in internal resources. Equipment and software expenses decreased by $1.2 million, primarily due to a decrease in equipment and software maintenance contracts required to support the business as a result of the sale of the Authentication Services business and the purchase in 2010 of certain equipment that had been previously leased. Salary and employee benefits expenses increased by $4.2 million, primarily due to an increase in average headcount. Depreciation expenses increased by $3.7 million, primarily due to an increase in capitalized hardware and software to support investments in our infrastructure and the purchase in 2009 of a previously leased facility. Telecommunication expenses increased by $3.3 million, primarily due to an increase in colocation expenses and additional circuits required to support the increase in our network infrastructure. Fees paid to ICANN increased by $3.0 million resulting from a fee increase in July 2009.

We expect cost of revenues as a percentage of revenues to decrease slightly in 2012 as compared to 2011, as our revenue grows faster than the related costs.

Sales and Marketing

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

A comparison of sales and marketing expenses is presented below:

	2011	% Change	2010	% Change	2009
		(Dollars in thousands)			
Sales and marketing	$97,432	17%	$83,390	11%	$75,348

2011 compared to 2010: Sales and marketing expenses increased primarily due to increases in advertising and consulting expenses and salary and employee benefits expenses, partially offset by a decrease in allocated overhead expenses. Advertising and consulting expenses increased by $8.1 million, primarily due to increases in product marketing initiatives promoting Registry Services. Salary and employee benefits expenses increased by $7.8 million, primarily due to an increase in average headcount of our sales force and an increase in stock-based compensation expenses due to additional vested RSUs granted during 2011 to option holders as they did not participate in the December 2010 and May 2011 special cash dividends. Allocated overhead expenses decreased by $3.1 million, primarily due to a decrease in allocable indirect costs and a decrease in proportional headcount within the sales and marketing function as a result of the divestiture of the Authentication Services business.

2010 compared to 2009: Sales and marketing expenses increased primarily due to increases in advertising and consulting expenses and salary and employee benefits expenses, partially offset by a decrease in allocated overhead expenses. Advertising and consulting expenses increased by $6.4 million, primarily due to certain corporate and Registry Services related advertising and marketing campaigns in 2010. Salary and employee benefits expenses increased $6.3 million, primarily due to an increase in average headcount of our sales force and other new products and services. Allocated overhead expenses decreased by $5.4 million, primarily due to a decrease in allocable indirect costs and a decrease in proportional headcount within the sales and marketing function as a result of divestitures in 2010 and 2009.

We expect sales and marketing expenses as a percentage of revenues to increase slightly in 2012 as compared to 2011, as we realize a full year effect of increased headcount in our sales force and continued investments in certain marketing initiatives.

Research and Development

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

A comparison of research and development expenses is presented below:

	2011	% Change	2010	% Change	2009
		(Dollars in thousands)			
Research and development	$53,277	(1%)	$53,664	2%	$52,364

2011 compared to 2010: Research and development expenses decreased primarily due to a decrease in allocated overhead expenses and an increase in capitalized labor, partially offset by increases in salary and employee benefits expenses and contract and professional services expenses. Allocated overhead expenses decreased by $3.4 million, primarily due to a decrease in allocable indirect costs. Capitalized labor increased by $1.3 million, primarily due to an increase in the volume of work performed on internally developed software projects. Salary and employee benefits expenses increased by $2.5 million, primarily due to an increase in average headcount to support the development of our DNS infrastructure and new services. Contract and professional services expenses increased by $1.1 million in 2011, primarily due to an increased need for temporary staff.

2010 compared to 2009: Research and development expenses increased primarily due to an increase in salary and employee benefits expenses, partially offset by a decrease in allocated overhead expenses, an increase in capitalized labor, and a decrease in contract and professional services expenses. Salary and employee benefits expenses increased by $9.5 million, primarily due to an increase in average headcount primarily used to support the development of the DNS infrastructure and the NIA Services business. Allocated overhead expenses decreased by $3.3 million, primarily due to a decrease in allocable indirect costs as a result of the divestitures in 2010 and 2009. Capitalized labor increased by $2.4 million, primarily due to an increase in the volume of work performed on internally developed software projects. Contract and professional services expenses decreased by $1.6 million, primarily due to a decrease in the need for such external services and the increase in internal resources.

We expect research and development expenses as a percentage of revenues to remain consistent in 2012 as compared to 2011.

General and Administrative

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

A comparison of general and administrative expenses is presented below:

	2011	% Change	2010	% Change	2009
		(Dollars in thousands)			
General and administrative	$111,122	(19%)	$137,704	(6%)	$146,531

2011 compared to 2010: General and administrative expenses decreased primarily due to decreases in salary and employee benefits expenses, occupancy expenses, miscellaneous general and administrative expenses, depreciation expenses, contract and professional services expenses, telecommunication expenses, and equipment and software expenses, partially offset by a decrease in overhead expenses allocated to other cost types. Salary and employee benefits expenses decreased by $18.2 million, primarily as a result of reduced corporate support functions needed subsequent to the divestiture of the Authentication Services business. Occupancy expenses decreased by $7.3 million, primarily due to lower rent expenses as the lease for certain office buildings expired in 2010. Miscellaneous general and administrative expenses decreased by $3.5 million, primarily due to the release of $5.9 million of liabilities in 2011 related to non-income tax expenses as a result of the lapse of the statutes of limitations, partially offset by certain adjustments in 2010 for a release of an accrual for certain non-income tax contingencies when the statute of limitations expired. Depreciation expenses decreased by $3.1 million, primarily due to ceasing further depreciation on corporate assets held for sale in May 2010, the expenses of which were classified in continuing operations until the third quarter of 2010. Contract and professional services expenses decreased by $3.0 million, primarily due to costs in 2010 to support the divestiture of the Authentication Services business. Telecommunication expenses decreased by $1.6 million, primarily due to lower shared costs included in continuing operations as a result of divestitures. Equipment and software expenses decreased by $1.6 million, primarily due to lower shared software costs subsequent to the divestiture of the Authentication Services business. Overhead expenses allocated to other cost types decreased by $12.1 million, primarily due to a decrease in allocable indirect costs.

2010 compared to 2009: General and administrative expenses decreased primarily due to decreases in contract and professional services expenses, telecommunication expenses, depreciation expenses, miscellaneous general and administrative expenses, and salary and employee benefits expenses, partially offset by a decrease in corporate overhead expenses allocated to other cost types. Contract and professional services expenses decreased by $9.7 million, primarily due to professional services costs incurred in 2009 for accounting and auditing services related to our divestiture strategy, as well as a reduction in our need for such outside professional services. Telecommunication expenses decreased by $6.2 million, primarily due to a reduction in circuits to support the business as a result of the divestitures and a one-time minimum commitment short-fall expense recorded in 2009. Depreciation expenses decreased by $4.9 million, primarily due to certain capital software projects becoming fully depreciated prior to 2010 and ceasing further depreciation on corporate assets held for sale in May 2010, the expenses of which were classified as continuing operations until the third quarter of 2010. Miscellaneous general and administrative expenses decreased by $4.1 million, primarily due to certain adjustments in 2010 for a release of an accrual for certain non-income tax contingencies when the statute of limitations expired, a refund of a previously expensed non-income tax payment, and an adjustment of certain expense accruals, coupled with certain asset write-offs during 2009. Salary and employee benefits expenses decreased by $4.0 million primarily due to a decrease in average headcount primarily due to the divestitures in 2010 and 2009 and a reduction in the amount of overhead to support the business. Overhead expenses allocated to other cost types decreased by $21.4 million primarily due to a decrease in allocable indirect costs and proportionately higher headcount in the general and administrative function as a result of the divestures in 2010 and 2009.

We expect general and administrative expenses as a percentage of revenues to decrease in 2012 as compared to 2011, as we realize a full year of post-divestiture cost reductions in our general and administrative function.

Restructuring and Impairment Charges

See Note 6, "Restructuring Charges," of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K. Additionally, in 2009, we recorded an impairment charge of $9.7 million related to our *.name* gTLD intangible asset.

Interest Expense

Interest expense consists of contractual interest payments on Convertible Debentures, amortization of debt discount and debt issuance costs on the liability component of our Convertible Debentures, contingent interest payments to holders of our Convertible Debentures, interest expenses related to our current $200.0 million senior unsecured revolving credit facility, and our previous $500.0 million senior unsecured revolving credit facility (the "2006 Facility"), offset by capitalized interest. We terminated the 2006 Facility in November 2010.

A comparison of interest expense is presented below:

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Contractual interest on Convertible Debentures	$ 40,625	$ 40,625	$40,625
Amortization of debt discount on the Convertible Debentures	7,355	6,775	6,241
Contingent interest to holders of the Convertible Debentures	100,020	109,113	—
Interest capitalized to property and equipment, net	(980)	(676)	(1,090)
Other interest expense	312	1,830	1,575
Total interest expense	$147,332	$157,667	$47,351

The Indenture governing the Convertible Debentures requires the payment of contingent interest to the holders of the Convertible Debentures if the Board declares a dividend to our stockholders that is designated by the Board as an extraordinary dividend. The contingent interest is calculated as the amount derived by multiplying the per share declared dividend with the if-converted number of shares applicable to the Convertible

Debentures. The Board declared extraordinary dividends in April 2011 and December 2010, and consequently, we paid $100.0 million and $109.1 million contingent interest, respectively, to holders of the Convertible Debentures. The lower contingent interest payment in 2011 was the primary driver of the decrease in total interest expense from 2010. Interest expense increased in 2010 from 2009 primarily due to the contingent interest payment.

Non-operating Income, Net

Non-operating income, net, consists primarily of interest earned on our cash, cash equivalents, and marketable securities, net gains or losses on the sale and impairment of investments, net gains or losses on the divestiture of certain businesses, unrealized gains and losses on the contingent interest derivative on the Convertible Debentures, income from transition services agreements, and the net effect of foreign currency gains and losses.

A comparison of non-operating income, net, is presented below:

	Year Ended December 31,		
	2011	**2010**	**2009**
		(In thousands)	
Interest and dividend income	$ 5,017	$ 7,652	$ 2,638
Net gain on divestiture of businesses and joint ventures	—	—	908
Unrealized (loss) gain on contingent interest derivative on Convertible Debentures	(1,125)	(500)	549
Income from transition services agreements	8,083	10,631	4,944
Realized net gain on investments	4,246	3,978	145
Other, net	(4,691)	(1,023)	2,761
Total non-operating income, net	$11,530	$20,738	$11,945

2011 compared to 2010: Non-operating income, net, decreased by $9.2 million in 2011. Interest and dividend income decreased primarily as a result of lower cash balances and investments in marketable securities in 2011. Income from transition services agreements decreased primarily due to a decrease in transition services provided to support the sale of the Authentication Services business. Other, net decreased primarily due to a $3.9 million out-of-period adjustment recorded in 2011 for certain non-income taxes related to investments.

2010 compared to 2009: Non-operating income, net, increased in 2010. Interest and dividend income increased primarily as a result of investing in 2010 in marketable securities which have higher interest rates as compared to money market funds, and higher average cash balances as a result of the proceeds from the sale of the Authentication Services business. Income from transition services agreements increased, primarily due to an increase in transition services provided to support certain divestitures in 2010 and 2009. Realized net gain on investments increased, primarily due to a $4.3 million realized gain in 2010 due to distributions received from certain investment funds that exceed their book value. Other, net, in 2010, includes $1.9 million in miscellaneous income, partially offset by $2.9 million in foreign currency losses. Other, net, in 2009, primarily includes $3.3 million received from Certicom Corporation (“Certicom”) due to the termination of the acquisition agreement entered into with Certicom.

Income Tax Expense

See Note 13, “Income Taxes,” of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

Income from Discontinued Operations, Net of Tax

See Note 4, "Discontinued Operations," of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

Liquidity and Capital Resources

	As of December 31,	
	2011	2010
	(In thousands)	
Cash and cash equivalents	$1,313,349	$1,559,628
Marketable securities	32,860	501,238
Total	$1,346,209	$2,060,866

As of December 31, 2011, our principal source of liquidity was $1.3 billion of cash and cash equivalents and $32.9 million of marketable securities. The marketable securities consist of debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies meeting the criteria of our investment policy, which is focused on the preservation of our capital through investment in investment grade securities. The cash equivalents consist mainly of time deposits and amounts deposited in money market funds. As of December 31, 2011, all marketable securities were invested in fixed income securities with maturities between one and three years. Our cash and cash equivalents are readily accessible. For additional information on our investment portfolio, see Note 2, "Cash, Cash Equivalents, and Marketable Securities," of our Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

As of December 31, 2011, the amount of cash and cash equivalents held by foreign subsidiaries was $1.1 billion. Our intent is to permanently reinvest outside of the U.S. those funds held by foreign subsidiaries that have not been previously taxed in the U.S. Currently, we do not anticipate that we will need funds that were generated from foreign operations to fund our domestic operations. In the event funds from foreign operations are needed to fund operations in the U.S. and if U.S. tax has not already been previously provided, we would be required to accrue and pay additional U.S. taxes in order to repatriate these funds. During 2011, we repatriated $86.4 million of funds that had been previously taxed in the U.S. from our foreign subsidiaries.

In April 2011, we declared and in May 2011 paid a special cash dividend of $2.75 per share of our common stock totaling $463.5 million. As a result of the dividend, we also paid $100.0 million in contingent interest to holders of our Convertible Debentures. In December 2010, we declared and paid a special dividend of $3.00 per share of our common stock totaling $518.2 million. As a result of the dividend, we also paid $109.1 million in contingent interest to holders of our Convertible Debentures.

In 2011, we repurchased approximately 16.3 million shares of our common stock at an average stock price of $32.76 for an aggregate cost of $534.6 million. In 2010, we repurchased approximately 15.7 million shares of our common stock at an average stock price of $27.93 for an aggregate cost of $437.7 million. In 2009, we repurchased approximately 11.3 million shares of our common stock at an average stock price of $22.31 for an aggregate cost of $252.8 million. As of December 31, 2011, $831.3 million remained available for further repurchases under the 2010 Share Buyback Program.

In November 2011, we entered into a $200.0 million senior unsecured revolving credit facility. We borrowed $100.0 million from this facility during 2011 in connection with the purchase of our new corporate headquarters building in Reston, Virginia for approximately $118.5 million, including $0.5 million of closing costs. Our credit facility is discussed in more detail in Note 7 "Debt and Interest Expense," *2011 Credit Facility*, of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

We purchased marketable securities of $79.0 million and received $546.0 million from maturities and sales of marketable securities in 2011. We purchased marketable securities of $787.7 million and received $284.6

million from maturities and sales of marketable securities in 2010. There were no purchases or sales of marketable securities in 2009. We received distributions aggregating to $25.2 million and $129.5 million from certain investment funds in 2010 and 2009, respectively.

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

In summary, our cash flows for 2011, 2010 and 2009 were as follows:

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Net cash provided by operating activities	$ 335,901	$ 215,206	$ 395,191
Net cash provided by investing activities	273,242	603,090	484,455
Net cash used in financing activities	(852,198)	(745,274)	(197,994)
Effect of exchange rate changes on cash and cash equivalents	(3,224)	9,440	6,446
Net (decrease) increase in cash and cash equivalents	$(246,279)	$ 82,462	$ 688,098

Net cash provided by operating activities

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

2011 compared to 2010: Cash provided by operating activities increased primarily due to higher income taxes payable in 2010, primarily upon the gain resulting from the sale of the Authentication Services business, before consideration of carried forward excess tax benefits from exercises of stock options and vesting of RSUs and a decrease in cash payments to suppliers and employees. The increase was offset by a decrease in cash received from customers resulting from a decrease in consolidated revenues due to the divestiture of the Authentication Services business in 2010.

2010 compared to 2009: Cash provided by operating activities decreased primarily due to a decrease in cash received from customers resulting from a decrease in consolidated revenues, including decreased revenues from discontinued operations, coupled with the timing of receipts from customers; higher income taxes payable, primarily upon the gain resulting from the sale of the Authentication Services business, before consideration of carried forward excess tax benefits from exercises of stock options and vesting of RSUs; and the payment of contingent interest on the Convertible Debentures. The decrease is partially offset by a decrease in cash payments to suppliers and employees, primarily resulting from the completion of our divestitures in 2010 and 2009, and lower average headcount in 2010; an increase in interest income resulting from investments in higher interest rate marketable securities; and an increase in income from transition services agreements, primarily due to an increase in transition services provided to support certain divestitures in 2010 and 2009.

Net cash provided by investing activities

The changes in cash flows from investing activities primarily relate to divestiture of businesses, timing of purchases, maturities and sales of investments, and purchases of property and equipment.

2011 compared to 2010: The decrease in cash provided by investing activities is primarily due to proceeds received from the divestiture of businesses in 2010, and the purchase of our new corporate headquarters in Reston, Virginia in 2011, partially offset by an increase in sales and maturities of marketable securities and investments and a decrease in purchases of marketable securities.

__2010 compared to 2009:__ Net cash provided by investing activities increased primarily due to an increase in proceeds received upon divestiture of businesses, an increase in proceeds from maturities and sales of marketable securities and investments and a decrease in purchases of property and equipment. The increase is partially offset by an increase in purchases of marketable securities and investments and proceeds received from sale of an office building in 2009.

Net cash used in financing activities

The changes in cash flows from financing activities primarily relate to borrowings from our credit facility, stock repurchases, stock option exercises, our employee stock purchase plan ("ESPP"), excess tax benefits from stock-based compensation, and dividend payments.

2011 compared to 2010: Net cash used in financing activities increased primarily due to an increase in share repurchases and a decrease in realized excess tax benefits from exercises of stock options and vesting of RSUs. The increase is partially offset by $100.0 million borrowed under our credit facility in 2011 and a lower special dividend paid in 2011 compared to 2010.

2010 compared to 2009: Net cash used in financing activities increased primarily due to the payment of a special dividend in December 2010, and an increase in stock repurchases. The increase is partially offset by an increase in proceeds from issuance of common stock from stock option exercises and the ESPP and an increase in realized carried forward excess tax benefits from exercises of stock options and vesting of RSUs.

Impact of Inflation

We believe that inflation has not had a significant impact on our operations during 2011, 2010 and 2009.

Property and Equipment Expenditures

Our planned property and equipment expenditures for 2012 are anticipated to be between 7% and 10% of revenue and will primarily be focused on infrastructure upgrades and enhancements to our product portfolio.

Contractual Obligations

See Note 14, "Commitments and Contingencies," *Leases* and *Purchase Obligations and Contractual Agreements,* of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

We enter into indemnification agreements with many of our customers and certain other business partners in the ordinary course of business. We also entered into indemnification agreements with Symantec in connection with the sale of the Authentication Services business. See Note 14, "Commitments and Contingencies," *Indemnifications,* of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

Off-Balance Sheet Arrangements

It is not our business practice to enter into off-balance sheet arrangements. As of December 31, 2011, we did not have any significant off-balance sheet arrangements. See Note 14, "Commitments and Contingencies," *Off-Balance Sheet Arrangements,* of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K for further information regarding off-balance sheet arrangements.

Stock Options and Restricted Stock Units

Grants of stock-based awards are key components of the compensation packages we provide to attract and retain certain of our talented employees and align their interests with the interests of existing stockholders. We recognize that these stock-based awards dilute existing stockholders and have sought to control the number granted while providing competitive compensation packages. As of December 31, 2011, there are a total of 3.4 million of unvested RSUs and outstanding stock options which represent potential dilution of 2.1%. This maximum potential dilution will only result if all outstanding options vest and are exercised and all RSUs vest and are settled. As of December 31, 2011, 9% of our outstanding options had exercise prices in excess of the current market price. There were no stock options granted in 2011. In recent years, our stock repurchase program has more than offset the dilutive effect of our stock option and RSU programs; however, we may reduce the level of our stock repurchases in the future as we may use our available cash for other purposes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest rate sensitivity

The interest rates on our revolving credit facility are affected by changes in market interest rates. As of December 31, 2011, we had $100.0 million outstanding under our credit facility. The impact of a hypothetical 1% increase in interest rates would not have a significant impact on our interest expense in 2012.

Our marketable securities consist of fixed income securities which are subject to interest rate risk. As of December 31, 2011 we had $32.9 million of fixed income securities, which consisted primarily of debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies. The impact of a hypothetical 1% increase in interest rates would not have a significant impact on the fair value of our investments.

Foreign exchange risk management

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

As of December 31, 2011, we held foreign currency forward contracts in notional amounts totaling $39.7 million to mitigate the impact of exchange rate fluctuations associated with certain foreign currencies. Changes in the value of the U.S. dollar relative to the foreign currency derivatives outstanding would be largely offset by the remeasurement of our foreign currency denominated monetary and non-monetary assets and liabilities resulting in an insignificant net impact to income.

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

Market risk management

The fair market value of our Convertible Debentures is subject to interest rate risk and market risk due to the convertible feature of the debentures. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The fair market value of the Convertible Debentures will also increase as the market price of our stock increases and decrease as the market price of our common stock falls. The interest and market value changes affect the fair market value of the Convertible Debentures but do not impact our financial position, cash flows or results of operations. As of December 31, 2011, the fair value of the Convertible Debentures was approximately $1.5 billion, based on quoted market prices.

The fair market value of the contingent interest derivative on Convertible Debentures is also subject to interest rate risk and market risk. Generally, the fair market value of the contingent interest derivative will change due to changes in interest rates as well as due to changes in the fair market value of the Convertible Debentures.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial Statements

Verisign's financial statements required by this Item are set forth as a separate section of this Form 10-K. See Item 15 for a listing of financial statements provided in the section titled "Financial Statements."

Supplementary Data (Unaudited)

The following tables set forth unaudited supplementary quarterly financial data for the two year period ended December 31, 2011. In management's opinion, the unaudited data has been prepared on the same basis as the audited information and includes all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the data for the periods presented.

	2011				
	Quarter Ended				Year Ended
	March 31 (3)	June 30 (4)	September 30 (5)	December 31 (6)	December 31
	(In thousands, except per share data)				
Continuing operations:					
Revenues	$181,523	$189,844	$196,965	$203,646	$771,978
Cost of revenues	40,869	40,667	41,694	42,016	165,246
Other operating costs and expenses (1)	75,144	67,118	66,324	68,757	277,343
Operating income	65,510	82,059	88,947	92,873	329,389
Net income (loss)	42,293	(7,681)	58,615	45,329	138,556
Net income (loss) per share (2):					
Basic	$ 0.25	$ (0.05)	$ 0.36	$ 0.28	$ 0.84
Diluted	$ 0.25	$ (0.05)	$ 0.36	$ 0.28	$ 0.83
Discontinued operations:					
Revenues	$ 44	$ —	$ —	$ —	$ 44
Cost of revenues	318	293	(12)	(2)	597
Other operating costs and expenses (1)	566	4,298	53	(1,050)	3,867
Operating (loss) income	(840)	(4,591)	(41)	1,052	(4,420)
Net (loss) income	(1,522)	(2,929)	301	8,485	4,335
Net (loss) income per share (2):					
Basic	$ (0.01)	$ (0.01)	$ —	$ 0.06	$ 0.03
Diluted	$ (0.01)	$ (0.01)	$ —	$ 0.06	$ 0.03
Total:					
Net income (loss)	$ 40,771	$ (10,610)	$ 58,916	$ 53,814	$142,891
Net income (loss) per share (2):					
Basic	$ 0.24	$ (0.06)	$ 0.36	$ 0.34	$ 0.87
Diluted	$ 0.24	$ (0.06)	$ 0.36	$ 0.34	$ 0.86

(1) Other operating costs and expenses include sales and marketing expenses, research and development expenses, general and administrative expenses, and restructuring and impairment charges.

(2) Net income (loss) per share for the year is computed independently and may not equal the sum of the quarterly net income (loss) per share.

(3) Operating income during the quarter ended March 31, 2011, is reduced by $5.5 million in restructuring charges.

(4) Operating income during the quarter ended June 30, 2011, increased by the release of $5.9 million of liabilities related to non-income tax expenses as a result of the lapse of the statutes of limitations, offset by $3.7 million in restructuring charges. Net loss from continuing operations during the quarter ended June 30, 2011, includes a $100.0 million contingent interest payment to the holders of our Convertible Debentures, offset by a corresponding discrete income tax benefit of $39.7 million.

(5) Operating income during the quarter ended September 30, 2011, is reduced by $3.0 million in restructuring charges.

(6) Operating income during the quarter ended December 31, 2011, is reduced by $3.4 million in restructuring charges. Net income from continuing operations during the quarter ended December 31, 2011, is reduced by a $3.9 million out of period adjustment included in Non-operating income, net.

	2010				
	Quarter Ended				Year Ended
	March 31	June 30 (3)	September 30 (4)	December 31 (5)	December 31
	(In thousands, except per share data)				
Continuing operations:					
Revenues	$161,582	$167,881	$172,286	$178,829	$680,578
Cost of revenues	38,814	39,846	39,751	38,265	156,676
Other operating costs and expenses (1)	68,665	77,213	72,663	73,078	291,619
Operating income	54,103	50,822	59,872	67,486	232,283
Net income (loss)	30,009	26,585	45,105	(31,667)	70,032
Net income (loss) per share (2):					
Basic	$ 0.16	$ 0.15	$ 0.26	$ (0.18)	$ 0.39
Diluted	$ 0.16	$ 0.15	$ 0.26	$ (0.18)	$ 0.39
Discontinued operations:					
Revenues	$102,821	$102,584	$ 43,335	$ —	$248,740
Cost of revenues	21,097	21,095	9,407	(120)	51,479
Other operating costs and expenses (1)	48,337	56,762	29,502	(998)	133,603
Operating income	33,387	24,727	4,426	1,118	63,658
Net income (loss) attributable to Verisign stockholders	21,347	8,628	739,798	(8,838)	760,935
Net income (loss) per share attributable to Verisign stockholders (2):					
Basic	$ 0.12	$ 0.04	$ 4.26	$ (0.05)	$ 4.29
Diluted	$ 0.12	$ 0.04	$ 4.22	$ (0.05)	$ 4.25
Total:					
Net income (loss) attributable to Verisign stockholders	$ 51,356	$ 35,213	$784,903	$ (40,505)	$830,967
Net income (loss) per share attributable to Verisign stockholders (2):					
Basic	$ 0.28	$ 0.19	$ 4.52	$ (0.23)	$ 4.68
Diluted	$ 0.28	$ 0.19	$ 4.48	$ (0.23)	$ 4.64

(1) Other operating costs and expenses include sales and marketing expenses, research and development expenses, general and administrative expenses, and restructuring and impairment charges.

(2) Net income (loss) per share for the year is computed independently and may not equal the sum of the quarterly net income (loss) per share.

(3) Operating income during the quarter ended June 30, 2010, is reduced by $7.5 million in restructuring charges.

(4) Operating income during the quarter ended September 30, 2010, is reduced by $6.3 million in restructuring charges. Net income from discontinued operations attributable to Verisign stockholders during the quarter ended September 30, 2010, includes a gain on sale of $736.7 million, net of tax of $243.8 million, related to the sale of the Authentication Services business.

(5) Net loss from continuing operations during the quarter ended December 31, 2010, includes a $109.1 million contingent interest payment to the holders of our Convertible Debentures, net of related tax benefit. Loss from discontinued operations attributable to Verisign stockholders during the quarter ended December 31, 2010, primarily includes a $10.5 million income tax expense as a result of a change in estimated taxable income for 2010, due to the payment of contingent interest to the holders of the Convertible Debentures, and the application of intra-period allocation rules.

Our quarterly revenues and operating results are difficult to forecast. Therefore, we believe that period-to-period comparisons of our operating results will not necessarily be meaningful, and should not be relied upon as an indication of future performance. Also, operating results may fall below our expectations and the expectations of securities analysts or investors in one or more future quarters. If this were to occur, the market price of our common stock would likely decline. For further information regarding the quarterly fluctuation of our revenues and operating results, see Item 1A, "Risk Factors—Our operating results may fluctuate and our future revenues and profitability are uncertain."

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

a. Evaluation of Disclosure Controls and Procedures

Based on our management's evaluation, with the participation of our Chief Executive Officer (our principal executive officer) and our Interim Chief Financial Officer (our principal financial officer), as of December 31, 2011, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Interim Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2011 using the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on our evaluation under the COSO framework, management has concluded that our internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

KPMG LLP, an independent registered public accounting firm, has issued a report concerning the effectiveness of our internal control over financial reporting as of December 31, 2011. See "Report of Independent Registered Public Accounting Firm" in Item 15 of this Form 10-K.

c. Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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

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

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item relating to our directors and nominees, regarding compliance with Section 16(a) of the Securities Act of 1934, and regarding our Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee will be included under the captions “Proposal No. 1: Election of Directors,” “Security Ownership of Certain Beneficial Owners and Management—Section 16(a) Beneficial Ownership Reporting Compliance,” and “Corporate Governance” in our Proxy Statement related to the 2012 Annual Meeting of Stockholders and is incorporated herein by reference.

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

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer and other senior accounting officers. This code of ethics, titled “Code of Ethics for the Chief Executive Officer and Senior Financial Officers,” is posted on our website along with the “Verisign Code of Conduct” that applies to all officers and employees, including the aforementioned officers. The Internet address for our website is *www.verisigninc.com*, and the “Code of Ethics for the Chief Executive Officer and Senior Financial Officers” may be found from our main Web page by clicking first on “company info,” next on “investor information,” next on “Corporate Governance,” next on “Ethics and Business Conduct,” and finally on “Code of Ethics for the Chief Executive Officer and Senior Financial Officers.” The “Verisign Code of Conduct” applicable to all officers and employees can similarly be found on the Web page for “Ethics and Business Conduct” under the link entitled “Verisign Code of Conduct—2012.”

We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the “Code of Ethics for the Chief Executive Officer and Senior Financial Officers” or, to the extent also applicable to the principal executive officer, principal financial officer, or other senior accounting officers, the “Verisign Code of Conduct—2012” by posting such information on our website, on the Web page found by clicking through to “Ethics and Business Conduct” as specified above.

ITEM 11. EXECUTIVE COMPENSATION

Information about Director and executive compensation is incorporated herein by reference from the discussion under the caption “Executive Compensation” in our Proxy Statement related to the 2012 Annual Meeting of Stockholders. Information about our Compensation Committee will be included under the caption “Corporate Governance” in our Proxy Statement related to the 2012 Annual Meeting of Stockholders and is incorporated herein by reference.

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

Information required by this item is incorporated herein by reference from the discussion under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in our Proxy Statement related to the 2012 Annual Meeting of Stockholders.

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

Information about certain relationships and transactions with related parties is incorporated by reference from the discussion under the captions “Policies and Procedures with Respect to Transactions with Related Persons” and “Certain Relationships and Related Transactions” in our Proxy Statement related to the 2012

Annual Meeting of Stockholders. Information about director independence is incorporated by reference from the discussion under the caption "Independence of Directors" in our Proxy Statement related to the 2012 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information about the fees for professional services rendered by our independent auditors in 2011 and 2010 is incorporated by reference from the discussion under the caption "Principal Accountant Fees and Services" in our Proxy Statement related to the 2012 Annual Meeting of Stockholders. Our Audit Committee's policy on pre-approval of audit and permissible non-audit services of our independent auditors is incorporated by reference from the section captioned "Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors" in our Proxy Statement related to the 2012 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report

Financial statements

- Reports of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of December 31, 2011 and 2010
- Consolidated Statements of Operations for the Years Ended December 31, 2011, 2010 and 2009
- Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Income (Loss) for the Years Ended December 31, 2011, 2010 and 2009
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2011, 2010 and 2009
- Notes to Consolidated Financial Statements

Financial statement schedules

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

3. Exhibits

(a) Index to Exhibits

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

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
2.01	Agreement and Plan of Merger dated as of March 6, 2000, by and among the Registrant, Nickel Acquisition Corporation and Network Solutions, Inc.	8-K	3/8/00	2.1	
2.02	Agreement and Plan of Merger dated September 23, 2001, by and among the Registrant, Illinois Acquisition Corporation and Illuminet Holdings, Inc.	S-4	10/10/01	4.03	
2.03	Purchase Agreement dated as of October 14, 2003, as amended, among the Registrant and the parties indicated therein.	8-K	12/10/03	2.1	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
2.04	Sale and Purchase Agreement Regarding the Sale and Purchase of All Shares in Jamba! AG dated May 23, 2004 between the Registrant and certain other named individuals.	10-K	3/16/05	2.04	
2.05	Asset Purchase Agreement dated October 10, 2005, as amended, among the Registrant, eBay, Inc. and the other parties thereto.	8-K	11/23/05	2.1	
3.01	Fourth Amended and Restated Certificate of Incorporation of the Registrant.	S-1	11/5/07	3.01	
3.02	Fifth Amended and Restated Bylaws of the Registrant.	8-K	7/3/08	3.01	
4.01	Rights Agreement dated as of September 27, 2002, between the Registrant and Mellon Investor Services LLC, as Rights Agent, which includes as Exhibit A the Form of Certificate of Designations of Series A Junior Participating Preferred Stock, as Exhibit B the Summary of Stock Purchase Rights and as Exhibit C the Form of Rights Certificate.	8-A	9/30/02	4.01	
4.02	Amendment to Rights Agreement dated as of February 11, 2003, between the Registrant and Mellon Investor Services LLC, as Rights Agent.	8-A/A	3/19/03	4.02	
4.03	Indenture dated as of August 20, 2007 between the Registrant and U.S. Bank National Association.	8-K/A	9/6/07	4.1	
4.04	Registration Rights Agreement dated as of August 20, 2007 between the Registrant and J.P. Morgan Securities, Inc.	8-K/A	9/6/07	4.2	
10.01	Form of Revised Indemnification Agreement entered into by the Registrant with each of its directors and executive officers.	10-K	3/31/03	10.02	
10.02	Registrant's 1998 Equity Incentive Plan, as amended through February 8, 2005. +	10-K	3/16/05	10.04	
10.03	Form of 1998 Equity Incentive Plan Restricted Stock Purchase Agreement. +	10-Q	11/14/03	10.1	
10.04	Form of 1998 Equity Incentive Plan Restricted Stock Unit Agreement. +	10-K	3/16/05	10.06	
10.05	409A Options Election Form and related documentation. +	8-K	1/4/07	99.01	
10.06	Registrant's 1998 Directors Stock Option Plan, as amended through May 22, 2003, and form of stock option agreement. +	S-8	6/23/03	4.02	
10.07	Registrant's 1998 Employee Stock Purchase Plan, as amended through January 30, 2007. +	10-Q	7/16/07	10.01	
10.08	Registrant's 2001 Stock Incentive Plan, as amended through November 22, 2002. +	10-K	3/31/03	10.08	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
10.09	Registrant's 2006 Equity Incentive Plan, as adopted May 26, 2006. +	10-Q	7/12/07	10.02	
10.10	Registrant's 2006 Equity Incentive Plan, form of Stock Option Agreement. +	10-Q	7/12/07	10.03	
10.11	Registrant's 2006 Equity Incentive Plan, form of Directors Nonqualified Stock Option Grant. +	10-Q	8/9/07	10.01	
10.12	Nonqualified Registrant's 2006 Equity Incentive Plan, amended form of Nonqualified Directors Stock Option Grant. +	S-1	11/5/07	10.15	
10.13	Registrant's 2006 Equity Incentive Plan, form of Employee Restricted Stock Unit Agreement. +	10-Q	7/12/07	10.04	
10.14	Registrant's 2006 Equity Incentive Plan, form of Non-Employee Director Restricted Stock Unit Agreement. +	10-Q	7/12/07	10.05	
10.15	Registrant's 2006 Equity Incentive Plan, form of Performance-Based Restricted Stock Unit Agreement. +	8-K	8/30/07	99.1	
10.16	Registrant's 2007 Employee Stock Purchase Plan, as adopted August 30, 2007. +	S-1	11/5/07	10.19	
10.17	Assignment Agreement, dated as of April 18, 1995 between the Registrant and RSA Data Security, Inc.	S-1	1/29/98	10.15	
10.18	BSAFE/TIPEM OEM Master License Agreement, dated as of April 18, 1995, between the Registrant and RSA Data Security, Inc., as amended.	S-1	1/29/98	10.16	
10.19	Amendment Number Two to BSAFE/TIPEM OEM Master License Agreement dated as of December 31, 1998 between the Registrant and RSA Data Security, Inc.	S-1	1/5/99	10.31	
10.20	Non-Compete and Non-Solicitation Agreement, dated April 18, 1995, between the Registrant and RSA Security, Inc.	S-1	1/29/98	10.17	
10.21	Microsoft/VeriSign Certificate Technology Preferred Provider Agreement, effective as of May 1, 1997, between the Registrant and Microsoft Corporation.*	S-1	1/29/98	10.18	
10.22	Master Development and License Agreement, dated as of September 30, 1997, between the Registrant and Security Dynamics Technologies, Inc.*	S-1	1/29/98	10.19	
10.23	Amendment Number One to Master Development and License Agreement dated as of December 31, 1998 between the Registrant and Security Dynamics Technologies, Inc.	S-1	1/5/99	10.30	
10.24	Employment Offer Letter between the Registrant and Richard H. Goshorn dated April 25, 2007. +	10-Q	8/9/07	10.02	
10.25	Employment Offer Letter between the Registrant and Kevin A. Werner dated September 20, 2007. +	S-1	11/5/07	10.37	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
10.26	2006 *.com* Registry Agreement between VeriSign and ICANN, effective March 1, 2006.	10-K	7/12/07	10.26	
10.27	Amendment No. Thirty (30) to Cooperative Agreement—Special Awards Conditions NCR-92-18742, between VeriSign and U.S. Department of Commerce managers.	10-K	7/12/07	10.27	
10.28	Deed of Lease between TST Waterview I, L.L.C. and the Registrant, dated as of July 19, 2001.	10-Q	11/14/01	10.01	
10.29	Confirmation of Accelerated Purchase of Equity Securities dated August 14, 2007 between the Registrant and J P Morgan Securities, Inc. †	S-1	11/5/07	10.44	
10.30	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. *	10-Q	7/16/07	10.03	
10.31	Confirmation of Accelerated Repurchase of Common Stock dated February 8, 2008 between the Registrant and J.P. Morgan Securities, Inc., as agent to JPMorgan Chase Bank, National Association, London Branch. †	10-Q	5/12/08	10.01	
10.32	Settlement Agreement and General Release by and between VeriSign, Inc. and William A. Roper, Jr., dated June 30, 2008. +	10-Q	8/8/08	10.02	
10.33	Release and Waiver of Age Discrimination Claims by William A. Roper, Jr., dated June 30, 2008. +	10-Q	8/8/08	10.03	
10.34	Executive Employment Agreement between VeriSign, Inc. and D. James Bidzos, dated as of August 20, 2008. +	10-Q	11/7/08	10.01	
10.35	VeriSign, Inc. 2006 Equity Incentive Plan Amended and Restated Employee Restricted Stock Unit Agreement between VeriSign, Inc. and D. James Bidzos. +	10-Q	11/7/08	10.02	
10.36	Assignment of Invention, Nondisclosure and Nonsolicitation Agreement between VeriSign, Inc. and D. James Bidzos, dated August 20, 2008.	10-Q	11/7/08	10.03	
10.37	Consulting Agreement between VeriSign, Inc. and Roger Moore, dated October 3, 2008. * +	10-Q	11/7/08	10.04	
10.38	Assignment of Invention, Nondisclosure and Nonsolicitation Agreement between VeriSign, Inc. and Roger Moore, dated October 1, 2008.	10-Q	11/7/08	10.05	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.39	Purchase and Termination Agreement dated as of October 6, 2008, by and among Fox Entertainment Group, Inc., Fox US Mobile Holdings, Inc., US Mobile Holdings, LLC, Fox Dutch Mobile B.V., Jamba Netherlands Mobile Holdings GP B.V., Netherlands Mobile Holdings C.V., VeriSign, Inc., VeriSign US Holdings, Inc., VeriSign Netherlands Mobile Holdings B.V., and VeriSign Switzerland S.A.	10-Q	11/7/08	10.06	
10.40	VeriSign, Inc. 2006 Equity Incentive Plan, adopted May 26, 2006, as amended August 5, 2008. +	10-Q	11/7/08	10.07	
10.41	Form of VeriSign, Inc. 2006 Equity Incentive Plan Stock Option Agreement. +	10-Q	11/7/08	10.08	
10.42	Form of VeriSign, Inc. 2006 Equity Incentive Plan Employee Restricted Stock Unit Agreement. +	10-Q	11/7/08	10.09	
10.43	Form of VeriSign, Inc. 2006 Equity Incentive Plan Performance Based Restricted Stock Unit Agreement. +	10-Q	11/7/08	10.10	
10.44	Employment Offer Letter between the Registrant and Mark D. McLaughlin dated January 9, 2009. +	8-K	1/14/09	10.01	
10.45	Arrangement Agreement dated as of January 23, 2009 between VeriSign, Inc. and Certicom Corp.	10-K	3/3/09	10.59	
10.46	Asset Purchase Agreement between VeriSign, Inc. and Transaction Network Services, dated March 2, 2009.	10-Q	5/8/09	10.03	
10.47	Amended and Restated Consulting Agreement between VeriSign, Inc. and Roger Moore dated March 26, 2009. * +	10-Q/A	8/6/09	10.01	
10.48	Letter Agreement dated May 1, 2009 to Asset Purchase Agreement between VeriSign, Inc. and Transaction Network Services, Inc., dated March 2, 2009.	10-Q	8/6/09	10.01	
10.49	Promotion Letter from VeriSign, Inc. to Brian G. Robins dated August 4, 2009. +	10-Q	11/6/09	10.01	
10.50	Promotion Letter from VeriSign, Inc. to Mark D. McLaughlin dated August 17, 2009. +	10-Q	11/6/09	10.02	
10.51	Form of Amended and Restated Change-in-Control and Retention Agreement for Executive Officers. +	10-Q	11/6/09	10.03	
10.52	Change-in-Control and Retention Agreement for Chief Executive Officer entered into as of August 17, 2009 by and between VeriSign, Inc. and Mark D. McLaughlin. +	10-Q	11/6/09	10.04	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.53	Acquisition Agreement by and among VeriSign, Inc., a Delaware corporation, VeriSign S.À.R.L., VeriSign Do Brasil Serviços Para Internet Ltda, VeriSign Digital Services Technology (China) Co., Ltd., VeriSign Services India Private Limited, and Syniverse Holdings, Inc., a Delaware corporation dated as of August 24, 2009. †	10-Q	11/6/09	10.05	
10.54	Letter Amendment to the Acquisition Agreement by and among VeriSign, Inc., a Delaware corporation, VeriSign S.À.R.L., VeriSign Do Brasil Serviços Para Internet Ltda, VeriSign Digital Services Technology (China) Co., Ltd., VeriSign Services India Private Limited, and Syniverse Holdings, Inc., a Delaware corporation dated as of August 24, 2009, by and among each of the parties thereto, dated October 2, 2009.	10-Q	11/6/09	10.06	
10.55	Letter Amendment No. 2 to the Amendment to the Acquisition Agreement by and among VeriSign, Inc., a Delaware corporation, VeriSign S.À.R.L., VeriSign Do Brasil Serviços Para Internet Ltda, VeriSign Digital Services Technology (China) Co., Ltd., VeriSign Services India Private Limited, and Syniverse Holdings, Inc., a Delaware corporation dated as of August 24, 2009, by and among each of the parties thereto, Syniverse Technologies Services (India) Private Limited, dated October 23, 2009.	10-Q	11/6/09	10.07	
10.56	Employment Offer Letter between the Registrant and Christine C. Brennan dated December 22, 2009. +	10-K	3/2/10	10.61	
10.57	Form of Indemnity Agreement entered into by the Registrant with each of its directors and executive officers. +	10-Q	4/28/10	10.01	
10.58	Acquisition Agreement between VeriSign, Inc., a Delaware corporation, and Symantec Corporation, a Delaware corporation, dated as of May 19, 2010. *	10-Q	8/3/10	10.01	
10.59	VeriSign, Inc. 2006 Equity Incentive Plan Form of Stock Option Agreement. +	10-Q	8/3/10	10.02	
10.60	VeriSign, Inc. 2006 Equity Incentive Plan Form of Employee Restricted Stock Unit Agreement. +	10-Q	8/3/10	10.03	
10.61	VeriSign, Inc. 2006 Equity Incentive Plan Form of Directors Nonqualified Stock Option Grant Agreement. +	10-Q	8/3/10	10.04	
10.62	VeriSign, Inc. 2006 Equity Incentive Plan Form of Non-Employee Director Restricted Stock Unit Agreement. +	10-Q	8/3/10	10.05	
10.63	Deed of Lease between 12061 Bluemont Owner, LLC, a Delaware limited liability company as Landlord, and VeriSign, Inc., a Delaware corporation as Tenant, dated as of September 15, 2010.	10-Q	10/29/10	10.01	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
10.64	VeriSign, Inc. Annual Incentive Compensation Plan. +	10-K	2/24/11	10.64	
10.65	VeriSign, Inc. 2006 Equity Incentive Plan Form of Performance-Based Restricted Stock Unit Agreement. +	10-K	2/24/11	10.65	
10.66	Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into as of June 27, 2011.	8-K	6/28/11	10.01	
10.67	Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan, as amended and restated May 26, 2011. +	10-Q	7/29/11	10.02	
10.68	Form of Amended and Restated Change-in-Control and Retention Agreement. +	10-Q	7/29/11	10.03	
10.69	Amended and Restated Change-in-Control and Retention Agreement [CEO Form of Agreement]. +	10-Q	7/29/11	10.04	
10.70	Separation & General Release of Claims Agreement between VeriSign, Inc. and Kevin Werner, effective as of May 3, 2011. +	10-Q	7/29/11	10.05	
10.71	Separation & General Release of Claims Agreement between VeriSign, Inc. and Christine Brennan, effective as of July 13, 2011. +	10-Q	7/29/11	10.06	
10.72	Purchase and Sale Agreement for 12061 Bluemont Way Reston, Virginia between 12061 Bluemont Owner, LLC, a Delaware limited liability company, as Seller and VeriSign, Inc., a Delaware corporation, as Purchaser Dated August 18, 2011.	8-K	9/7/11	10.01	
10.73	Credit Agreement, dated as of November 22, 2011 among VeriSign, Inc., the borrowing subsidiaries party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent.	8-K	11/29/11	10.01	
10.74	Guarantee Agreement, dated as of November 22, 2011, among VeriSign, Inc., the other guarantors identified therein and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	11/29/11	10.02	
10.75	VeriSign, Inc. 2006 Equity Incentive Plan Form of Performance-Based Restricted Stock Unit Agreement. +				X
21.01	Subsidiaries of the Registrant.				X
23.01	Consent of Independent Registered Public Accounting Firm.				X
24.01	Powers of Attorney (Included as part of the signature pages hereto).				X
25.01	Statement of Eligibility of Trustee on Form T-1 with respect to the Indenture dated as of August 20, 2007.	S-1	11/5/07	25.01	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
31.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a).				X
31.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a).				X
32.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). **				X
32.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). **				X
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.				X

† 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.

* Confidential treatment was received with respect to certain portions of this agreement. Such portions were omitted and filed separately with the Securities and Exchange Commission.

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

\+ Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Reston, Commonwealth of Virginia, on the 24th day of February 2012.

VERISIGN, INC.

By /s/ D. JAMES BIDZOS

D. James Bidzos
President and Chief Executive Officer
(Principal Executive Officer)

KNOW ALL PERSONS BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints D. James Bidzos, John D. Calys, and Richard H. Goshorn, and each of them, his or her true lawful attorneys-in-fact and agents, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granted unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his, her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on the 24th day of February 2012.

Signature	Title
/s/ D. JAMES BIDZOS D. JAMES BIDZOS	President, Chief Executive Officer, Executive Chairman and Director (Principal Executive Officer)
/s/ JOHN D. CALYS JOHN D. CALYS	Interim Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ WILLIAM L. CHENEVICH WILLIAM L. CHENEVICH	Director
/s/ KATHLEEN A. COTE KATHLEEN A. COTE	Director
/s/ ROGER H. MOORE ROGER H. MOORE	Director
/s/ JOHN D. ROACH JOHN D. ROACH	Director
/s/ LOUIS A. SIMPSON LOUIS A. SIMPSON	Director
/s/ TIMOTHY TOMLINSON TIMOTHY TOMLINSON	Director

FINANCIAL STATEMENTS

As required under Item 8—Financial Statements and Supplementary Data, the consolidated financial statements of VeriSign, Inc. are provided in this separate section. The consolidated financial statements included in this section are as follows:

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
VeriSign, Inc.:

We have audited VeriSign, Inc.'s (the Company) internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting (Item 9A.b). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of VeriSign, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity (deficit) and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated February 24, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

McLean, Virginia
February 24, 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
VeriSign, Inc.:

We have audited the accompanying consolidated balance sheets of VeriSign, Inc. and subsidiaries (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity (deficit) and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), VeriSign, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 24, 2012 expressed an unqualified opinion on the effectiveness of VeriSign, Inc.'s internal control over financial reporting.

/s/ KPMG LLP

McLean, Virginia
February 24, 2012

VERISIGN, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	December 31, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,313,349	$ 1,559,628
Marketable securities	32,860	501,238
Accounts receivable, net	14,974	14,874
Deferred tax assets and other current assets	86,598	102,217
Total current assets	1,447,781	2,177,957
Property and equipment, net	327,136	190,319
Goodwill and other intangible assets, net	53,848	55,146
Other assets	27,414	20,584
Total long-term assets	408,398	266,049
Total assets	$ 1,856,179	$ 2,444,006
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 156,385	$ 195,235
Deferred revenues	502,538	457,478
Total current liabilities	658,923	652,713
Long-term deferred revenues	226,033	205,560
Convertible debentures, including contingent interest derivative	590,086	581,626
Long-term debt	100,000	—
Long-term deferred tax liabilities	325,527	309,696
Other long-term liabilities	43,717	17,981
Total long-term liabilities	1,285,363	1,114,863
Total liabilities	1,944,286	1,767,576
Commitments and contingencies		
Stockholders' (deficit) equity:		
Preferred stock—par value $.001 per share; Authorized shares: 5,000; Issued and outstanding shares: none	—	—
Common stock—par value $.001 per share; Authorized shares: 1,000,000; Issued shares: 316,781 at December 31, 2011 and 313,313 at December 31, 2010; Outstanding shares: 159,422 at December 31, 2011 and 172,736 at December 31, 2010	317	313
Additional paid-in capital	20,135,237	21,040,919
Accumulated deficit	(20,220,577)	(20,363,468)
Accumulated other comprehensive loss	(3,084)	(1,334)
Total stockholders' (deficit) equity	(88,107)	676,430
Total liabilities and stockholders' (deficit) equity	$ 1,856,179	$ 2,444,006

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31, 2011	2010	2009
Revenues	$ 771,978	$ 680,578	$615,947
Costs and expenses			
Cost of revenues	165,246	156,676	166,705
Sales and marketing	97,432	83,390	75,348
Research and development	53,277	53,664	52,364
General and administrative	111,122	137,704	146,531
Restructuring and impairment charges	15,512	16,861	15,041
Total costs and expenses	442,589	448,295	455,989
Operating income	329,389	232,283	159,958
Interest expense	(147,332)	(157,667)	(47,351)
Non-operating income, net	11,530	20,738	11,945
Income from continuing operations before income taxes	193,587	95,354	124,552
Income tax expense	(55,031)	(25,322)	(32,935)
Income from continuing operations, net of tax	138,556	70,032	91,617
Income from discontinued operations, net of tax	4,335	763,822	157,622
Net income	142,891	833,854	249,239
Less: Net income attributable to noncontrolling interest in subsidiary	—	(2,887)	(3,686)
Net income attributable to Verisign stockholders	$ 142,891	$ 830,967	$245,553
Basic income per share attributable to Verisign stockholders from:			
Continuing operations	$ 0.84	$ 0.39	$ 0.48
Discontinued operations	0.03	4.29	0.80
Net income	$ 0.87	$ 4.68	$ 1.28
Diluted income per share attributable to Verisign stockholders from:			
Continuing operations	$ 0.83	$ 0.39	$ 0.48
Discontinued operations	0.03	4.25	0.80
Net income	$ 0.86	$ 4.64	$ 1.28
Shares used to compute net income per share attributable to Verisign stockholders:			
Basic	165,408	177,534	191,821
Diluted	166,887	178,965	192,575
Amounts attributable to Verisign stockholders:			
Income from continuing operations, net of tax	$ 138,556	$ 70,032	$ 91,617
Income from discontinued operations, net of tax	4,335	760,935	153,936
Net income attributable to Verisign stockholders	$ 142,891	$ 830,967	$245,553

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Total Stockholders' Equity (Deficit)	Verisign stockholders' Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total	Noncontrolling Interest In Subsidiary
Balance at December 31, 2008	518,421	191,548	304	21,891,891	(21,439,988)	17,006	469,213	49,208
Comprehensive income:								
Net income	249,239	—	—	—	245,553	—	245,553	3,686
Other comprehensive (loss) income:								
Foreign currency translation adjustments	(4,290)	—	—	—	—	(2,203)	(2,203)	(2,087)
Realized foreign currency translation adjustments, included in net income	(7,436)	—	—	—	—	(7,436)	(7,436)	—
Change in unrealized gain on investments, net of tax	(59)	—	—	—	—	17	17	(76)
Realized loss on investments, net of tax, included in net income	281	—	—	—	—	150	150	131
Total comprehensive income	237,735						236,081	1,654
Issuance of common stock under stock plans	36,204	3,468	4	36,200	—	—	36,204	—
Stock-based compensation	53,693	—	—	53,667	—	—	53,667	26
Dividend declared to noncontrolling interest in subsidiary	(807)	—	—	—	—	—	—	(807)
Net excess income tax benefits associated with stock-based compensation and other	15,452	—	—	15,452	—	—	15,452	—
Repurchase of common stock	(260,571)	(11,717)	—	(260,571)	—	—	(260,571)	—
Repurchase of subsidiary's common stock from noncontrolling interest	(1,463)	—	—	(430)	—	125	(305)	(1,158)
Balance at December 31, 2009	598,664	183,299	308	21,736,209	(21,194,435)	7,659	549,741	48,923
Comprehensive income:								
Net income	833,854	—	—	—	830,967	—	830,967	2,887
Other comprehensive income (loss):								
Foreign currency translation adjustments	7,327	—	—	—	—	3,987	3,987	3,340
Realized foreign currency translation adjustments, included in net income	(29,076)	—	—	—	—	(15,052)	(15,052)	(14,024)
Change in unrealized gain on investments, net of tax	2,586	—	—	—	—	2,545	2,545	41
Realized gain on investments, net of tax, included in net income	(456)	—	—	—	—	(473)	(473)	17
Total comprehensive income	814,235						821,974	(7,739)
Issuance of common stock under stock plans	92,510	5,579	5	92,505	—	—	92,510	—
Stock-based compensation	54,091	—	—	54,087	—	—	54,087	4
Special dividend paid	(518,217)	—	—	(518,217)	—	—	(518,217)	—
Dividend declared to noncontrolling interest in subsidiary	(856)	—	—	—	—	—	—	(856)
Deconsolidation upon divestiture of the Authentication Services business	(40,332)	—	—	—	—	—	—	(40,332)
Net excess income tax benefits associated with stock-based compensation	126,084	—	—	126,084	—	—	126,084	—
Repurchase of common stock	(449,749)	(16,142)	—	(449,749)	—	—	(449,749)	—
Balance at December 31, 2010	676,430	172,736	313	21,040,919	(20,363,468)	(1,334)	676,430	—

VERISIGN, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME (LOSS)—(Continued)

(In thousands)

	Total Stockholders' Equity (Deficit)	Verisign stockholders'						Noncontrolling Interest In Subsidiary
		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total	
		Shares	Amount					
Comprehensive income:								
Net income	142,891	—	—	—	142,891	—	142,891	—
Other comprehensive income (loss):								
Foreign currency translation adjustments	110	—	—	—	—	110	110	—
Change in unrealized gain on investments, net of tax	688	—	—	—	—	688	688	—
Realized gain on investments, net of tax, included in net income	(2,548)	—	—	—	—	(2,548)	(2,548)	—
Total comprehensive income	141,141						141,141	—
Issuance of common stock under stock plans	49,983	3,469	4	49,979	—	—	49,983	—
Stock-based compensation	46,438	—	—	46,438	—	—	46,438	—
Special dividend paid	(463,498)	—	—	(463,498)	—	—	(463,498)	—
Net excess income tax benefits associated with stock-based compensation	11,496	—	—	11,496	—	—	11,496	—
Repurchase of common stock	(550,097)	(16,783)	—	(550,097)	—	—	(550,097)	—
Balance at December 31, 2011	$ (88,107)	159,422	$317	$20,135,237	$(20,220,577)	$(3,084)	$(88,107)	$—

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2011	2010	2009
Cash flows from operating activities:			
Net income	$ 142,891	$ 833,854	$ 249,239
Adjustments to reconcile net income to net cash provided by operating activities:			
Net gain on sale of discontinued operations, net of tax	—	(725,254)	(28,320)
Depreciation and amortization	55,706	67,655	86,266
Stock-based compensation	43,272	52,178	51,166
Loss on sale and impairment of other long-lived assets	—	—	12,481
Excess tax benefit associated with stock-based compensation	(13,420)	(131,926)	(25,880)
Other, net	12,965	9,474	(3,567)
Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures:			
Accounts receivable	(251)	13,147	25,798
Deferred tax assets and other assets	11,043	(19,105)	(47,418)
Accounts payable and accrued liabilities	18,162	34,952	34,545
Deferred revenues	65,533	80,231	40,881
Net cash provided by operating activities	335,901	215,206	395,191
Cash flows from investing activities:			
Proceeds received from divestiture of businesses, net of cash contributed and transaction costs	—	1,162,306	469,380
Proceeds from maturities and sales of marketable securities and investments	546,006	313,817	129,479
Purchases of marketable securities and investments	(78,975)	(787,718)	(1,150)
Purchases of property and equipment	(192,660)	(80,527)	(116,876)
Proceeds from sale of property and equipment	—	—	6,064
Other investing activities	(1,129)	(4,788)	(2,442)
Net cash provided by investing activities	273,242	603,090	484,455
Cash flows from financing activities:			
Proceeds from issuance of common stock from option exercises and employee stock purchase plans	49,983	92,510	36,204
Repurchases of common stock	(550,097)	(449,749)	(260,571)
Payment of dividends to stockholders	(463,498)	(518,217)	—
Excess tax benefit associated with stock-based compensation	13,420	131,926	25,880
Proceeds received from borrowings	100,000	—	3,205
Repayment of borrowings	(1,067)	(1,004)	(1,134)
Other financing activities	(939)	(740)	(1,578)
Net cash used in financing activities	(852,198)	(745,274)	(197,994)
Effect of exchange rate changes on cash and cash equivalents	(3,224)	9,440	6,446
Net (decrease) increase in cash and cash equivalents	(246,279)	82,462	688,098
Cash and cash equivalents at beginning of year	1,559,628	1,477,166	789,068
Cash and cash equivalents at end of year	$1,313,349	$1,559,628	$1,477,166
Supplemental cash flow disclosures:			
Cash paid for interest, net of capitalized interest	$ 140,193	$ 148,870	$ 39,256
Cash paid for income taxes, net of refunds received	$ 6,567	$ 8,502	$ 21,881
(Payable) receivable to/from purchasers of divested businesses	$ —	$ (4,250)	$ 15,780

See accompanying Notes to Consolidated Financial Statements.

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

Description of Business

VeriSign, Inc. ("Verisign" or "the Company") was incorporated in Delaware on April 12, 1995. It is a provider of Internet infrastructure services. By leveraging its global infrastructure, it provides network confidence and availability for mission-critical Internet services, such as domain name registry services and infrastructure assurance services. The Company's service capabilities enable domain name registration through its registrar partners and provide network availability for registrars and Internet users alike.

The Company's business consists of one reportable segment, namely Naming Services, which consists of Registry Services and Network Intelligence and Availability ("NIA") Services. Registry Services operates the authoritative directory of all *.com, .net, .cc, .tv,* and *.name* domain names and the back-end systems for all *.gov*, *.jobs* and *.edu* domain names. NIA Services provides infrastructure assurance services to organizations and is comprised of Verisign iDefense Security Intelligence Services, Managed Domain Name System Services, and Distributed Denial of Service Protection Services.

Basis of Presentation

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

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

Unless noted otherwise, discussions in the Notes to 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.

Significant Accounting Policies

Cash and Cash Equivalents

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

Marketable Securities

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

Property and Equipment

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

Capitalized Software

Software included in property and equipment includes amounts paid for purchased software and development costs for software used internally that has been capitalized. The following table summarizes the capitalized costs related to third-party implementation and consulting services as well as costs related to internally developed software. The costs related to internally developed software in the table below include amounts related to software that was sold as part of the divestiture of the Authentication Services business.

	Year Ended December 31,	
	2011	2010
	(In thousands)	
Internally used third-party software and consulting fees	$ 3,032	$ 1,708
Internally developed software	17,205	23,713

Goodwill and Other Long-lived Assets

Goodwill represents the excess of purchase consideration over fair value of net assets of businesses acquired. Goodwill and other intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment. All of the Company's goodwill is included in the Registry Services reporting unit which has a negative carrying value. The Company performs a qualitative analysis at the end of each reporting period to determine if any events have occurred or circumstances exist that would indicate that it is more likely than not that a goodwill impairment exists. The qualitative factors the Company reviews include, but are not limited to: (a) macroeconomic conditions; (b) industry and market considerations such as a deterioration in the environment in which an entity operates; (c) a significant adverse change in legal factors or in the business climate; (d) an adverse action or assessment by a regulator; (e) unanticipated competition; (f) loss of key personnel; (g) a more-likely-than-not expectation of sale or disposal of a reporting unit or a significant portion thereof; or (h) testing for recoverability of a significant asset group within a reporting unit.

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

Verisign amortizes intangible assets with estimable useful lives on a straight-line basis over their useful lives.

Restructuring Charges

Verisign records restructuring charges related to workforce reductions using a standard formula of benefits based upon tenure with the Company. The accounting for severance costs associated with an ongoing arrangement is dependent upon determination of the following criteria: (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. Severance costs that are considered a one-time benefit are measured at fair value and are recognized upfront or over the future service period, depending on whether future service is required, if certain conditions are met, including i) management's commitment to a detailed plan of termination that identifies the number of employees, their job classifications or functions and their locations, and expected completion date; and ii) the plan has been communicated to the employees.

Verisign records restructuring charges related to excess facilities at fair value only when the Company ceases use of the 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.

3.25% junior subordinated convertible debentures due 2037 ("Convertible Debentures")

Verisign separately accounts for the liability (debt) and equity (conversion option) components of the Convertible Debentures in a manner that reflects the borrowing rate for a similar non-convertible debt. The liability component is recognized at fair value on the issuance date, based on the fair value of a similar instrument that does not have a conversion feature at issuance. The excess of the principal amount of the Convertible Debentures over the fair value of the liability component is the equity component or debt discount. Such excess represents the estimated fair value of the conversion feature and is recorded as Additional paid-in capital. The debt discount is amortized using the Company's effective interest rate over the term of the Convertible Debentures as a non-cash charge to interest expense. The Convertible Debentures also have a contingent interest payment provision that may require the Company to pay interest based on certain thresholds, beginning with the semi-annual interest period commencing on August 15, 2014, and upon the occurrence of certain events, as outlined in the Indenture governing the Convertible Debentures. The contingent interest payment provision has been identified as an embedded derivative, to be accounted for separately at fair value, and is marked to market at the end of each reporting period, with any gains and losses recorded in Non-operating income, net.

Foreign Currency Translation

Verisign conducts business throughout the world and transacts in multiple currencies. The functional currency for most of Verisign's international subsidiaries is the U.S. Dollar. The Company's subsidiaries' financial statements are remeasured into U.S. Dollars using a combination of current and historical exchange rates and any remeasurement gains and losses are included in Non-operating income, net. The Company recorded a net remeasurement loss of $3.4 million in 2011 and a net remeasurement gain of $9.5 million in 2009. The net remeasurement gain recorded for 2010 was not material.

The financial statements of the Company's subsidiaries for which the local currency is the functional currency are translated into U.S. Dollars using the current rate for assets and liabilities and a weighted-average rate for the period for revenues and expenses. This translation results in a foreign currency translation adjustment that is included in Accumulated other comprehensive income (loss). Foreign currency translation adjustments are realized and included in net income in the period in which those subsidiaries are sold or liquidated.

Verisign maintains a foreign currency risk management program designed to mitigate foreign exchange risks associated with the monetary assets and liabilities of its operations that are denominated in non-functional currencies. The primary objective of this program is to minimize the gains and losses resulting from fluctuations in exchange rates. The Company does not enter into foreign currency transactions for trading or speculative purposes, nor does it hedge foreign currency exposures in a manner that entirely offsets the effects of changes in exchange rates. The program may entail the use of forward or option contracts, which are usually placed and adjusted monthly. These foreign currency forward contracts are derivatives and are recorded at fair market value. The Company records gains and losses on foreign currency forward contracts to Non-operating income, net. The Company recorded a net gain of $1.4 million in 2011 and net losses of $2.9 million in 2010 and $11.8 million in 2009, related to foreign currency forward contracts.

As of December 31, 2011, Verisign held foreign currency forward contracts in notional amounts totaling $39.7 million to mitigate the impact of exchange rate fluctuations associated with certain assets and liabilities held in foreign currencies.

Revenue Recognition

Verisign recognizes revenues when the following four criteria are met:

- Persuasive evidence of an arrangement exists: It is the Company's customary practice to have a written contract, signed by both the customer and Verisign or a service order form from those customers who have previously negotiated a standard master services agreement with Verisign.
- Delivery has occurred or services have been rendered: The Company's services are usually delivered continuously from service activation date through the term of the arrangement.
- The fee is fixed or determinable: Substantially all of the Company's revenue arrangements have fixed or determinable fees.
- Collectability is reasonably assured: Collectability is assessed on a customer-by-customer basis. Verisign typically sells to customers for whom there is a history of successful collection. The majority of customers either maintains a deposit with Verisign or provides an irrevocable letter of credit in excess of the amounts owed. New customers are subjected to a credit review process that evaluates the customer's financial position and, ultimately, their ability to pay. If Verisign determines from the outset of an arrangement that collectability is not probable based upon its credit review process, revenues are recognized as cash is collected.

Substantially all of the Company's revenue arrangements have multiple service deliverables. However, all service deliverables in those arrangements are usually delivered over the same term and, in the absence of a discernible pattern of performance, are presumed to be delivered ratably over that service term.

If the Company enters into an arrangement with multiple elements where standalone value exists for each element and the delivery of the elements occur at different times, revenue for such arrangement is allocated to the elements based on the best estimate of selling prices of the elements and recognized based on applicable service term for each element.

Registry Services

Registry Services revenues primarily arise from fixed fees charged to registrars for the initial registration or renewal of *.com*, *.net*, *.tv*, *.name*, *.cc, .gov* or *.jobs* domain names. Revenues from the initial registration or renewal of domain names are deferred and recognized ratably over the registration term, generally one year and up to ten years. Fees for renewals and advance extensions to the existing term are deferred until the new incremental period commences. These fees are then recognized ratably over the renewal term.

Verisign also offers promotional marketing programs to its registrars based upon market conditions and the business environment in which the registrars operate. Amounts payable to these registrars for such promotional marketing programs are usually recorded as a reduction of revenue, unless Verisign obtains an identifiable benefit separate from the services it provides to the registrars, and the fair value of the benefit exceeds the amounts payable.

NIA Services

Following the revenue recognition criteria above, revenues from NIA Services are usually deferred and recognized over the service term, generally one to two years.

Advertising Expenses

Advertising costs are expensed as incurred and are included in Sales and marketing expenses. Advertising expenses were $17.2 million, $12.6 million, and $6.9 million in 2011, 2010, and 2009, respectively.

Income Taxes

Verisign uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records a valuation allowance to reduce deferred tax assets to an amount whose realization is more likely than not.

Deferred tax liabilities and assets are classified as current or noncurrent based on the financial reporting classification of the related asset or liability, or, for deferred tax liabilities or assets that are not related to an asset or liability for financial reporting, according to the expected reversal date of the temporary difference. For every tax-paying component and within each tax jurisdiction, (a) all current deferred tax liabilities and assets are offset and presented as a single amount and (b) all noncurrent deferred tax liabilities and assets are offset and presented as a single amount.

The Company's income taxes payable is reduced by the tax benefits from employee stock option exercises and restricted stock unit ("RSU") vesting. The Company's income tax benefit related to stock options is calculated as the tax effect of the difference between the fair market value of the stock and the exercise price at the time of option exercise. The Company's income tax benefit related to RSUs is equal to the fair market value of the stock at the vesting date. If the income tax benefit at exercise or vesting date is greater than the income tax benefit recorded based on the grant date fair value of the stock options or RSUs, such excess tax benefit is recognized as an increase to Additional paid-in capital.

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

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

Stock-based Compensation

During 2011, the Company's stock-based compensation was primarily related to RSUs granted to employees. There were no stock options granted in 2011. The Company used the Black-Scholes option pricing model to determine the fair value of stock options granted in prior years and also uses the Black-Scholes model to determine the fair value of employee stock purchase plan ("ESPP") offerings. 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. For the awards that are expected to vest, after considering estimated forfeitures, stock-based compensation expense is typically recognized on a straight-line basis over the requisite service period for each such award. The Company also grants performance based RSUs to certain executives. The expense for these performance-based RSUs is recognized on a graded vesting schedule over the term of the award based on the probable outcome of the performance conditions.

Verisign recognizes a benefit from stock-based compensation in Additional paid-in capital if an incremental tax benefit is realized as a reduction in income taxes payable after all other tax attributes currently available to it have been utilized. Additionally, Verisign accounts for the indirect benefits of stock-based compensation on the research tax credit as part of continuing operations rather than through Additional paid-in capital.

Earnings per Share

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

Discontinued Operations

The results of operations of businesses that have been divested are presented as discontinued operations when the underlying operations and cash flows of the disposal group have been eliminated from the Company's continuing operations and the Company will no longer have any significant continuing involvement in the operations of the divested business after the disposal transaction.

Fair Value of Financial Instruments

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

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

The Company measures and reports certain financial assets and liabilities at fair value on a recurring basis, including its investments in money market funds classified as Cash and cash equivalents, investments in fixed income securities, foreign currency forward contracts, and the contingent interest derivative associated with the Convertible Debentures.

Note 2. Cash, Cash Equivalents, and Marketable Securities

The following tables summarize the Company's cash, cash equivalents, and marketable securities:

	As of December 31,	
	2011	2010
	(In thousands)	
Cash	$1,127,196	$ 106,270
Money market funds	132,145	648,054
Time deposits	57,930	803,797
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	32,860	359,160
Corporate debt securities	—	141,338
Debt securities issued by foreign governments	—	5,040
Total	$1,350,131	$2,063,659
Included in Cash and cash equivalents	$1,313,349	$1,559,628
Included in Marketable securities	$ 32,860	$ 501,238
Included in Other assets (Restricted cash)	$ 3,922	$ 2,793

As of December 31, 2011, the Company held marketable securities with maturities between one and three years that consisted of debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies. The fair value of the marketable securities as of December 31, 2011 was $32.9 million including gross and net unrealized gains of $0.3 million which were recorded in Accumulated other comprehensive income (loss).

The Company recognized pre-tax net gains of $4.2 million during 2011 related to the sale of $546.0 million of marketable securities, primarily to fund a special dividend paid in May 2011 (the "May 2011 Dividend") and repurchases of common stock discussed further in Note 8 "Stockholders' Equity (Deficit)." Net gains or losses recognized during the years ended December 31, 2010 and 2009 related to sales of marketable securities were not material.

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Note 3. Fair Value of Financial Instruments

Assets and liabilities measured at fair value on a recurring basis

The following tables summarize the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2011 and 2010:

		Fair Value Measurement Using		
	Total Fair Value as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Assets:				
Investments in money market funds	$132,145	$132,145	$ —	$ —
Investments in fixed income securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	32,860	—	32,860	—
Foreign currency forward contracts (1)	49	—	49	—
Total	$165,054	$132,145	$32,909	$ —
Liabilities:				
Contingent interest derivative on convertible debentures	$ 11,625	$ —	$ —	$11,625
Foreign currency forward contracts (2)	444	—	444	—
Total	$ 12,069	$ —	$ 444	$11,625

(1) Included in Deferred tax assets and other current assets
(2) Included in Accounts payable and accrued liabilities

	Total Fair Value as of December 31, 2010	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Assets:				
Investments in money market funds	$ 648,054	$648,054	$ —	$ —
Investments in fixed income securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	359,160	2,700	356,460	—
Corporate debt securities	141,338	—	141,338	—
Debt securities issued by foreign governments	5,040	—	5,040	—
Total	$1,153,592	$650,754	$502,838	$ —
Liabilities:				
Contingent interest derivative on convertible debentures	$ 10,500	$ —	$ —	$10,500
Foreign currency forward contracts (1)	282	—	282	—
Total	$ 10,782	$ —	$ 282	$10,500

(1) Included in Accounts payable and accrued liabilities

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

The fair value of the Company's investments in fixed income securities are obtained using the weighted average price of available market prices for the underlying securities from various industry standard data providers, large financial institutions and other third-party sources. Such instruments are included in either Cash and cash equivalents or Marketable securities. The $2.7 million fair value of U.S. Treasury bills held by the Company at December 31, 2010 was based on their quoted market prices and included in Cash and cash equivalents.

The fair value of the Company's foreign currency forward contracts is based on foreign currency rates quoted by banks or foreign currency dealers and other public data sources.

The Company utilizes a valuation model to estimate the fair value of the contingent interest derivative on the Convertible Debentures. The inputs to the model include stock price, bond price, risk adjusted interest rates, volatility, and credit spread observations. As several significant inputs are not observable, the overall fair value measurement of the derivative is classified as Level 3.

The following table summarizes the change in the fair value of the contingent interest derivative on Convertible Debentures for 2011 and 2010:

	(In thousands)
Fair value at December 31, 2009	$10,000
Unrealized loss on contingent interest derivative on convertible debentures	500
Fair value at December 31, 2010	10,500
Unrealized loss on contingent interest derivative on convertible debentures	1,125
Fair value at December 31, 2011	$11,625

Other

The Company's other financial instruments include accounts receivable, restricted cash, accounts payable, and long-term debt. As of December 31, 2011, the carrying value of these financial instruments approximated their fair value. The fair value of the Company's Convertible Debentures as of December 31, 2011, is $1.5 billion, and is based on quoted market prices.

Note 4. Discontinued Operations

The following presents a summary of the Company's divested and wound-down businesses during the years ended December 31, 2010 and 2009. Historical results of operations of the divested and wound-down businesses have been classified as discontinued operations.

Completed in 2010

On August 9, 2010, the Company sold its Authentication Services business, including outstanding shares of capital stock of VeriSign Japan and trademarks and certain intellectual property used in the Authentication Services business (including the Company's checkmark logo and the Geotrust and thawte brand names), to Symantec for cash consideration of approximately $1.14 billion, net of cash held by transferred subsidiaries of $127.5 million and transaction costs of $10.8 million. Also included with the sale of the Authentication Services business were certain corporate assets, namely real and personal property owned by the Company at its Mountain View facility and other locations, which were transferred to the Authentication Services reporting unit before the sale. The Company recorded a gain on sale of $726.2 million, net of tax of $254.3 million. The gain on sale also reflects the realization of foreign currency translation adjustments of $15.3 million previously included in Accumulated other comprehensive income (loss) and the deconsolidation of non-controlling interest in VeriSign Japan of $54.3 million.

In November 2010, the Company ceased the operations of its CPS business.

Completed in 2009

On November 9, 2009, the Company sold its Mobile Delivery Gateway Services business which offered solutions to manage the complex operator interfaces, relationships, distribution, reporting and customer service for the delivery of premium mobile content to customers for net cash consideration of $19.4 million. In 2009, the Company recorded a loss on sale of $26.1 million.

In October 2009, the Company ceased the operations of its Pre-pay Services business which licensed and managed solutions for prepay billing customers to deliver rating and billing services.

On October 23, 2009, the Company sold its Messaging and Mobile Media Services business which consisted of the InterCarrier Messaging, PictureMail, Premium Messaging Gateway, and Mobile Enterprise Service offerings for net cash consideration of $171.8 million. In 2009, the Company recorded a gain on sale of $50.4 million.

On October 1, 2009, the Company sold its Global Security Consulting business which helped companies understand corporate security requirements, comply with all applicable regulations, identify security vulnerabilities, reduce risk, and meet the security compliance requirements applicable to the particular business and industry for net cash consideration of $4.9 million. In 2009, the Company recorded a gain on sale of $1.6 million.

On July 6, 2009, the Company sold its Managed Security Services ("MSS") business which enabled enterprises to effectively monitor and manage their network security infrastructure 24 hours per day, every day of the year, while reducing the associated time, expense, and personnel commitments by relying on the MSS business' security platform and experienced security staff for net cash consideration of $40.0 million. In 2009, the Company recorded a gain on sale of $7.5 million.

On May 5, 2009, the Company sold its Real-Time Publisher Services business which allowed organizations to obtain access to and organize large amounts of constantly updated content, and distribute it, in real time, to enterprises, Web-portal developers, application developers and consumers for net cash consideration of $1.8 million. In 2009, the Company recorded a gain on sale of $2.1 million.

On May 1, 2009, the Company sold its Communications Services business which provided Billing and Commerce Services, Connectivity and Interoperability Services, and Intelligent Database Services for net cash consideration of $227.6 million. In 2009, the Company recorded a loss on sale of $2.3 million.

On April 10, 2009, the Company sold its International Clearing business which enabled financial settlement and call data settlement for wireless and wireline carriers for net cash consideration of $0.1 million. In 2009, the Company recorded a gain on sale of $6.2 million, which includes the realization of foreign currency translation adjustments of $7.4 million, previously included in Accumulated other comprehensive income (loss).

The Company will continue to generate cash flows and will report income statement activity in continuing operations associated with providing transition related services to Symantec for the divested Authentication Services business for a remaining term of 19 months from December 31, 2011.

The following table presents the revenues and the components of discontinued operations, net of tax:

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Revenues	$ 44	$ 248,740	$639,698
(Loss) income from discontinued operations before income taxes	$ (538)	$ 63,906	$179,119
Gains on sale of discontinued operations, before income taxes	451	979,560	36,027
Income tax benefit (expense)	4,422	(279,644)	(57,524)
Income from discontinued operations	4,335	763,822	157,622
Less: Income from discontinued operations, net of tax, attributable to noncontrolling interest in subsidiary	—	(2,887)	(3,686)
Total income from discontinued operations, net of tax, attributable to Verisign stockholders	$4,335	$ 760,935	$153,936

Loss from discontinued operations before income taxes for 2011 primarily represents the effects of certain retained litigation of the divested businesses. Income tax benefit for discontinued operations for 2011 primarily includes a benefit from the settlement of a foreign income tax liability that had resulted from the sale of the Authentication Services business in 2010. The amounts presented as discontinued operations in 2010 and 2009 represent the results of operations and net gains and losses on the sale of the divested businesses. The Company has determined direct costs consistent with the manner in which the disposal groups were structured and managed during the respective periods. Indirect costs such as corporate overhead and goodwill impairments that were not directly attributable to a disposal group have not been allocated to discontinued operations.

Note 5. Other Balance Sheet Items

Deferred Tax Assets and Other Current Assets

Deferred tax assets and other current assets consist of the following:

	As of December 31,	
	2011	2010
	(In thousands)	
Deferred tax assets	$64,751	$ 69,807
Prepaid expenses	12,016	9,939
Non-trade receivables	8,638	14,158
Receivables from buyers	814	8,198
Other	379	115
Total deferred tax assets and other current assets	$86,598	$102,217

Non-trade receivables primarily consist of income tax receivables and value added tax receivables. Receivables from buyers primarily represented amounts due from Symantec for services performed on their behalf under transition services agreements. During 2011, the Company received from buyers of the divested businesses substantially the entire amount included in Receivables from buyers as of December 31, 2010.

Property and Equipment, Net

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

	As of December 31,	
	2011	2010
	(In thousands)	
Land	$ 31,141	$ 4,681
Buildings and building improvements	239,280	131,266
Computer equipment and software	307,710	259,966
Capital work in progress	6,157	5,121
Office equipment and furniture	7,662	7,618
Leasehold improvements	2,282	13,958
Total cost	594,232	422,610
Less: accumulated depreciation and amortization	(267,096)	(232,291)
Total property and equipment, net	$ 327,136	$ 190,319

On September 15, 2010, the Company entered into a lease agreement for an office building in Reston, Virginia to be used as the Company's corporate headquarters. The lease term commenced in July 2011. The lease contained a provision giving the Company the right of first refusal according to which, if the landlord desired to sell the property during the term of the lease, it must, subject to certain exceptions, first offer to sell the property to the Company. Pursuant to this right of first refusal, the Company purchased the property in November 2011 for $118.5 million, including $0.5 million of closing costs. The Company had a deferred rent liability of $9.4 million in connection with the lease of the building at the time the purchase was completed. This liability reduced the recorded cost of the property to $109.1 million. Of the total cost of the building, $82.6 million was allocated to buildings and building improvements, and $26.5 million was allocated to land.

Goodwill and Other Intangible Assets

The following table summarizes the changes in the carrying amount of goodwill during 2010. There were no changes to goodwill during 2011.

	Year Ended December 31, 2010
	(In thousands)
Beginning goodwill, gross	$ 1,998,043
Beginning accumulated impairment	(1,708,063)
	289,980
Gross goodwill included in the sale of Authentication Services (see Note 4)	(458,087)
Accumulated impairment included in the sale of Authentication Services	222,747
Other adjustments	(2,113)
	(237,453)
Ending goodwill, gross	1,537,843
Ending accumulated impairment	(1,485,316)
	$ 52,527

Other adjustments in the table above include income tax adjustments, foreign exchange fluctuations and other additions or reductions determined after the initial purchase price allocation of acquired businesses.

At the end of each quarter in 2011, the Company performed its qualitative analysis and determined that no events occurred or circumstances existed that would indicate that it was more likely than not that a goodwill impairment existed for its Registry Services reporting unit. During the second quarter of 2010 and 2009, the Company performed its annual impairment reviews of its various reporting units and determined that each of the reporting units had a fair value in excess of its carrying value by a substantial margin.

During the third quarter of 2009, due to a strategic change in the planned use, the Company recorded an impairment of its *.name* generic top-level domain ("gTLD") intangible asset and reduced its carrying value to its fair value. The Company recorded an impairment charge of $9.7 million to Restructuring and impairment charges. As of December 31, 2011 and 2010, the Company had other intangible assets of $1.3 million and $2.6 million, respectively.

Other Assets

Other assets consist of the following:

	As of December 31, 2011	As of December 31, 2010
	(In thousands)	
Long-term deferred tax assets and other tax receivable	$ 8,569	$ 2,873
Long-term investments	413	413
Debt issuance costs	11,830	11,044
Long-term restricted cash	3,922	2,793
Security deposits and other	2,680	3,461
Total other assets	$27,414	$20,584

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	As of December 31, 2011	As of December 31, 2010
	(In thousands)	
Accounts payable	$ 19,283	$ 16,727
Accrued employee compensation	40,251	52,628
Customer deposits, net	18,558	18,681
Payables to buyers	230	11,337
Taxes payable, deferred and other tax liabilities	28,441	38,168
Accrued restructuring costs	8,685	17,460
Other accrued liabilities	40,937	40,234
Total accounts payable and accrued liabilities	$156,385	$195,235

Accrued employee compensation primarily consists of liabilities for employee leave, salaries, payroll taxes, employee contributions to the ESPP, and incentive compensation. Payables to buyers primarily consists of amounts due to Symantec for certain post-closing purchase price adjustments related to the sale of the Authentication Services business and accrued bonus for employees associated with the Authentication Services business, substantially the entire amount of which was paid during 2011. Accrued restructuring costs primarily represents restructuring costs related to the 2010 Restructuring Plan discussed in Note 6 “Restructuring Charges.” Other accrued liabilities consist primarily of interest on the Convertible Debentures, accrued litigation, and accruals for products and services. Interest on the Convertible Debentures is paid semi-annually in arrears on August 15 and February 15.

Other Long-Term Liabilities

Other long-term liabilities consist of the following:

	As of December 31,	
	2011	2010
	(In thousands)	
Long-term tax liabilities	$43,685	$17,163
Long-term accrued restructuring costs	—	761
Other	32	57
Total other long-term liabilities	$43,717	$17,981

Note 6. Restructuring Charges

2010 Restructuring Plan

In connection with the sale of the Authentication Services business and the migration of its corporate functions from California to Virginia, the Company initiated a restructuring plan in 2010, including workforce reductions, abandonment of excess facilities and other exit costs (the “2010 Restructuring Plan”). The plan was substantially completed as of December 31, 2011. Under the 2010 Restructuring Plan, the Company has incurred pre-tax cash severance charges, stock-based compensation expenses upon acceleration of stock-based awards, and excess facility exit costs of $21.9 million, $16.2 million, and $8.2 million, respectively, through December 31, 2011, inclusive of amounts reported in discontinued operations.

2008 Restructuring Plan

As part of its divestiture strategy announced in 2007, the Company initiated a restructuring plan in the first quarter of 2008 (the “2008 Restructuring Plan”) including workforce reductions, abandonment of excess facilities and other exit costs. The restructuring charges for the year ended December 31, 2009 in the table below are substantially related to the 2008 Restructuring Plan. The plan was substantially completed as of June 30, 2010. Verisign recorded a total of $86.8 million in restructuring charges, inclusive of amounts for discontinued operations, under its 2008 Restructuring Plan since its inception.

The following table presents the nature of the restructuring charges under the 2010 and 2008 Restructuring Plans:

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Workforce reduction	$ 7,824	$32,623	$13,067
Excess facilities	7,688	(424)	2,685
Total consolidated restructuring charges	$15,512	$32,199	$15,752
Amounts classified as continuing operations	$15,512	$16,861	$ 5,357
Amounts classified as discontinued operations	$ —	$15,338	$10,395

As of December 31, 2011, the consolidated current accrued restructuring costs are $8.7 million and consist of the following:

	Accrued Restructuring Costs at December 31, 2010	Costs Incurred	Costs Paid or Settled	Stock-based Compensation	Accrued Restructuring Costs at December 31, 2011
			(In thousands)		
Workforce reduction	$15,120	$ 7,824	$(16,661)	$(5,701)	$ 582
Excess facilities	3,101	7,688	(2,686)	—	8,103
Total accrued restructuring costs	$18,221	$15,512	$(19,347)	$(5,701)	$8,685

Note 7. Debt and Interest Expense

2011 Credit Facility

On November 22, 2011, Verisign entered into a credit agreement with a syndicate of lenders led by JPMorgan Chase Bank, N.A., as the administrative agent. The credit agreement provides for a $200.0 million committed senior unsecured revolving credit facility (the "2011 Facility"), under which Verisign and certain designated subsidiaries may be borrowers. Loans under the 2011 Facility may be denominated in US dollars and certain other currencies. The Company has the option under the 2011 Facility to invite lenders to make competitive bid loans at negotiated interest rates. The facility expires on November 22, 2016 at which time any outstanding borrowings are due.

Borrowings under the 2011 Facility bear interest at one of the following rates as selected by the Company at the time of borrowing: the lender's base rate which is the higher of the Prime Rate or the sum of 0.5% plus the Federal Funds Rate, plus in each case a margin of 0.5% to 1.0% determined based on the Company's leverage ratio, or a LIBOR or EURIBOR based rate plus market-rate spreads of 1.5% to 2.0% that are determined based on the Company's leverage ratio.

On November 28, 2011, the Company borrowed $100.0 million as a LIBOR revolving loan denominated in US dollars to be used in connection with the purchase of Verisign's headquarters facility in Reston, Virginia and for general corporate purposes. The Company does not intend to repay the outstanding borrowing within the next year and, as such, has classified the debt as a long-term liability.

The Company is required to pay a commitment fee between 0.2% and 0.3% of the unused amount committed under the facility, depending on the Company's leverage ratio. The credit agreement contains customary representations and warranties, as well as covenants limiting the Company's ability to, among other things, incur additional indebtedness, merge or consolidate with others, change its business, sell or dispose of assets. The covenants also include limitations on investments, limitations on dividends, share redemptions and other restricted payments, limitations on entering into certain types of restrictive agreements, limitations on entering into hedging agreements, limitations on amendments, waivers or prepayments of the Convertible Debentures, limitations on transactions with affiliates and limitations on the use of proceeds from the facility.

The facility includes financial covenants requiring that the Company's interest coverage ratio not be less than 3.0 to 1.0 for any period of four consecutive quarters and the Company's leverage ratio not exceed 2.0 to 1.0. As of December 31, 2011, the Company was in compliance with the financial covenants of the 2011 Facility.

Verisign may from time to time request lenders to agree on a discretionary basis to increase the commitment amount by up to an aggregate of $150.0 million during the term of the 2011 Facility.

2006 Credit Facility

In 2006, Verisign entered into a credit agreement with a syndicate of banks and other financial institutions related to a $500.0 million senior unsecured revolving credit facility (the "2006 Facility"), under which Verisign, or certain designated subsidiaries may be borrowers. The 2006 Facility was scheduled to mature on June 7, 2011. The Company terminated the 2006 Facility on November 3, 2010.

Convertible Debentures

In August 2007, Verisign issued $1.25 billion principal amount of 3.25% convertible debentures due August 15, 2037, in a private offering. The Convertible Debentures are subordinated in right of payment to the Company's existing and future senior debt and to the other liabilities of the Company's subsidiaries. The Convertible Debentures are initially convertible, subject to certain conditions, into shares of the Company's common stock at a conversion rate of 29.0968 shares of common stock per $1,000 principal amount of Convertible Debentures, representing an initial effective conversion price of approximately $34.37 per share of common stock. The conversion rate will be subject to adjustment for certain events as outlined in the Indenture governing the Convertible Debentures but will not be adjusted for accrued interest. As of December 31, 2011, approximately 36.4 million shares of common stock were reserved for issuance upon conversion or repurchase of the Convertible Debentures.

On or after August 15, 2017, the Company may redeem all or part of the Convertible Debentures for the principal amount plus any accrued and unpaid interest if the closing price of the Company's common stock has been at least 150% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading-day period prior to the date on which the Company provides notice of redemption. If the conversion value exceeds $1,000, the Company may deliver, at its option, cash or common stock or a combination of cash and common stock for the conversion value in excess of $1,000 ("conversion spread").

Holders of the debentures may convert their Convertible Debentures at the applicable conversion rate, in multiples of $1,000 principal amount, only under the following circumstances:

- during any fiscal quarter beginning after December 31, 2007, if the last reported sale price of the Company's common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on the last trading day of such preceding fiscal quarter;
- during the five business-day period after any 10 consecutive trading-day period in which the trading price per Convertible Debentures for each day of that 10 consecutive trading-day period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on such day;
- if the Company calls any or all of the Convertible Debentures for redemption, at any time prior to the close of business on the trading day immediately preceding the redemption date;
- upon the occurrence of specified corporate transactions as specified in the Indenture governing the Convertible Debentures (a "fundamental change"); or
- at any time on or after May 15, 2037, and prior to the maturity date.

The Company intends and has the ability to settle the principal amount of the Convertible Debentures in cash. As of December 31, 2011, the if-converted value of the Convertible Debentures exceeded its principal amount. Based on the if-converted value of the Convertible Debentures as of December 31, 2011, the conversion spread could have required the Company to issue up to an additional 1.4 million shares of common stock. As of December 31, 2011, none of the conditions allowing holders of the Convertible Debentures to convert had been met.

In addition, holders of the Convertible Debentures who convert their Convertible Debentures in connection with a fundamental change may be entitled to a make-whole premium in the form of an increase in the conversion rate. Additionally, in the event of a fundamental change, the holders of the Convertible Debentures may require Verisign to purchase all or a portion of their Convertible Debentures at a purchase price equal to 100% of the principal amount of Convertible Debentures, plus accrued and unpaid interest, if any.

The Company received net proceeds of approximately $1.22 billion after deduction of $25.8 million of costs incurred upon the issuance of the Convertible Debentures. The Company calculated the carrying value of the liability component at issuance as the present value of its cash flows using a discount rate of 8.5% (borrowing rate for similar non-convertible debt with no contingent payment options), adjusted for the fair value of the contingent interest feature, yielding an effective interest rate of 8.39%. The excess of the principal amount of the debt over the carrying value of the liability component is also referred to as the “debt discount” or “equity component” of the Convertible Debentures. The carrying value of the liability and equity components on the date of issuance were determined to be $550.5 million and $700.7 million, respectively. The debt discount is being amortized using the Company’s effective interest rate of 8.39% over the term of the Convertible Debentures as a non-cash charge to interest expense included in Interest expense. As of December 31, 2011, the remaining term of the Convertible Debentures is 25.6 years. Interest is payable semiannually in arrears on August 15 and February 15.

The table below presents the carrying amounts of the liability and equity components:

	As of December 31,	
	2011	2010
	(In thousands)	
Carrying amount of equity component (net of issuance costs of $14,449)	$ 686,221	$ 686,221
Principal amount of Convertible Debentures	$1,250,000	$1,250,000
Unamortized discount of liability component	(671,539)	(678,874)
Carrying amount of liability component	578,461	571,126
Contingent interest derivative	11,625	10,500
Convertible debentures, including contingent interest derivative	$ 590,086	$ 581,626

Interest Expense

The following table presents the components of interest expense:

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Contractual interest on Convertible Debentures	$ 40,625	$ 40,625	$40,625
Amortization of debt discount on the Convertible Debentures	7,355	6,775	6,241
Contingent interest to holders of the Convertible Debentures	100,020	109,113	—
Interest capitalized to property and equipment, net	(980)	(676)	(1,090)
Other interest expense	312	1,830	1,575
Total interest expense	$147,332	$157,667	$47,351

The Indenture governing the Convertible Debentures requires the payment of contingent interest to the holders of the Convertible Debentures if the Board of Directors (the "Board") declares a dividend to its stockholders that is designated by the Board as an extraordinary dividend. The contingent interest is calculated as the amount derived by multiplying the per share declared dividend with the if-converted number of shares applicable to the Convertible Debentures. The Board declared extraordinary dividends in April 2011 and December 2010, and consequently, the Company paid $100.0 million and $109.1 million contingent interest, respectively, to holders of the Convertible Debentures.

Note 8. Stockholders' Equity (Deficit)

Preferred Stock

Verisign is authorized to issue up to 5,000,000 shares of preferred stock. As of December 31, 2011, no shares of preferred stock had been issued. In connection with its stockholder rights plan, Verisign authorized 3,000,000 shares of Series A Junior Participating Preferred Stock, par value $0.001 per share (the "Series A Preferred Shares"). In the event of liquidation, each Series A Preferred Share, if and when issued, will be entitled to a $1.00 preference, and thereafter each holder of a Series A Preferred Share will be entitled to an aggregate payment of 100 times the aggregate payment made per common share. If and when issued, each Series A Preferred Share will have 100 votes, voting together with the common shares. Each holder of a Series A Preferred Share, if and when issued, will be entitled to receive a quarterly dividend equal to 100 times the aggregate per share amount of any dividends declared on the common stock since the preceding quarterly dividend date (other than stock dividends, which will result in an anti-dilution adjustment to the Series A Preferred Shares). Finally, in the event of any merger, consolidation or other transaction in which common shares are exchanged, each Series A Preferred Share will be entitled to receive 100 times the amount received per common share. These rights are protected by customary anti-dilution provisions.

Treasury Stock

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

On July 27, 2010, the Board authorized the repurchase of up to approximately $1.1 billion of the Company's common stock, in addition to the $393.6 million of its common stock remaining available for repurchase under the previous 2008 Share Buyback Program, for a total repurchase of up to $1.5 billion of its common stock (collectively, the "2010 Share Buyback Program"). The 2010 Share Buyback Program has no expiration date. Purchases made under the 2010 Share Buyback Program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions. As of December 31, 2011, approximately $831.3 million remained available for further repurchase under the 2010 Share Buyback Program.

Tax Withholdings

Upon vesting of RSUs, the Company places a portion of the vested RSUs into treasury stock sufficient to cover tax withholdings due, and makes a cash payment to authorities to cover the applicable withholding taxes.

The summary of the Company's common stock repurchases for 2011, 2010 and 2009 are as follows:

	2011		2010		2009	
	Shares	Average Price	Shares	Average Price	Shares	Average Price
	(In thousands, except average price amounts)					
Total repurchases under the repurchase plans (1)	16,318	$32.76	15,672	$27.93	11,332	$22.31
Total repurchases for tax withholdings and other (2)	465	$33.37	470	$25.63	385	$20.16
Total repurchases	16,783	$32.78	16,142	$27.86	11,717	$22.24
Total costs	$550,097		$449,749		$260,571	

(1) Represents purchases under the 2010 and 2008 Share Buyback Programs.
(2) Primarily represents shares withheld as treasury stock when surrendered in lieu of tax withholding due upon the release of RSUs.

Since inception, the Company has repurchased 157.4 million shares of its common stock for an aggregate cost of $4.6 billion, which is recorded as a reduction of Additional paid-in capital.

Special Dividend

On April 27, 2011, the Board declared a special dividend of $2.75 per share of the Company's common stock, totaling $463.5 million, which was paid on May 18, 2011. On December 9, 2010, the Board declared a special dividend of $3.00 per share of the Company's common stock, totaling $518.2 million, which was paid on December 28, 2010. The special dividends were accounted for as a reduction of Additional paid-in capital.

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in the components of Accumulated other comprehensive income (loss) attributable to Verisign stockholders for 2011 and 2010:

	Foreign Currency Translation Adjustments Gain (Loss)	Unrealized (Loss) Gain On Investments, net of tax	Total Accumulated Other Comprehensive Income (Loss)
		(In thousands)	
Balance, December 31, 2009	$ 7,714	$ (55)	$ 7,659
Changes	(11,065)	2,072	(8,993)
Balance, December 31, 2010	(3,351)	2,017	(1,334)
Changes	110	(1,860)	(1,750)
Balance, December 31, 2011	$ (3,241)	$ 157	$(3,084)

Stockholder Rights Plan

On September 24, 2002, the Board adopted a stockholder rights plan and declared a dividend of one stock purchase right (each a “Right”) for each outstanding share of Verisign common stock. The dividend was paid to stockholders of record on October 4, 2002 (the “Record Date”). In addition, one Right will be issued with each common share that becomes outstanding (i) between the Record Date and the earliest of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are defined in the rights plan) or (ii) following the Distribution Date and prior to the Redemption Date or Final Expiration Date, pursuant to the exercise of stock options or under any employee plan or arrangement or upon the exercise, conversion or exchange of other securities of Verisign, which were outstanding prior to the Distribution Date.

The Rights currently cannot be exercised, do not trade separately and are not represented by separate certificates; instead, each Right is deemed to be “attached” to the related share of common stock on which the distribution was declared. The Rights will become exercisable at their $55.00 exercise price and trade separately, with separate Rights certificates then being distributed to holders, (a) ten days after it is publicly announced that any person or group has acquired beneficial ownership of 20% or more of Verisign’s common stock (and thus becomes an “acquiring person”), or (b) ten business days after the commencement (or public announcement of a person’s intended commencement) of, a tender offer or exchange offer for the Company that would result in such person becoming an “acquiring person” (except that, in such case, the Board has the power within such ten business-day period to delay such exercisability).

If any person acquires beneficial ownership of 20% or more of Verisign’s common stock (other than in connection with certain inadvertent triggers), in addition to the Rights becoming exercisable, each Right will “flip in” and entitle the registered holder, other than the “acquiring person” or its transferees, to purchase, for the $55.00 exercise price, shares of Verisign common stock with a market value of $110.00. In the event a person becomes an “acquiring person,” the rights plan gives the Board the authority to instead exchange each outstanding Right (other than those owned by the “acquiring person” and its transferees) for one share of common stock (or a substantially equivalent preferred stock interest). If the Company becomes a party to a merger or similar transaction (whether with a 20% stockholder or any other entity) after the Rights become exercisable, each Right (other than those owned by the “acquiring person” or its transferees) will “flip-over” and entitle the holder to buy, for the $55.00 exercise price, acquiror stock with a market value of $110.00.

At any time until there is a triggering 20% stockholder the Board can redeem all, but not less than all, of the then outstanding Rights for $0.001 each. The Board also has broad power to amend the rights plan until there is a triggering 20% stockholder. Once a person becomes an “acquiring person,” however, the Board may not amend the rights plan in any manner that would adversely affect the interests of the holders of the Rights (other than the “acquiring person”).

Note 9. Calculation of Net Income per Share Attributable to Verisign Stockholders

The following table presents the computation of weighted average shares used in the calculation of basic and diluted net income per share attributable to Verisign stockholders:

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Weighted-average shares of common shares outstanding	165,408	177,534	191,821
Weighted-average potential shares of common stock outstanding:			
Stock options	309	428	283
Unvested restricted stock units	736	873	471
Conversion spread related to convertible debentures	416	—	—
Employee stock purchase plan	18	130	—
Shares used to compute diluted net income per share attributable to Verisign stockholders	166,887	178,965	192,575

The following table presents the weighted-average potential shares of common stock that were excluded from the above calculation because their effect was anti-dilutive, and the respective weighted-average exercise prices of the weighted-average stock options outstanding:

	Year Ended December 31,		
	2011	2010	2009
	(In thousands, except per share data)		
Weighted-average stock options outstanding	366	2,836	6,925
Weighted-average exercise price	$35.70	$31.32	$28.40
Weighted-average restricted stock units outstanding	35	57	1,136
Employee stock purchase plan	434	365	2,259

Note 10. Geographic and Customer Information

The Company generates revenue in the U.S.; Australia, China, India, and other Asia Pacific countries (“APAC”); Europe, the Middle East and Africa (“EMEA”); and certain other countries, including Canada and Latin American countries. Revenues are generally attributed to the country of domicile and the respective regions in which the Company’s customers are located.

The following table represents a comparison of the Company’s geographic revenues:

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
U.S	$472,700	$419,315	$393,522
APAC	116,999	103,494	86,828
EMEA	109,680	92,351	79,081
Other	72,599	65,418	56,516
Total revenues	$771,978	$680,578	$615,947

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

	As of December 31,	
	2011	2010
	(In thousands)	
U.S.	$319,513	$182,138
EMEA	7,211	7,593
APAC	412	588
Total property and equipment, net	$327,136	$190,319

Major Customers

One customer accounted for approximately 30%, 28%, and 26% of revenues from continuing operations in 2011, 2010, and 2009, respectively. The Company does not believe that the loss of this customer would have a material adverse effect on the Company's business because, in that event, end-users of this customer would transfer to the Company's other existing customers.

Note 11. Employee Benefits and Stock-based Compensation

401(k) Plan

The Company maintains a defined contribution 401(k) plan (the "401(k) Plan") for substantially all of its U.S. employees. Under the 401(k) Plan, eligible employees may contribute up to 20% of their pre-tax salary, subject to the Internal Revenue Service ("IRS") annual contribution limits. In 2011, 2010 and 2009, the Company matched 50% of the employee's contribution up to a total of 6% of the employee's annual salary. The Company contributed $2.9 million in 2011, $4.1 million in 2010, and $6.3 million in 2009 under the 401(k) Plan. The Company can terminate matching contributions at its discretion at any time.

Stock Option and Restricted Stock Plans

The majority of Verisign's stock-based compensation relates to RSUs. Stock options granted in prior years were granted only to upper management level employees. As of December 31, 2011, a total of 16.9 million shares of common stock were reserved for issuance upon the exercise of stock options and for the future grant of stock options or awards under Verisign's stock option and restricted stock plans.

On May 26, 2006, the stockholders of Verisign approved the 2006 Equity Incentive Plan (the "2006 Plan"). The 2006 Plan replaces Verisign's previous 1998 Directors Plan, 1998 Equity Incentive Plan, and 2001 Stock Incentive Plan ("2001 Plan"). The 2006 Plan authorizes the award of incentive stock options to employees and non-qualified stock options, restricted stock awards, RSUs, stock bonus awards, stock appreciation rights and performance shares to eligible employees, officers, directors, consultants, independent contractors and advisors. Options may be granted at an exercise price not less than 100% of the fair market value of Verisign's common stock on the date of grant. The 2006 Plan is administered by the Compensation Committee which may delegate to a committee of one or more members of the Board or Verisign's officers the ability to grant certain awards and take certain other actions with respect to participants who are not executive officers or non-employee directors. All outstanding options under the 2006 Plan have a term of not greater than 7 years from the date of grant. Options granted generally vest 25% on the first anniversary date of the grant and the remainder ratably over the following 12 quarters. RSUs are awards covering a specified number of shares of Verisign common stock that may be settled by issuance of those shares (which may be restricted shares). RSUs generally vest in four installments with 25% of the shares vesting on each anniversary of the first four anniversaries of the grant date. However, the Compensation Committee may authorize grants with a different vesting schedule in the future. A total of 27.0 million common shares were authorized and reserved for issuance under the 2006 Plan. The 2006 Plan was amended by shareholder approval in 2011 to allow for equitable adjustment of stock options outstanding under the plan in the event of any future special dividends paid by the Company. This amendment to the 2006 Plan was approved after the Company declared the 2011 special dividend. The modification of the plan did not result in any additional stock-based compensation.

Fully vested options to purchase 0.2 million and 0.1 million shares of common stock granted under the 2001 Plan and 1998 Directors Plan, respectively, remain outstanding and exercisable as of December 31, 2011. Options granted under these plans generally vested over a four-year period and had a ten-year term. No RSUs have been granted under these plans.

In connection with certain acquisitions, Verisign assumed some of the acquired companies' stock options. Options assumed generally have terms of seven to ten years and generally vested over a four-year period, as set forth in the applicable option agreement.

2007 Employee Stock Purchase Plan

On August 30, 2007, the Company's stockholders approved the 2007 Employee Stock Purchase Plan which replaced the previous 1998 Employee Stock Purchase Plan. A total of 6.0 million common shares were authorized and reserved for issuance under the ESPP. Eligible employees may purchase common stock through payroll deductions by electing to have between 2% and 25% of their compensation withheld to cover the purchase price. Each participant is granted an option to purchase common stock on the first day of each 24-month offering period and this option is automatically exercised on the last day of each six-month purchase period during the offering period. The purchase price for the common stock under the ESPP is 85% of the lesser of the fair market value of the common stock on the first day of the applicable offering period or the last day of the applicable purchase period. Offering periods begin on the first business day of February and August of each year. As of December 31, 2011, a total of 3.0 million shares of the Company's common stock are reserved for issuance under this plan.

Stock-based Compensation

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

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Stock-based compensation:			
Cost of revenues	$ 6,655	$ 4,473	$ 3,649
Sales and marketing	6,062	4,419	3,250
Research and development	4,926	4,989	3,145
General and administrative	19,928	20,136	18,912
Restructuring and impairment charges	5,701	2,321	630
Stock-based compensation for continuing operations	43,272	36,338	29,586
Discontinued operations	—	15,840	21,580
Total stock-based compensation	$43,272	$52,178	$51,166

Recognized income tax benefit on stock-based compensation included within Income tax expense for 2011, 2010, and 2009 was $13.1 million, $9.7 million, and $7.9 million, respectively. Recognized income tax benefit on stock-based compensation included within Income from discontinued operations, net of tax, for 2010 and 2009 was $4.5 million and $5.6 million, respectively.

The following table presents the nature of the Company's total stock-based compensation, inclusive of amounts for discontinued operations:

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Stock-based compensation:			
Stock options	$ 3,528	$ 7,741	$12,305
ESPP	3,904	9,287	10,286
RSUs	33,305	26,175	28,877
Stock options/awards acceleration	5,701	11,023	2,341
Capitalization (Included in Property and equipment, net)	(3,166)	(2,048)	(2,643)
Total stock-based compensation	$43,272	$52,178	$51,166

As of December 31, 2011, total unrecognized compensation cost related to unvested RSUs was $34.7 million which is expected to be recognized over a weighted-average period of 2.5 years. The remaining unrecognized compensation cost related to unvested stock options is not material.

The following table sets forth the weighted-average assumptions used to estimate the fair value of the stock options and employee stock purchase plan awards:

	Year Ended December 31,		
	2011	2010	2009
Stock options:			
Volatility	N/A	36%	46%
Risk-free interest rate	N/A	1.85%	1.56%
Expected term	N/A	3.6 years	3.7 years
Dividend yield	N/A	Zero	Zero
Employee stock purchase plan awards:			
Volatility	26%	35%	49%
Risk-free interest rate	0.30%	0.40%	0.51%
Expected term	1.25 years	1.25 years	1.25 years
Dividend yield	Zero	Zero	Zero

The Company's expected volatility is based on the average of the historical volatility over the period commensurate with the expected term of the options and the mean historical implied volatility of traded options. The risk-free interest rates are derived from the average U.S. Treasury constant maturity rates during the respective periods commensurate with the expected term. The expected terms are based on an analysis of the observed and expected time to post-vesting exercise and/or cancellation of options. When the stock options were granted and on the ESPP offering dates, the Company did not anticipate paying any cash dividends and therefore used an expected dividend yield of zero. The Company estimates forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option and award forfeitures and records stock-based compensation only for those options and awards that are expected to vest.

Stock Options Information

The following table summarizes stock options activity:

	Year Ended December 31,					
	2011		2010		2009	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	3,386,841	$ 27.36	6,920,048	$ 26.64	9,217,880	$26.85
Granted	—	—	788,150	24.53	1,000,872	18.71
Exercised	(1,472,680)	26.34	(3,094,284)	23.69	(857,233)	16.05
Forfeited	(749,074)	26.53	(1,187,582)	28.88	(2,272,188)	27.72
Expired	(44,716)	48.33	(39,491)	87.00	(169,283)	29.92
Outstanding at end of period	1,120,371	28.04	3,386,841	27.36	6,920,048	26.64
Exercisable at end of period	909,577	28.83	1,812,329	28.98	4,307,839	26.84
Expected to vest at end of period	190,146	24.81				
Weighted-average fair value of options granted during the period		$ —		$ 7.14		$ 6.73
Total intrinsic value of options exercised during the period (in thousands)		$12,599		$22,125		$4,939

Intrinsic value is calculated as the difference between the market value as of December 31, 2011, and the exercise price of the shares. The closing price of Verisign's stock was $35.72 on December 30, 2011. The aggregate intrinsic value of stock options outstanding, stock options exercisable and stock options expected to vest with an exercise price below $35.72 in each case as of December 31, 2011 was $9.0 million, $6.6 million and $2.4 million, respectively. As of December 31, 2011 the weighted-average remaining contractual life for stock options exercisable and stock options expected to vest was 2.6 years and 4.4 years, respectively.

RSUs Information

The following table summarizes unvested RSUs activity:

	Year Ended December 31,					
	2011		2010		2009	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Unvested at beginning of period	2,719,362	$23.50	3,086,660	$25.39	3,678,790	$29.18
Granted	1,859,783	34.29	2,037,441	25.67	1,422,162	19.37
Vested and settled	(1,411,076)	29.05	(1,348,951)	26.34	(1,206,742)	27.08
Forfeited	(1,025,014)	29.41	(1,282,611)	25.34	(807,550)	29.53
Dividend equivalents	202,220	—	226,823	—	—	—
	2,345,275	$25.51	2,719,362	$23.50	3,086,660	$25.39

All RSU agreements have anti-dilution provisions, in the event a dividend is declared, that requires the Company to issue additional dividend equivalent RSUs (“dividend equivalents”) calculated based on the number of unvested RSUs, the per share dividend declared, and the stock price on the dividend payment date. The dividend equivalents are subject to the same vesting requirements as applicable to unvested RSUs in respect of which such additional dividend equivalents are issued.

At the time the December 2010 and May 2011 special dividends were declared, the 2006 Plan did not have the same anti-dilution provisions for outstanding stock options. Because the option holders did not participate in the special dividends, the Company granted option holders additional RSUs equivalent to the amount of the dividend. The RSUs granted were either fully vested or on a two year cliff vesting, depending on whether the corresponding stock options were vested or unvested. The Company recognized $9.2 million of stock-based compensation expense related to the fully vested RSUs granted in 2011.

As of December 31, 2011, the aggregate intrinsic value of unvested RSUs was $83.8 million. The fair values of RSUs that vested during 2011, 2010, and 2009 were $44.2 million, $38.1 million, and $24.7 million, respectively.

Modifications

In 2011, 2010, and 2009, the Company modified certain stock-based awards held by employees affected by divestitures and workforce reductions to accelerate the vesting of twenty-five percent (25%) of each such individual’s unvested “in-the-money” stock options and 25% of each such individual’s unvested RSUs on the termination dates of such individual’s employment. The Company remeasured the fair value of these modified awards and recorded the charges over the requisite future service periods, if any. The modification charges are included as restructuring costs for continuing operations as well as for discontinued operations. 217, 1,054, and 737 employees were affected by these modifications and the Company recognized $5.7 million, $11.0 million, and $2.3 million of acceleration cost in Restructuring and impairment charges during 2011, 2010, and 2009, respectively.

Under the ESPP, if the market price of the stock at the end of any six-month purchase period is lower than the stock price at the offering date, the plan is immediately cancelled after that purchase date and a new two-year plan is established using the then-current stock price as the base purchase price. The Company also allows its employees to increase their payroll withholdings during the offering period. The Company accounts for these increases in employee payroll withholdings and the plan rollover as modifications. The Company recognized $0.7 million, $5.5 million, and $3.8 million of such modification expenses in 2011, 2010, and 2009, respectively.

Note 12. Non-operating Income, Net

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

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Interest and dividend income	$ 5,017	$ 7,652	$ 2,638
Net gain on divestiture of businesses and joint ventures	—	—	908
Unrealized (loss) gain on contingent interest derivative on Convertible Debentures	(1,125)	(500)	549
Income from transition services agreements	8,083	10,631	4,944
Realized net gain on investments	4,246	3,978	145
Other, net	(4,691)	(1,023)	2,761
Total non-operating income, net	$11,530	$20,738	$11,945

Interest and dividend income is earned principally from the investment of Verisign's surplus cash balances and marketable securities. Income from transition services agreements includes fees generated from services provided to the purchasers of the divested businesses for a certain period of time to ensure and facilitate the transfer of business operations for those businesses. Other, net, in 2011, includes a $3.9 million out-of-period adjustment recorded for certain non-income taxes related to investments. Other, net, in 2010, includes $1.9 million in miscellaneous income, partially offset by $2.9 million in foreign currency losses. Other, net, in 2009, primarily includes $3.3 million received from Certicom Corporation ("Certicom") due to the termination of the acquisition agreement entered into with Certicom.

Note 13. Income Taxes

Income from continuing operations before income taxes is categorized geographically as follows:

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
United States	$ 62,287	$39,454	$ 82,952
Foreign	131,300	55,900	41,600
Total income from continuing operations before income taxes	$193,587	$95,354	$124,552

The provision for income taxes consisted of the following:

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Continuing operations:			
Current (expense) benefit:			
Federal	$(30,325)	$ 91,305	$ (7,685)
State	(1,963)	27,777	17,918
Foreign, including foreign withholding tax	(1,146)	(8,474)	(4,591)
	(33,434)	110,608	5,642
Deferred (expense) benefit:			
Federal	(17,047)	(103,343)	(44,560)
State	(1,501)	(36,397)	(4,766)
Foreign	(3,049)	3,810	10,749
	(21,597)	(135,930)	(38,577)
Total income tax expense from continuing operations	$(55,031)	$ (25,322)	$(32,935)
Income tax benefit (expense) from discontinued operations	$ 4,422	$(279,644)	$(57,524)

The difference between income tax expense and the amount resulting from applying the federal statutory rate of 35% to Income from continuing operations before income taxes is attributable to the following:

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Income tax expense at federal statutory rate	$(67,755)	$(33,373)	$(43,593)
State taxes, net of federal benefit	(2,280)	(8,620)	8,549
Differences between statutory rate and foreign effective tax rate	43,591	19,122	4,711
Non-deductible stock-based compensation	(1,777)	(2,826)	(2,390)
Change in valuation allowance	(350)	350	—
Research and experimentation credit	1,670	670	930
Tax expense related to foreign currency gain on distribution of previously taxed income	(6,207)	—	—
Change in estimated tax expense related to a divested business	—	3,365	(269)
Accrual for uncertain tax positions	(23,265)	(4,966)	3,154
Other	1,342	956	(4,027)
	$(55,031)	$(25,322)	$(32,935)

During 2011, we repatriated $86.4 million of funds that had been previously taxed in the U.S. from our foreign subsidiaries, which included the realization of a foreign currency gain of $17.7 million for tax purposes. The Company recorded an income tax expense of $6.2 million related to the foreign currency gain.

During 2010, the Company recorded a $7.8 million tax expense, reflecting a remeasurement of state deferred tax assets and liabilities using future tax rates which will be in effect when the underlying assets and liabilities will reverse. The change in state tax rate is primarily attributable to the change in the Company's business operations after the sale of the Authentication Services business.

During 2009, the State of California enacted changes in tax laws that were expected to have a beneficial impact on the Company's effective tax rate beginning in 2011. As a result, the Company revalued its state deferred tax assets that are expected to reverse after the effective date of the change, and recognized an income tax benefit of $4.9 million in state taxes for 2009.

During 2009, the California Franchise Tax Board agreed with certain Company positions during the Franchise Tax Board's audit of the years ended December 31, 2003 to December 31, 2005. The Company recorded an income tax benefit of $3.4 million in state taxes in 2009.

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

	As of December 31,	
	2011	2010
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 20,157	$ 20,376
Deductible goodwill and intangible assets	8,909	10,354
Tax credit carryforwards	6,213	7,866
Deferred revenue, accruals and reserves	106,234	96,433
Capital loss carryforwards and book impairment of investments	5,749	5,759
Other	4,439	4,724
Total deferred tax assets	151,701	145,512
Valuation allowance	(15,882)	(18,174)
Net deferred tax assets	135,819	127,338
Deferred tax liabilities:		
Property and equipment	(42)	(2,543)
Non-deductible acquired intangibles	(148)	(372)
Convertible debentures	(390,125)	(359,123)
Other	(3,417)	(4,210)
Total deferred tax liabilities	(393,732)	(366,248)
Total net deferred tax liabilities	$(257,913)	$(238,910)

As of December 31, 2011, the Company had deferred tax assets arising from deductible temporary differences, tax losses, and tax credits of $151.7 million before the offset of certain deferred tax liabilities. With the exception of certain deferred tax assets related to book and tax bases differences of certain investments and certain foreign net operating loss carryforwards, management believes it is more likely than not that forecasted income, together with the tax effects of the deferred tax liabilities, will be sufficient to fully recover the remaining deferred tax assets. During 2011, the Company reduced its valuation allowance by $2.3 million. The reduction is primarily related to a release of a valuation allowance applied to foreign loss carryforwards as the Company is projecting sufficient future income to allow use of a portion of the foreign loss carryforward.

As of December 31, 2011, the Company has federal, state and foreign net operating loss carryforwards of approximately $77.0 million, $694.0 million and $12.7 million, respectively, before applying tax rates for the respective jurisdictions. The Company had federal research tax credits and alternative minimum tax credits available for future years of approximately $35.9 million and $18.6 million, respectively. Certain net operating loss carryforwards and credits are subject to an annual limitation under Internal Revenue Code Section 382, but are expected to be fully realized. In future periods, an aggregate, tax effected amount of $91.0 million will be recorded to Additional paid-in capital when carried forward excess tax benefits from stock-based compensation are utilized to reduce future cash tax payments. The federal and state net operating loss and federal tax credit carryforwards expire in various years from 2012 through 2030. The foreign net operating loss carryforwards will expire in 2015 through 2017.

The deferred tax liability related to the Convertible Debentures is driven by the excess of the tax deduction taken for interest expense over the amount of interest expense recognized in the consolidated financial statements. The interest expense deducted for tax purposes is based on the total principal amount of the Convertible Debentures, while the interest expense recognized in accordance with GAAP is based only on the liability portion of the Convertible Debentures.

Deferred income taxes have not been provided on the undistributed earnings of foreign subsidiaries. The amount of such earnings as of December 31, 2011 was $532 million. These earnings have been indefinitely reinvested and the Company does not plan to initiate any action that would precipitate the payment of income taxes thereon. It is not practicable to estimate the amount of additional tax that might be payable on the undistributed foreign earnings.

The Company qualifies for a tax holiday in Switzerland. In Switzerland, the tax holidays provide reduced rates of taxation on certain types of income and also require certain thresholds of investment and employment. The tax holiday on certain income types expired in 2011 and the tax holiday on remaining income types expires in 2015. In India, the Company's exemption related to the Software Technology Park of India ("STPI") tax program expired on March 31, 2011. Following the expiration, the Company is subject to the regular statutory tax rate of 33% in India. The tax holidays increased the Company's earnings per share by $0.06 and $0.12 in 2011 and 2010, respectively. The impact of the tax holidays in 2009 was not material.

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

	As of December 31,	
	2011	2010
	(In thousands)	
Gross unrecognized tax benefits at January 1	$28,757	$30,020
Increases in tax positions for prior years	41	—
Decreases in tax positions for prior years	(1,685)	(7,012)
Increases in tax positions for current year	29,242	8,933
Lapse in statute of limitations	(422)	(3,184)
Gross unrecognized tax benefits at December 31	$55,933	$28,757

As of December 31, 2011, approximately $45.7 million of unrecognized tax benefits, including penalties and interest, could affect the Company's tax provision and effective tax rate. The balance of the gross unrecognized tax benefits is not expected to materially change in the next 12 months.

In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of tax expense. During 2011, 2010 and 2009, the Company released accruals for interest and penalties of approximately $0.2 million, $1.1 million, and $2.7 million, respectively. The Company had accrued approximately $0.5 million and $0.7 million for the payment of interest and penalties as of December 31, 2011 and 2010, respectively.

The Company's major taxing jurisdictions are the U.S., the states of California and Virginia, and Switzerland. The Company's tax returns are not currently under examination by these 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' income tax returns for the U.S., California and Virginia, such attributes can be adjusted by these taxing authorities until the statute closes on the year in which such attributes were utilized. The open years in Switzerland are the 2007 tax year and forward.

Note 14. Commitments and Contingencies

Leases

Verisign leases a portion of its facilities under operating leases that extend through 2017, and subleases a portion of its office space to third parties. The minimum lease payments under non-cancelable operating leases and the future minimum contractual sublease income as of December 31, 2011, are as follows:

	Operating Lease Payments	Sublease Income	Net Lease Payments
	(In thousands)		
2012	$10,200	$(145)	$10,055
2013	1,875	—	1,875
2014	1,811	—	1,811
2015	1,618	—	1,618
2016	1,347	—	1,347
Thereafter	191	—	191
Total	$17,042	$(145)	$16,897

Future operating lease payments include payments related to leases on excess facilities included in Verisign's restructuring plans.

Rental expenses under operating leases were $10.6 million, $15.3 million, and $17.0 million for 2011, 2010, and 2009, respectively.

Purchase Obligations and Contractual Agreements

The following table represents the minimum payments required by Verisign under certain purchase obligations, the contractual agreement with the Internet Corporation for Assigned Names and Numbers ("ICANN"), the *.tv* Agreement with the Government of Tuvalu, the credit facility, and the interest payments and principal on the Convertible Debentures:

	Purchase Obligations	ICANN Agreement	.tv Agreement	Credit Facility	Convertible Debentures	Total
			(In thousands)			
2012	$15,131	$16,500	$ 4,000	$ —	$ 40,625	$ 76,256
2013	9,275	—	4,500	—	40,625	54,400
2014	4,837	—	4,500	—	40,625	49,962
2015	—	—	5,000	—	40,625	45,625
2016	—	—	5,000	100,000	40,625	145,625
Thereafter	—	—	25,000	—	2,087,891	2,112,891
Total minimum payments	$29,243	$16,500	$48,000	$100,000	$2,291,016	$2,484,759

The amounts in the table above exclude $45.7 million of income tax related uncertain tax positions, as the Company is unable to reasonably estimate the ultimate amount or time of settlement of those liabilities.

Verisign enters into certain purchase obligations with various vendors. The Company's significant purchase obligations primarily consist of firm commitments with telecommunication carriers and other service providers. The Company does not have any significant purchase obligations beyond 2014.

In 2006, the Company entered into a contractual agreement with ICANN to be the sole registry operator for domain names in the *.com* top-level domain through November 30, 2012. Under the agreement, the Company paid ICANN registry level fees of $18.0 million, $18.0 million, and $15.0 million in 2011, 2010, and 2009, respectively. Registry fees for other generic top-level domains have been excluded from the table above because the amounts are variable or passed through to registrars.

In 2011, the Company renewed its agreement with the Government of Tuvalu to be the sole registry operator for *.tv* domain names through December 31, 2021. Under the previous agreement, the Company paid $2.0 million per year in registry fees.

In 2011, the Company entered into a $200.0 million committed senior unsecured revolving credit facility of which it withdrew $100.0 million in 2011. The facility expires on November 22, 2016 at which time any outstanding borrowings are due. Interest payments due on the borrowings outstanding have been excluded from the table above and are discussed in Note 7 "Debt and Interest Expense."

In August 2007, the Company issued $1.25 billion principal amount of Convertible Debentures. The Company will pay cash interest at an annual rate of 3.25% payable semiannually on February 15 and August 15 of each year, until maturity.

Legal Proceedings

On May 31, 2007, plaintiffs Karen Herbert, et al., on behalf of themselves and a nationwide class of consumers, filed a complaint against Verisign, m-Qube, Inc., and other defendants alleging that defendants collectively operated 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 U.S. District Court for the Central District of California, Western Division. The defendants' motion to dismiss the *Herbert* matter was denied by the district court on December 3, 2007 and that ruling was appealed. On July 8, 2010, the Court of Appeals for the Ninth Circuit dismissed the appeal for lack of jurisdiction and remanded the case to the district court. Certain defendants had asserted indemnity claims against Verisign in connection with these matters.

On July 13, 2011, the parties reached an agreement in principle to settle this matter and the defendants, including Verisign, previously reached an agreement in principle to resolve the indemnity claims noted above. The parties have entered into fully documented settlement agreements. Under the agreement to resolve the *Herbert* case, class members will be able to claim a full refund for premium text message charges incurred entering the Lucky Case Game. Verisign will pay sixty percent of the settlement costs but will receive an approximately $0.5 million contribution towards those costs from a co-defendant as part of the indemnity claim settlement. The Company has accrued for the expected settlement costs, which were not material to its financial condition or results of operations. See Note 4, "Discontinued Operations," of Notes to Consolidated Financial Statements in this Annual Report on Form 10-K. This estimate of the expected settlement costs, by its nature, is based on judgment and currently available information and involves a variety of factors, including, but not limited to, the type and nature of the lawsuit, the progress of the lawsuit, and the Company's experience in similar matters. Given the inherent uncertainties involved in litigation, the Company cannot assure you that the ultimate resolution of this matter will not exceed the amount accrued for the settlement costs.

The court granted preliminary approval of the *Herbert* settlement on September 19, 2011 and final approval on December 19, 2011.

Indemnifications

In connection with the sale of the Authentication Services business to Symantec in August 2010, the Company has agreed to indemnify Symantec for certain potential legal claims arising from the operation of the Authentication Services business for a period of sixty months after the closing of the sale transaction. The Company's indemnification obligations in this regard are triggered only when indemnifiable claims exceed in the aggregate $4.0 million. Thereafter, the Company is obligated to indemnify Symantec for 50% of all indemnifiable claims. The Company's maximum indemnification obligation with respect to these claims was capped at $125.0 million until February 9, 2012, at which time the cap was reduced to $50.0 million.

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

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

Off-Balance Sheet Arrangements

As of December 31, 2011 and 2010, the Company did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, the Company is not exposed to any financing, liquidity, market or credit risk that could arise if the Company had engaged in such relationships.

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

EXHIBITS

As required under Item 15—Exhibits, Financial Statement Schedules, 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
10.75	VeriSign, Inc. 2006 Equity Incentive Plan Form of Performance-Based Restricted Stock Unit Agreement. +
21.01	Subsidiaries of the Registrant.
23.01	Consent of Independent Registered Public Accounting Firm.
24.01	Powers of Attorney (Included as part of the signature pages hereto).
31.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a).
31.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a).
32.01	Certification of Principal Executive Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). **
32.02	Certification of Principal Financial Officer pursuant to Exchange Act Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code (18 U.S.C. 1350). **
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

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

+ Indicates a management contract or compensatory plan or arrangement.

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VERISIGN™

VeriSign, Inc.
12061 Bluemont Way
Reston, Virginia 20190

April 10, 2012

To Our Stockholders:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of VeriSign, Inc. ("Verisign") to be held at our corporate offices located at 12061 Bluemont Way, Reston, Virginia 20190 on Thursday, May 24, 2012, at 10:00 a.m., Eastern Time (the "Meeting").

The matters expected to be acted upon at the Meeting are described in detail in the following *Notice of the 2012 Annual Meeting of Stockholders* and *Proxy Statement*.

We have implemented a U.S. Securities and Exchange Commission rule that requires companies to furnish their proxy materials over the Internet. As a result, we are mailing to our stockholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of our annual report to security holders, which includes our Annual Report on Form 10-K for the year ended December 31, 2011 (collectively, the "Annual Report"), and this proxy statement. The Notice of Internet Availability of Proxy Materials contains instructions on how to access those documents over the Internet. The Notice of Internet Availability of Proxy Materials also contains instructions on how each stockholder can receive a paper copy of our proxy soliciting materials, including this notice and proxy statement, our Annual Report and a form of proxy card or voting instruction card. We believe that this process will conserve natural resources and reduce the costs of printing and distributing our proxy materials.

It is important that you use this opportunity to take part in the affairs of Verisign by voting on the business to come before this meeting. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE THE PROXY ELECTRONICALLY OR BY PHONE AS DESCRIBED ON THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS AND UNDER "INTERNET AND TELEPHONE VOTING" IN THE PROXY STATEMENT, OR ALTERNATIVELY, IF RECEIVING PAPER COPIES OF PROXY MATERIALS, DATE, SIGN AND PROMPTLY RETURN THE ACCOMPANYING PROXY IN THE ENCLOSED POSTAGE-PAID ENVELOPE SO THAT YOUR SHARES MAY BE REPRESENTED AT THE MEETING. Returning or completing the proxy does not deprive you of your right to attend the Meeting and to vote your shares in person.

We look forward to seeing you at our 2012 Annual Meeting of Stockholders.

Sincerely,

/s/ D. James Bidzos
D. James Bidzos
Chairman of the Board of Directors and Executive Chairman, President and Chief Executive Officer

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VERISIGN, INC.

12061 Bluemont Way

Reston, Virginia 20190

Notice of the 2012 Annual Meeting of Stockholders

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2012 Annual Meeting of Stockholders of VeriSign, Inc. will be held at our corporate offices located at 12061 Bluemont Way, Reston, Virginia 20190 on Thursday, May 24, 2012, at 10:00 a.m., Eastern Time. The 2012 Annual Meeting of Stockholders is being held for the following purposes:

1. To elect seven directors of VeriSign, Inc., each to serve until the next annual meeting, or until a successor has been elected and qualified or until the director's earlier resignation or removal.
2. To approve, on a non-binding, advisory basis, VeriSign, Inc.'s executive compensation.
3. To ratify the selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2012.
4. To transact such other business as may properly come before the 2012 Annual Meeting of Stockholders or any adjournment thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice.

Only stockholders of record at the close of business on March 30, 2012, are entitled to notice of and to vote at the 2012 Annual Meeting of Stockholders or any adjournment thereof.

By Order of the Board of Directors,

/s/ Richard H. Goshorn
Richard H. Goshorn
Secretary

Reston, Virginia
April 10, 2012

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE THE PROXY ELECTRONICALLY OR BY PHONE AS DESCRIBED ON THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS AND UNDER "INTERNET AND TELEPHONE VOTING" IN THE PROXY STATEMENT, OR ALTERNATIVELY, IF RECEIVING PAPER COPIES OF PROXY MATERIALS, COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE PROXY IN THE ENCLOSED POSTAGE-PAID ENVELOPE SO THAT YOUR SHARES MAY BE REPRESENTED AT THE MEETING.

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VERISIGN, INC.
12061 Bluemont Way
Reston, Virginia 20190

PROXY STATEMENT
FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS

April 10, 2012

The accompanying proxy is solicited on behalf of the Board of Directors (the "Board") of VeriSign, Inc. ("Verisign" or the "Company") for use at the 2012 Annual Meeting of Stockholders (the "Meeting") to be held at our corporate offices located at 12061 Bluemont Way, Reston, Virginia 20190 on Thursday, May 24, 2012 at 10:00 a.m., Eastern Time. Only holders of record of our common stock at the close of business on March 30, 2012, which is the record date, will be entitled to vote at the Meeting. At the close of business on the record date, we had 158,352,243 shares of common stock outstanding and entitled to vote. This proxy statement and the accompanying form of proxy (collectively, the "Proxy Statement") were first made available to stockholders on or about April 10, 2012. Our annual report to security holders, which includes our Annual Report on Form 10-K for the year ended December 31, 2011 (collectively, the "Annual Report"), is enclosed with this Proxy Statement for stockholders receiving a paper copy of proxy soliciting materials. The Annual Report and Proxy Statement can both be accessed on the Investor Relations section of our website at *http://investor.verisign.com*, or at *http://www.proxyvoting.com/vrsn*.

All proxies will be voted in accordance with the instructions contained therein. Unless contrary instructions are specified, if the accompanying proxy is executed and returned (and not revoked) prior to the Meeting, the shares of Verisign common stock represented by the proxy will be voted: (1) **FOR** the election of each of the seven director candidates nominated by the Board; (2) **FOR** the non-binding, advisory resolution to approve Verisign's executive compensation; (3) **FOR** the ratification of the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012 ("fiscal 2012"); and (4) in accordance with the best judgment of the named proxies on any other matters properly brought before the Meeting.

Adoption of Majority Vote Standard in Uncontested Director Elections

Verisign's Fifth Amended and Restated Bylaws (the "Bylaws") provide for a majority of votes cast standard in uncontested elections. A majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "withheld" for that director. In contested elections where the number of nominees exceeds the number of directors to be elected, the vote standard will continue to be a plurality of votes cast. In addition, if a nominee who already serves as a director is not re-elected, the director shall tender his or her resignation, subject to acceptance by the Board. The Corporate Governance and Nominating Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Corporate Governance and Nominating Committee's recommendation and publicly disclose its decision and the rationale behind it within ninety days from the date of the certification of the election results. The director who tenders his or her resignation will not participate in the Board's decision. If the failure of a nominee to be elected at the annual meeting results in a vacancy on the Board, that vacancy can be filled by action of the Board.

Voting Rights

Holders of our common stock are entitled to one vote for each share held as of the record date.

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

A majority of the outstanding shares of common stock must be present or represented by proxy at the Meeting in order to have a quorum. Abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum for the transaction of business at the Meeting. A broker non-vote occurs when a bank, broker or other stockholder of record holding shares for a beneficial owner submits a proxy for the meeting, but does not vote on a particular proposal because that record holder does not have discretionary voting power with respect to that "non-routine" proposal and has not received voting instructions from the beneficial owner. Each of the election of directors and the non-binding, advisory vote to approve executive compensation is a "non-routine" proposal and so shares for which record holders do not receive voting instructions will not be voted on such matters.

If a quorum is present, a nominee for election to a position on the Board in an uncontested election will be elected as a director if the votes cast "for" the election of the nominee exceed the votes cast as "withheld" for that nominee. The following will not be votes cast and will have no effect on the election of any director nominee: (i) a share whose ballot is marked as abstain; (ii) a share otherwise present at the meeting but for which there is an abstention; (iii) a share otherwise present at the meeting as to which a stockholder gives no authority or direction; and (iv) a share subject to a broker non-vote. Stockholders may not cumulate votes in the election of directors.

If a quorum is present, approvals of the proposals for:

- the non-binding, advisory resolution to approve Verisign's executive compensation;
- the ratification of the selection of KPMG LLP as our independent registered public accounting firm for fiscal 2012; and
- all other matters that properly come before the Meeting

require the affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote on the subject matter.

Under this voting standard, abstentions will have the effect of votes cast against the proposal, and broker non-votes will not affect the voting outcome.

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

Adjournment of Meeting

In the event that a quorum shall fail to attend the Meeting, either in person or represented by proxy, the chairman may adjourn the Meeting, or alternatively, a stockholder or a person named as a proxy may propose the adjournment of the Meeting. Any such adjournment proposed by a stockholder or person named as a proxy would require the affirmative vote of the majority of the outstanding shares present in person or represented by proxy at the Meeting.

Expenses of Soliciting Proxies

Verisign will pay the expenses of soliciting proxies to be voted at the Meeting. Verisign intends to retain Alliance Advisors, L.L.C. for various services related to the solicitation of proxies, which we anticipate will cost between $3,000 and $6,500, plus reimbursement of expenses. Following the original mailing of the Notice of Internet Availability of Proxy Materials and paper copies of proxies and other proxy soliciting materials, we and/or our agents may also solicit proxies by mail, telephone, electronic transmission, including email, or in person. Following the original mailing of the Notice of Internet Availability of Proxy Materials and paper copies of the proxies and other proxy soliciting materials, we will request that brokers, custodians, nominees and other record holders of our shares forward copies of the proxy and other proxy soliciting materials to persons for whom they hold shares and request authority for the exercise of proxies. In such cases, we will reimburse the record holders for their reasonable expenses if they ask us to do so.

Revocability of Proxies

A stockholder may revoke any proxy that is not irrevocable by attending the Meeting and voting in person or by delivering a proxy in accordance with applicable law bearing a later date to the Secretary of the Company.

Internet and Telephone Voting

If you hold shares of record as a registered stockholder, you can simplify your voting process and save the Company expense by voting your shares by telephone at 1-866-540-5760 or on the Internet at *http://www.proxyvoting.com/vrsn* twenty-four hours a day, seven days a week. Telephone and Internet voting are available through 11:59 p.m. Eastern Time the day prior to the Meeting. More information regarding Internet voting is given on the Notice of Internet Availability of Proxy Materials. If you hold shares through a bank or brokerage firm, the bank or brokerage firm will provide you with separate instructions on a form you will receive from them. Many such firms make telephone or Internet voting available, but the specific processes available will depend on those firms' individual arrangements.

Householding

Verisign has adopted a procedure called "householding," which has been approved by the Securities and Exchange Commission (the "SEC"). Under this procedure, Verisign is delivering only one copy of the Notice of Internet Availability of Proxy Materials or paper copies of the Annual Report and Proxy Statement, as the case may be, to multiple stockholders who share the same address and have the same last name, unless Verisign has received contrary instructions from an affected stockholder. This procedure reduces Verisign's printing costs, mailing costs and fees. Stockholders who participate in householding will continue to receive separate voter control numbers or proxy cards, in accordance with their preferred method of delivery.

Verisign will deliver promptly upon written or oral request a separate copy of the Notice of Internet Availability of Proxy Materials or Annual Report and the Proxy Statement to any stockholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of any of these documents, you may write or call Verisign's Investor Relations Department at VeriSign, Inc., 12061 Bluemont Way, Reston, Virginia 20190, Attention: Investor Relations, telephone 1-800-922-4917, or via email at ir@verisign.com. You may also access Verisign's Annual Report and Proxy Statement on the Investor Relations section of Verisign's website at *http://investor.verisign.com*.

If you are a holder of record and would like to revoke your householding consent and receive a separate copy of the Notice of Internet Availability of Proxy Materials, Annual Report or Proxy Statement in the future, please contact Computershare Shareowner Services, either by calling toll free at 1-877-255-1918 or by writing to Computershare Shareowner Services, Householding Department, P.O. Box 358015, Pittsburgh, PA 15252-8015. You will be removed from the householding program within thirty days of receipt of the revocation of your consent.

Any stockholders of record who share the same address and currently receive multiple copies of Verisign's Notice of Internet Availability of Proxy Materials, Annual Report or Proxy Statement who wish to receive only one copy of these materials per household in the future, please contact Verisign's Investor Relations Department at the email address, physical address or telephone number listed above to participate in the householding program.

A number of brokerage firms have instituted householding. If your shares are held in "street name," please contact your bank, broker or other holder of record to request information about householding.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

Our Bylaws authorize eleven directors or such number of directors determined from time to time by a resolution of the Board; there are currently seven directors, as determined by a written resolution of the Board. The terms of the current directors, who are identified below, expire upon the election and qualification of the directors to be elected at the Meeting. The Board has nominated each of the seven current directors for re-election at the Meeting to serve until the 2013 Annual Meeting of Stockholders and until their respective successors have been elected and qualified. There are currently no vacancies on the Board. Proxies cannot be voted for more than seven persons, which is the number of nominees.

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

Nominees/Directors

Set forth below is certain information relating to our directors, including details on each director/nominee's specific experience, qualifications, attributes or skills that led the Board to conclude that the person should serve as a director of the Company.

Name	Age	Position
Nominees for election as directors for a term expiring in 2013:		
D. James Bidzos	57	Chairman of the Board, Executive Chairman, President and Chief Executive Officer
William L. Chenevich(1)(2)	68	Lead Independent Director
Kathleen A. Cote(1)(2)	63	Director
Roger H. Moore	70	Director
John D. Roach(1)(3)	68	Director
Louis A. Simpson(2)(3)	75	Director
Timothy Tomlinson(2)(3)	62	Director

(1) Member of the Audit Committee.
(2) Member of the Corporate Governance and Nominating Committee.
(3) Member of the Compensation Committee.

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

Mr. Bidzos is a business executive with significant expertise in the technology that is central to the Company's businesses. Mr. Bidzos is an Internet and security industry pioneer who understands the strategic technology trends in markets that are important to the Company. Mr. Bidzos was a founder of the Company and has been either Chairman or Vice Chairman of the Company's Board of Directors since the Company's founding in April 1995, providing him with valuable insight and institutional knowledge of the Company's history and development. Mr. Bidzos has prior experience on our Compensation Committee and our Corporate Governance and Nominating Committee and as a member of several other public-company boards. Mr. Bidzos's years of board-level experience contribute important knowledge and insight to the Board. Additionally, Mr. Bidzos's executive-level experience includes many years as a Chief Executive Officer, providing him with a perspective that the Board values. Mr. Bidzos also has international business experience from his service as a director of VeriSign Japan.

William L. Chenevich has served as Lead Independent Director since February 2009 and as a director since the Company's founding in April 1995. Mr. Chenevich served as Vice Chairman of Technology and Operations for U.S. Bancorp, a financial holding company, from February 2001 to July 2010. He served as Vice Chairman of Technology and Operations Services of Firstar Corporation, a financial services company, from 1999 until its merger with U.S. Bancorp in February 2001. Prior thereto, he was Group Executive Vice President of VISA International, a financial services company, from 1994 to 1999. Mr. Chenevich holds a B.B.A. degree in Business from the City College of New York and an M.B.A. degree in Management from the City University of New York.

Mr. Chenevich is a business executive with significant expertise in technology and operations developed over more than twenty years in the financial services industry. Mr. Chenevich's expertise in technology and operations is directly relevant to the products and services of the Company's businesses. Mr. Chenevich's experience in the financial services industry is also relevant as that industry is an important target industry for the Company's products and services. Mr. Chenevich's service on several other boards of directors over his career, and his service on our Board since the Company's founding, have provided him with significant board-level experience, as well as valuable insight and institutional knowledge of the Company's history and development. Mr. Chenevich's financial and accounting skills qualify him as an audit committee financial expert. His experience on our Audit Committee and the audit committee of another company are also valuable to the Company. In addition, Mr. Chenevich has significant executive-level experience as a management committee member at leading financial institutions for more than twenty years, including experience in mergers and acquisitions transactions. Mr. Chenevich also has significant international business experience from his time as Group Executive Vice President of VISA International.

Kathleen A. Cote has served as a director since February 2008. From May 2001 to June 2003, Ms. Cote served as Chief Executive Officer of Worldport Communications Company, a provider of Internet managed services. From September 1998 to May 2001, she served as Founder and President of Seagrass Partners, a consulting firm specializing in providing strategic planning, business, operational and management support for startup and mid-sized technology companies. Prior thereto, she served as President and Chief Executive Officer of Computervision Corporation, a supplier of desktop and enterprise, client server and web-based product development and data management software and services. During the past five years, Ms. Cote has held directorships at Asure Software Corporation, GT Advanced Technologies Inc., 3Com Corporation and Western Digital Corporation. Ms. Cote holds an Honorary Doctorate from the University of Massachusetts, an M.B.A. degree from Babson College, and a B.A. degree from the University of Massachusetts, Amherst.

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

Roger H. Moore has served as a director since February 2002. From December 2007 to May 2009, he served as a consultant assisting Verisign in the divestiture of its Communications Services business. From June 2007 through November 2007, Mr. Moore served as interim Chief Executive Officer of Arbinet Corporation, a provider of online trading services. He was President and Chief Executive Officer of Illuminet Holdings, Inc. from December 1995 until December 2001 when Verisign acquired Illuminet Holdings. Prior to Illuminet Holdings, Mr. Moore spent ten years with Nortel Networks in a variety of senior management positions including President of Nortel Japan. During the past five years, Mr. Moore has held directorships at Western Digital Corporation, Consolidated Communications Illinois Holdings, Inc. and Arbinet Corporation. Mr. Moore holds a B.S. degree in General Science from Virginia Polytechnic Institute and State University.

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

John D. Roach has served as a director since July 2007. Mr. Roach has served as Chairman of the Board of Directors and Chief Executive Officer of Stonegate International, a private investment and advisory services company, since September 2001. From November 2002 to January 2006, he served as Executive Chairman of Unidare U.S., a subsidiary of Unidare plc, a public Irish financial holding company and supplier of products to the welding, safety and industrial markets. From 1998 to 2001, he served as Founder and Chairman, President and Chief Executive Officer of Builders FirstSource, Inc., a distributor of building products. Prior to that, he was Chairman, President and Chief Executive Officer of Fibreboard Corporation, a building products company, from July 1991 to July 1997 when it was acquired by Owens Corning. Mr. Roach also held various executive level roles at Johns Manville Corp. from 1987 to 1991, including serving as its Chief Financial Officer and President of two of its affiliated entities. During the past five years, Mr. Roach has held directorships at Kaiser Aluminum Corporation, Material Sciences Corporation, PMI Group, Inc. and URS Corporation. Mr. Roach holds a B.S. degree in Industrial Management from M.I.T. and an M.B.A. degree from Stanford University.

Mr. Roach is a business executive with significant expertise in private investment and seventeen years of strategy consulting experience, including serving in senior officer roles at The Boston Consulting Group, Booz Allen Hamilton Inc. and Braxton International. Mr. Roach's expertise contributes business operational knowledge and strategic planning skills, along with knowledge important to mergers and acquisitions activity. Mr. Roach's financial and accounting skills qualify him as an audit committee financial expert. Throughout his career, Mr. Roach has served on ten other boards of directors, providing him with valuable board-level experience. His experience on our Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee, and the audit committees, compensation committees and corporate governance and nominating committees of several other companies, is also valuable to the Company. Mr. Roach has years of executive experience as a Chief Executive Officer at several other companies, two of which were publicly-traded, and as a Chief Financial Officer. Mr. Roach has international experience as the former Managing Director of the Worldwide Strategy Practice for Booz Allen Hamilton and was responsible for managing all of Johns Manville Corp.'s European business activities.

Louis A. Simpson has served as a director since May 2005. Mr. Simpson is Chairman of SQ Advisors, LLC, an investment firm. From May 1993 to December 2010, he served as President and Chief Executive Officer, Capital Operations, of GEICO Corporation, a passenger auto insurer. Mr. Simpson previously served as Vice Chairman of the Board of GEICO from 1985 to 1993. During the past five years, Mr. Simpson has held directorships at Science Applications International Corporation and Chesapeake Energy Corporation. Mr. Simpson holds a B.A. degree from Ohio Wesleyan University and an M.A. degree in Economics from Princeton University.

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

Timothy Tomlinson is a practicing corporate lawyer employed as General Counsel of Portola Minerals Company, a producer and seller of limestone products. Mr. Tomlinson was employed as Of Counsel by the law firm Greenberg Traurig, LLP from May 2007 through May 2011. Mr. Tomlinson was the founder and a named partner of Tomlinson Zisko LLP and practiced with this Silicon Valley law firm from 1983 until its acquisition by Greenberg Traurig, LLP in May 2007. He served as managing partner of his firm for multiple terms. Mr. Tomlinson is a long-tenured member of the Board, having served from the Company's founding in 1995 until 2002, and again since his reappointment in November 2007. Mr. Tomlinson holds a B.A. degree in Economics, an M.A. degree in History, an M.B.A. and a J.D. degree from Stanford University.

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

Compensation of Directors

This section provides information regarding the compensation policies for non-employee directors and amounts earned and securities awarded to these directors in fiscal 2011. Employee directors are not compensated for their services as a director. D. James Bidzos, a director, is the Company's Executive Chairman, President and Chief Executive Officer. As an employee of the Company, Mr. Bidzos does not participate in the compensation program for non-employee directors, and he is compensated as an executive officer of the Company. Mark McLaughlin, the Company's former President and Chief Executive Officer, also served as a director until his resignation from the Board effective July 27, 2011. Mr. McLaughlin did not participate in the compensation program for non-employee directors and was compensated as an executive officer of the Company. Messrs. Bidzos' and McLaughlin's compensation are described in "Executive Compensation" elsewhere in this Proxy Statement.

Non-Employee Director Retainer Fees and Equity Compensation Information

On July 26, 2011, the Compensation Committee met to consider the cash and equity-based compensation to be paid to non-employee directors. The Compensation Committee reviewed competitive market data prepared by Frederic W. Cook & Co. ("FW Cook"), its independent compensation consultant, for the same comparator group used to benchmark executive compensation and certain available information for other boards and reviewed the board compensation practices of these companies. For information about the comparator group, see “Executive Compensation—Compensation Discussion and Analysis.” Following this review and consideration of the recommendations made by FW Cook, the Compensation Committee determined that it was in the best interests of Verisign and its stockholders that the annual $200,000 equity award grant to each director be made solely in the form of restricted stock units (“RSUs”). New directors are granted an equity award equal to the pro rata amount of such annual equity award, the amount of which is determined based on the date of such new director’s appointment or election to the Board.

During fiscal 2011, annual cash retainer fees were as follows:

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

(1) The position of “Non-Executive Chairman of the Board” was not held during 2011, and as such no annual retainer fees were paid during this period.

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

Non-Employee Director Compensation Table for Fiscal 2011

The following table sets forth a summary of compensation information for our non-employee directors for fiscal 2011. As executive officers of the Company during fiscal 2011, Messrs. Bidzos and McLaughlin received no additional compensation for services provided as a director. Information regarding Messrs. Bidzos’ and McLaughlin’s compensation may be found under “Executive Compensation.”

DIRECTOR COMPENSATION FOR FISCAL 2011

Non-Employee Director Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
William L. Chenevich(4)	115,000	250,460	28.30	365,488.30
Kathleen A. Cote(5)	80,000	270,634	28.30	350,662.30
Roger H. Moore(6)	40,000	607,087	28.30	647,115.30
John D. Roach(7)	85,000	310,426	28.30	395,454.30
Louis A. Simpson(8)	80,000	694,671	28.30	774,699.30
Timothy Tomlinson(9)	70,000	310,426	28.30	380,454.30

(1) Amounts shown represent retainer fees earned by each director.

(2) Stock Awards consist solely of RSUs. Amounts shown represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for the applicable awards granted in fiscal 2011. The grant date fair value of each Stock Award granted to each non-employee director on July 26, 2011 was $199,977.60 (5,920 RSUs at $33.78 per share closing price on the grant date). In addition to the Stock Awards granted on July 26, 2011, awards of RSUs were granted on January 21, 2011 at $32.21 per share closing price and May 18, 2011 at $37.29 per share closing price, in connection with outstanding vested and unvested options as a result of the special dividends declared by the Board on December 9, 2010 and April 27, 2011, respectively, to non-employee directors as follows: Mr. Chenevich, $50,483 (809 RSUs granted on January 21, 2011 and 655 RSUs granted on May 18, 2011); Ms. Cote, $70,657 (1,132 RSUs granted on January 21, 2011 and 917 RSUs granted on May 18, 2011); Mr. Moore, $407,109 (6,523 RSUs granted on January 21, 2011 and 5,283 RSUs granted on May 18, 2011); Mr. Roach, $110,448 (1,770 RSUs granted on January 21, 2011 and

1,433 RSUs granted on May 18, 2011); Mr. Simpson, $494,693 (7,927 RSUs granted on January 21, 2011and 6,419 RSUs granted on May 18, 2011); and Mr. Tomlinson, $110,448 (1,770 RSUs granted on January 21, 2011and 1,433 RSUs granted on May 18, 2011).

(3) Amounts shown represent cash-in-lieu payments for fractional shares held by the director.

(4) As of December 31, 2011, Mr. Chenevich held 4,440 outstanding RSUs and outstanding options to purchase 8,884 shares of the Company's common stock.

(5) As of December 31, 2011, Ms. Cote held 4,440 outstanding RSUs and outstanding options to purchase 12,430 shares of the Company's common stock.

(6) As of December 31, 2011, Mr. Moore held 4,440 outstanding RSUs and outstanding options to purchase 46,632 shares of the Company's common stock.

(7) As of December 31, 2011, Mr. Roach held 4,440 outstanding RSUs and outstanding options to purchase 19,432 shares of the Company's common stock.

(8) As of December 31, 2011, Mr. Simpson held 4,440 outstanding RSUs and outstanding options to purchase 87,032 shares of the Company's common stock.

(9) As of December 31, 2011, Mr. Tomlinson held 4,440 outstanding RSUs and outstanding options to purchase 19,432 shares of the Company's common stock.

Stock options are granted at an exercise price not less than 100% of the fair market value of Verisign's common stock on the date of grant and have a term of not greater than seven years from the date of grant. Directors are permitted to exercise vested stock options for up to three years following the termination of their Board service. RSUs granted to non-employee directors (including those granted during fiscal 2011) vest in quarterly installments over one year from the date of grant. The Compensation Committee may authorize grants with different vesting schedules in the future. The vesting of equity awards for all non-employee directors accelerates as to 100% of any unvested equity awards upon certain changes-in-control as set forth in the Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan (the "2006 Plan") and the 1998 Directors Stock Option Plan, as applicable.

The Board Recommends a Vote "FOR" the Election of Each of the Nominated Directors.

CORPORATE GOVERNANCE

Independence of Directors

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

Consistent with these considerations, after review of all relevant transactions and relationships between each director, or any of his or her family members, and Verisign, our executive officers or our independent registered public accounting firm, the Board affirmatively determined on February 22, 2012 that the majority of our Board is comprised of independent directors. Our independent directors are: Mr. Chenevich, Ms. Cote, Mr. Roach, Mr. Simpson, and Mr. Tomlinson. Each director who serves on the Audit Committee, the Compensation Committee or the Corporate Governance and Nominating Committee is an independent director. Mr. Bidzos serves as Executive Chairman, President and Chief Executive Officer. During 2009, Mr. Moore served as a consultant assisting Verisign in the divestiture of its Communications Services business.

Board Leadership Structure

The Board regularly considers the appropriate leadership structure for the Company and has concluded that the Company and its shareholders are best served by not having a formal policy on whether the same individual should serve as both Chief Executive Officer and Chairman of the Board. This flexibility allows the Board to utilize its considerable experience and knowledge to elect the most appropriate director as Chairman, while maintaining the ability to separate the Chairman of the Board and Chief Executive Officer roles when necessary. This determination is made according to what the Board believes is best to provide appropriate leadership for the Company at such time. Currently, the Company's seven-member Board is led by Chairman D. James Bidzos. Mr. Bidzos is also an officer of the Company, serving as its Executive Chairman, President and Chief Executive Officer. The Board has appointed a Lead Independent Director, who is currently William L. Chenevich. The Lead Independent Director presides at all meetings of the Board at which the Chairman of the Board is not present. Five of the seven directors are independent.

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

Mr. Bidzos was a founder of the Company and its initial Chief Executive Officer, and he has been either Chairman or Vice Chairman of the Company's Board of Directors since the Company's founding in 1995. Mr. Bidzos's current tenure as Chairman of the Board dates to August 2007. Mr. Bidzos was appointed Executive Chairman, President and Chief Executive Officer on an interim basis of Verisign on June 30, 2008. On January 14, 2009, Mr. Bidzos resigned as President on an interim basis, and on August 17, 2009, Mr. Bidzos resigned as Executive Chairman and Chief Executive Officer on an interim basis and was appointed Executive Chairman of Verisign. On August 1, 2011, Mr. Bidzos was appointed President and Chief Executive Officer, following the resignation of Mark McLaughlin. Mr. Chenevich has also been a member of the Board since the Company's founding in 1995 and has been the Lead Independent Director since February 2009.

Board Role in Risk Oversight

The Board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks. The full Board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from the appropriate member of senior management responsible for mitigating these risks within the organization to enable it to understand our risk identification, risk management and risk mitigation strategies. When a committee receives a report on risks under its purview, the Chairperson of the relevant committee reports on the discussion to the full Board during the committee reports portion of the next Board meeting. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Board and Committee Meetings

The Board met five times and its committees collectively met fifteen times during 2011. During his or her tenure on the Board, in fiscal 2011, no director attended fewer than 75% of the aggregate of (i) the total number of meetings held by the Board and (ii) the total number of meetings held by all committees on which he or she served. As the Lead Independent Director, Mr. Chenevich may schedule and conduct separate meetings of the independent directors and perform other similar duties.

Board Members' Attendance at the Annual Meeting

Although we do not have a formal policy regarding attendance by members of the Board at our annual meeting of stockholders, we encourage directors to attend. Two members of the Board attended our 2011 Annual Meeting of Stockholders.

Corporate Governance and Nominating Committee

The Board has established a Corporate Governance and Nominating Committee to recruit, evaluate, and nominate candidates for appointment or election to serve as members of the Board, recommend nominees for committees of the Board, recommend corporate governance principles and periodically review and assess the adequacy of these principles, and review annually the performance of the Board. The Corporate Governance and Nominating Committee is currently composed of Ms. Cote (Chairperson) and Messrs. Chenevich, Simpson and Tomlinson, each of whom has been determined by the Board to be an "independent director" under the rules of The NASDAQ Stock Market. The Corporate Governance and Nominating Committee operates pursuant to a written charter. The Corporate Governance and Nominating Committee's charter is located on our website at *https://investor.verisign.com/documents.cfm*. The Corporate Governance and Nominating Committee met four times during fiscal 2011.

In nominating candidates for election to the Board, the Corporate Governance and Nominating Committee considers the performance and qualifications of each potential nominee or candidate, not only for his or her individual strengths but also for his or her potential contribution to the Board as a group. While it has no express policy, in carrying out this responsibility the Corporate Governance and Nominating Committee also considers additional factors, such as diversity of business administration specialty, expertise within industries and markets tangential or complementary to the Company's industry, and business contacts among the various market segments relevant to the Company's sales, human resource and development strategies. Additionally, pursuant to its charter, the Corporate Governance and Nominating Committee evaluates and reviews with the Board the criteria for selecting new directors, including skills and characteristics, in the context of the current composition of the Board and its committees.

The Corporate Governance and Nominating Committee considers candidates for director nominees proposed by directors and stockholders. The Corporate Governance and Nominating Committee may also from time to time retain one or more third-party search firms to identify suitable candidates. The Corporate Governance and Nominating Committee has an agreement in place with an executive search firm to conduct searches for new independent directors for the Board from time to time, at the Corporate Governance and Nominating Committee's request.

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

If you would like the Corporate Governance and Nominating Committee to consider a prospective candidate, in accordance with our Bylaws, please submit the candidate's name and qualifications to: Richard H. Goshorn, Secretary, VeriSign, Inc., 12061 Bluemont Way, Reston, Virginia 20190.

Audit Committee

The Board has established an Audit Committee that oversees the accounting and financial reporting processes at the Company, internal control over financial reporting, audits of the Company's financial statements, the qualifications of the Company's independent auditor, and the performance of the Company's internal audit department and the independent auditor. The independent auditor reports directly to the Audit Committee, and the Audit Committee is responsible for the appointment (subject to stockholder ratification), compensation and retention of the independent auditor. The Audit Committee also oversees the Company's processes to manage business and financial risk, and compliance with significant applicable legal and regulatory requirements, and oversees the Company's ethics and compliance programs. The Audit Committee is currently composed of Messrs. Chenevich (Chairperson) and Roach and Ms. Cote. Each member of the Audit Committee meets the independence criteria of The NASDAQ Stock Market and the SEC. Each Audit Committee member meets The NASDAQ Stock Market's financial knowledge requirements, and the Board has determined that the Audit Committee has at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities as required by Rule 5605(c)(2) of The NASDAQ Stock Market. The Audit Committee operates pursuant to a written charter, which complies with the applicable provisions of the Sarbanes-Oxley Act of 2002 and related rules of the SEC and The NASDAQ Stock Market. The Audit Committee's charter is located on our website at *https://investor.verisign.com/documents.cfm*. The Audit Committee met five times during fiscal 2011.

Audit Committee Financial Expert

Our Board has determined that William L. Chenevich, Kathleen A. Cote and John D. Roach are "audit committee financial experts" as such term is defined in Item 407(d)(5) of Regulation S-K of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Messrs. Chenevich and Roach and Ms. Cote meet the independence requirements for audit committee members as defined in the applicable listing standards of The NASDAQ Stock Market.

Report of the Audit Committee

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the Securities and Exchange Commission ("SEC") or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") except to the extent that Verisign specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act.

The Audit Committee is composed of three directors who meet the independence and experience requirements of The NASDAQ Stock Market Rules. The Audit Committee operates under a written charter adopted by the board of directors (the "Board") of VeriSign, Inc. ("Verisign"). The members of the Audit Committee are Messrs. Chenevich (Chairperson) and Roach, and Ms. Cote. The Audit Committee met five times during fiscal 2011.

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

The Audit Committee is responsible for oversight of Verisign's financial, accounting and reporting processes and its compliance with legal and regulatory requirements. The Audit Committee is also responsible for the appointment, compensation and oversight of Verisign's independent registered public accounting firm, including (i) evaluating the independent registered public accounting firm's qualifications and performance, (ii) reviewing and confirming the independent registered public accounting firm's independence, (iii) reviewing and approving the planned scope of the annual audit, (iv) overseeing the audit work of the independent registered public accounting firm, (v) reviewing and pre-approving any non-audit services that may be performed by the independent registered public accounting firm, (vi) reviewing with management and the independent registered public accounting firm the adequacy of Verisign's Internal Controls, and (vii) reviewing Verisign's critical accounting policies, the application of accounting principles and conduct of the audit, including the oversight of the resolution of any issues identified by the independent registered public accounting firm.

We have adopted a policy regarding rotation of the audit partners (as defined under SEC rules) responsible for the audit of Verisign's financial statements. The registered public accounting firm shall not provide audit services to Verisign if the lead or coordinating audit partner (having primary responsibility for the audit) or the audit partner responsible for reviewing the audit has performed audit services for Verisign in each of the five previous fiscal years.

During fiscal 2011, the Audit Committee met privately with KPMG to discuss the results of the audit, evaluations by the independent registered public accounting firm of Verisign's Internal Controls and quality of Verisign's financial reporting.

The Audit Committee has reviewed and discussed the audited consolidated financial statements contained in Verisign's Annual Report on Form 10-K for the year ended December 31, 2011 with management. This review included a discussion of the accounting principles, reasonableness of significant judgments, and clarity of disclosures in the consolidated financial statements. Management represented to the Audit Committee that Verisign's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and the Audit Committee has reviewed and discussed the consolidated financial statements with management and KPMG.

The Audit Committee has discussed with KPMG the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Audit Committee has received from KPMG the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the firm's communications with the Audit Committee concerning independence, and the Audit Committee has discussed the firm's independence with the firm.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in Verisign's Annual Report on Form 10-K for the year ended December 31, 2011, for filing with the SEC.

This report is submitted by the Audit Committee

William L. Chenevich (Chairperson)
Kathleen A. Cote
John D. Roach

Compensation Committee

The Board has established a Compensation Committee to discharge the Board's responsibilities with respect to all forms of compensation of the Company's directors and executive officers, to administer the Company's equity incentive plans, and to produce an annual report on executive compensation for use in the Company's proxy statement. The Compensation Committee is also responsible for approving and evaluating executive officer compensation arrangements, plans, policies and programs of the Company. The Compensation Committee operates pursuant to a written charter. The Compensation Committee's charter is located on our website at *https://investor.verisign.com/documents.cfm*. The Compensation Committee is currently composed of Messrs. Simpson (Chairperson), Roach and Tomlinson, each of whom is an "independent director" under the rules of The NASDAQ Stock Market, a "non-employee director" pursuant to Rule 16b-3 promulgated under Section 16 of the Exchange Act and an "outside director" pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Compensation Committee met six times during fiscal 2011. For further information regarding the role of compensation consultants and management in setting executive compensation, see "Executive Compensation—Compensation Discussion and Analysis."

Communicating with the Board

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

Legal Proceedings

On March 5, 2012, a complaint entitled *Warhanek v. Bidzos, et al.* was filed in the United States District Court for the District of Delaware. The complaint asserts derivative claims on behalf of Verisign against current directors D. James Bidzos, William L. Chenevich, Roger H. Moore, Kathleen A. Cote, John D. Roach, Louis A. Simpson, Timothy Tomlinson and a former director, President and Chief Executive Officer Mark D. McLaughlin (the "Director Defendants"). The complaint also asserts one derivative claim against officers and certain former officers Richard H. Goshorn, Christine C. Brennan, and Kevin A. Werner (the "Executive Defendants," and together with the Director Defendants and nominal defendant Verisign, the "Defendants").

The complaint alleges that the Director Defendants fraudulently obtained shareholder approval of certain incentive-based compensation plans by misrepresenting the tax deductibility of certain compensation paid to Verisign's executive officers, including the Executive Defendants. Verisign adopted and obtained shareholder approval of several incentive-based compensation plans, including a 2010 Annual Incentive Compensation Plan ("AICP"), and an Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan ("2006 Plan") and these plans were submitted to shareholders for approval in the 2010 and 2011 Proxy Statements (the "Proxy Statements"), respectively. The complaint alleges that the Proxy Statements falsely disclosed, or failed to adequately disclose, the material terms under which performance-based compensation would be paid under the AICP and the 2006 Plan. The complaint further alleges that the Proxy Statements falsely represented that certain compensation paid to certain employees in excess of $1 million would be tax deductible.

The complaint asserts derivative claims against the Director Defendants for (1) violations of Section 14(a) of the Exchange Act for making false statements in and omitting material facts from the Proxy Statements; (2) breach of fiduciary duty; and (3) waste of corporate assets. The complaint asserts an additional derivative claim against the Director Defendants and Executive Defendants for unjust enrichment based on compensation payments they received under the AICP or the 2006 Plan, as disclosed in the Proxy Statements. No demand was made on the Board to institute this action, and the complaint alleges that any such demand would be futile because each director is either interested or lacks independence with respect to the challenges to the AICP and

2006 Plan. The relief sought by the complaint includes, among other things, an order nullifying the shareholder approval of the AICP and the 2006 Plan, an injunction requiring correction of the alleged misrepresentations in the Company's Proxy Statements, and an order requiring equitable accounting, with disgorgement, in favor of the Company for the purported losses it has and will sustain.

The Defendants intend to defend this action vigorously.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer and other senior accounting officers. This code of ethics, titled "Code of Ethics for the Chief Executive Officer and Senior Financial Officers," is posted on our website along with the "Verisign Code of Conduct" that applies to all officers and employees, including the aforementioned officers. The Internet address for our website is *www.verisigninc.com*, and the "Code of Ethics for the Chief Executive Officer and Senior Financial Officers" may be found from our main Web page by clicking first on "company info," next on "investor information," next on "Corporate Governance," next on "Ethics and Business Conduct," and finally on "Code of Ethics for the Chief Executive Officer and Senior Financial Officers." The "Verisign Code of Conduct" applicable to all officers and employees can similarly be found on the Web page for "Ethics and Business Conduct" under the link entitled "Verisign Code of Conduct—2012."

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of February 29, 2012, except as otherwise indicated, by:

- each current stockholder who is known to own beneficially more than 5% of our common stock;
- each current director;
- each of the Named Executive Officers (see "Executive Compensation—Summary Compensation Table" elsewhere in this Proxy Statement); and
- all current directors and executive officers as a group.

The percentage ownership is based on 159,521,225 shares of common stock outstanding at February 29, 2012. Shares of common stock that are (i) covered by RSUs vesting or (ii) subject to options currently exercisable or exercisable, each within 60 days of February 29, 2012, are deemed outstanding for the purpose of computing the percentage ownership of the person holding such options but are not deemed outstanding for computing the percentage ownership of any other person. Unless otherwise indicated in the footnotes following the table, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

BENEFICIAL OWNERSHIP TABLE

Name and Address of Beneficial Owner	Shares Beneficially Owned Number(1)	Percent(1)
Greater Than 5% Stockholders		
Macquarie Group Limited(2) No. 1 Martin Place Sydney, New South Wales Australia	16,697,957	10.47%
FMR LLC(3) 82 Devonshire Street Boston, Massachusetts 02109	15,448,470	9.68%
ValueAct Capital(4) 435 Pacific Avenue, 4th Floor San Francisco, California 94133	8,551,600	5.36%
Wellington Management Company, LLP(5) 280 Congress Street Boston, Massachusetts 02210	9,356,793	5.87%
Winslow Capital Management, Inc.(6) 4720 IDS Tower 80 South Eighth Street Minneapolis, Minnesota 55402	9,022,378	5.66%
BlackRock, Inc.(7) 40 East 52nd Street New York, New York 10022	8,742,590	5.48%
The Vanguard Group, Inc.(8) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	8,509,382	5.33%
Directors and Named Executive Officers		
D. James Bidzos	321,873	*
William L. Chenevich	21,987	*
Kathleen A. Cote(9)	26,051	*
Roger H. Moore(10)	74,039	*
John D. Roach(11)	29,037	*
Louis A. Simpson(12)	186,614	*
Timothy Tomlinson(13)	18,246	*
John D. Calys	2,107	*
Richard H. Goshorn(14)	65,219	*
Patrick S. Kane(15)	54,923	*
Mark D. McLaughlin	0	*
Brian G. Robins	27,510	*
Christine C. Brennan	6,119	*
Kevin A. Werner	6,457	*
All current directors and executive officers as a group (10 persons)(16)	800,096	*

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

(1) The percentages are calculated using 159,521,225 outstanding shares of the Company's common stock on February 29, 2012 as adjusted pursuant to Rule 13d-3(d)(1)(i). Pursuant to Rule 13d-3(d)(1) of the Exchange Act, beneficial ownership information for each person also includes shares subject to options exercisable, or RSUs vesting, within 60 days of February 29, 2012, as applicable.

(2) Based on Schedule 13G/A filed on February 10, 2012 with the SEC by Macquarie Group Limited with respect to beneficial ownership of 16,697,957 shares due to Macquarie Group Limited's ownership of Macquarie Bank Limited, Macquarie Investment Management Limited, Delaware Management Holdings Inc and Delaware Management Business Trust. Macquarie Group Limited has sole voting power over 16,697,957 of these shares and sole dispositive power over of 16,697,957 of these shares.

(3) Based on Schedule 13G filed on February 14, 2012 with the SEC by FMR LLC with respect to beneficial ownership of 15,448,470 shares. FMR LLC has sole voting power over 128,498 of these shares and sole dispositive power over 15,448,470 of these shares.

(4) Based on Schedule 13D/A filed on March 2, 2012 with the SEC by ValueAct Capital Master Fund, L.P. with respect to beneficial ownership of 8,551,600 shares. ValueAct Capital Master Fund, L.P. has shared voting power over 8,551,600 of these shares and shared dispositive power over 8,551,600 of these shares. Subsequent to February 29, 2012, the percentage of shares beneficially owned by ValueAct Capital Master Fund, L.P. decreased to 4.5% according to a Schedule 13D/A filed with the SEC on March 23, 2012.

(5) Based on Schedule 13G/A filed on February 14, 2012 with the SEC by Wellington Management Company, LLP, with respect to beneficial ownership of 9,356,793 shares. Wellington Management has shared voting power over 7,145,070 of these shares and shared dispositive power over 9,297,613 of these shares. The securities are owned of record by clients of Wellington Management.
(6) Based on Schedule 13G filed on February 8, 2012 with the SEC by Winslow Capital Management, Inc. with respect to beneficial ownership of 9,022,378 shares. Winslow Capital Management, Inc. reported that it has sole voting power over 7,860,486 of these shares and sole dispositive power over 9,022,378 of these shares.
(7) Based on Schedule 13G filed on February 9, 2012 with the SEC by BlackRock, Inc., with respect to beneficial ownership of 8,742,590 shares. BlackRock, Inc. has sole voting power over 8,742,590 of these shares and sole dispositive power over 8,742,590 of these shares.
(8) Based on Schedule 13G filed on February 10, 2012 with the SEC by The Vanguard Group, Inc. with respect to beneficial ownership of 8,509,382 shares. Vanguard has sole voting power over 223,031 of these shares and sole dispositive power over 8,286,351 of these shares.
(9) Includes 12,430 shares subject to options held directly by Ms. Cote.
(10) Includes 46,632 shares subject to options held directly by Mr. Moore.
(11) Includes 19,432 shares subject to options held directly by Mr. Roach.
(12) Includes 87,032 shares subject to options held directly by Mr. Simpson.
(13) Includes 6,334 shares held indirectly by the Tomlinson Family Trust, under which Mr. Tomlinson and his spouse are co-trustees. Includes 10,432 shares subject to options held directly by Mr. Tomlinson.
(14) Includes 31,703 shares subject to options held directly by Mr. Goshorn.
(15) Includes 37,296 shares subject to options held directly by Mr. Kane.
(16) Includes the shares described in footnotes (9)-(15).

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and officers, and persons who own more than 10% of Verisign's common stock to file initial reports of ownership and reports of changes in ownership with the SEC and The NASDAQ Stock Market. These persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file. We file Section 16(a) reports on behalf of our directors and executive officers to report their initial and subsequent changes in beneficial ownership of our common stock.

Based solely on a review of the reports we filed on behalf of our directors and executive officers, or written representations from reporting persons that all reportable transactions were reported, the Company believes that all Section 16(a) filing requirements applicable to our directors and executive officers were complied with for fiscal 2011.

PROPOSAL NO. 2
TO APPROVE, ON AN ADVISORY BASIS, VERISIGN'S EXECUTIVE COMPENSATION

In accordance with Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") as codified under Schedule 14A of the Exchange Act and the corresponding SEC rules, Verisign is seeking an advisory stockholder vote with respect to compensation awarded to our Named Executive Officers for 2011 as disclosed in the Compensation Discussion and Analysis section and accompanying compensation tables contained in this Proxy Statement. Pursuant to the Dodd-Frank Act, the stockholder vote on executive compensation is advisory only, and the result of the vote is not binding upon the Company or its Board. Although the resolution is non-binding, the Board and the Compensation Committee will consider the outcome of the advisory vote on executive compensation when making future compensation decisions. On May 26, 2011, the majority of the Company's stockholders voted in favor of an annual non-binding stockholder advisory vote on executive compensation and, in consideration of the outcome of the frequency vote, the Board determined to hold such advisory vote each year. Following the Meeting, the next such non-binding advisory vote to approve Verisign's executive compensation is scheduled to occur at the 2013 Annual Meeting of Stockholders.

Verisign's executive compensation program and compensation paid to the Named Executive Officers are described elsewhere in this Proxy Statement. The Compensation Committee oversees the program and compensation awarded, adopting changes to the program and awarding compensation as appropriate to reflect the Company's circumstances and to promote the main objectives of the program: to provide competitive overall pay relative to peers, taking into account company and individual performance, to effectively tie pay to performance, and to align the Named Executive Officers' interests with stockholders.

This proposal allows our stockholders to express their opinions regarding the decisions of the Compensation Committee on the prior fiscal year's annual compensation to the Named Executive Officers. You may vote *for* or *against* the following resolution, or you may abstain. This vote is advisory and non-binding.

Resolved, that the stockholders approve the compensation of VeriSign, Inc.'s Named Executive Officers, as disclosed under Securities and Exchange Commission rules, including the Compensation Discussion and Analysis section, the compensation tables and related material included in this Proxy Statement.

The Board Recommends a Vote "FOR" the foregoing resolution.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis ("CD&A") provides comprehensive information about our executive compensation program for our fiscal 2011 Named Executive Officers ("NEOs"), who are listed below, and provides context for the decisions underlying the compensation reported in the executive compensation tables in the Proxy Statement. Our NEOs are:

- D. James Bidzos, Executive Chairman, President and Chief Executive Officer (throughout the CD&A the person occupying the position of President and Chief Executive Officer will be referred to from time to time as the "CEO");
- John D. Calys, Vice President, Interim Chief Financial Officer and Controller;
- Richard H. Goshorn, Senior Vice President, General Counsel and Secretary; and
- Patrick S. Kane, Senior Vice President and General Manager, Naming Services.

Pursuant to SEC Rules, four executive officers who departed during 2011 are also included as NEOs:

- Mark D. McLaughlin, former President and Chief Executive Officer;
- Brian G. Robins, former Executive Vice President and Chief Financial Officer;
- Christine C. Brennan, former Senior Vice President, Human Resources; and
- Kevin A. Werner, former Senior Vice President, Corporate Development and Strategy.

In the sections below, we will describe the material elements of our executive compensation program for 2011, including how we set compensation, how we tie pay to performance and our executive compensation governance practices.

Executive Summary

Verisign's 2011 fiscal year was a year of transition. During the year, we completed the divestiture and winding-down of our non-core businesses and finalized activities related to the 2010 move of our headquarters from California to Virginia. It was also a year of continued focus on our core operations, strong financial results, and continued returns of capital to our stockholders.

2011 Company Performance Highlights: The table below illustrates the results of our strategy to focus our attention and efforts on our core operations in 2011:

Key Financial Measure	Result	2011 vs. 2010 Performance
Revenues	$772.0 million	13% increase
Operating Income	$329.4 million	42% increase
Cash Flows from Operating Activities	$335.9 million	56% increase

In addition to achieving an 18% Total Shareholder Return in 2011 which was comprised of share price appreciation and a special dividend described below, we also took the following actions that returned cash to our stockholders and had significant strategic impact:

Action	Result
Paid a special dividend of $2.75 per share of our common stock	Total returned to stockholders: $463.5 million
Repurchased 16.3 million shares of our common stock	Total cost: $534.6 million
Renewed agreement to serve as authoritative registry operator for *.net* registry	Renewal preserved material terms of existing agreement including a term of 6 years

2011 Executive Compensation Program Highlights: In 2011, we continued to add performance features to our program and enhance our executive compensation governance practices. The following table provides highlights of our 2011 program and changes made in 2011:

Item	Action or Change	Rationale
Annual base salary increases	No annual base salary increases except the following NEOs received an increase when promoted to a new position: 1) our Executive Chairman from $40,000 to $750,000 when he assumed the role of President and Chief Executive Officer, and 2) our Senior Vice President and General Manager, Naming Services from $248,500 to $310,000 when he was promoted to Senior Vice President.	Base salaries were already at the median of our peer group (described below).
Annual incentive bonus	Bonus pool was funded at 109.0% of target.	Financial results were above target and the Company met all of its strategic goals.
Long-term incentive compensation	Equity awards to be comprised solely of 50% time-vesting Restricted Stock Units (RSUs) and 50% performance-based RSUs. Performance-based RSUs were new for 2011.	To provide immediate retentive value, link increases in value to increases in stockholder value, and tie long-term incentive compensation to Company performance.
Stock retention policy	Amended definition of "Officer" to include all Senior Vice Presidents and above, not just Section 16 Officers.	To ensure alignment of all senior-level executives with interests of stockholders.
Peer group	Included companies in our Global Industry Classification ("GIC") Industry Group Software & Services that are within 1/3 to 3x our annual revenue and market capitalization with very limited exceptions. (Two companies were included that are in the GIC Industry Group IT Services and one company had a slightly higher market capitalization.)	To ensure our peer group reflects competitive market for talent and companies similar to us in industry, size and complexity.

Compensation Philosophy and Objectives

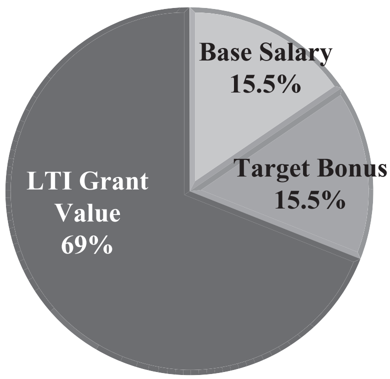
Verisign's reputation as an industry leader in the secure and reliable operation of the Internet is built on the executive talent we are able to attract and retain. Our executive compensation program is designed to ensure we have the talent we need to maintain our current high performance standards and grow our business for the future. Our philosophy is to provide a mix of compensation that motivates our executives to achieve our short and long-term performance goals and ultimately creates value for our stockholders.

Our executive compensation program is designed with the following objectives in mind:

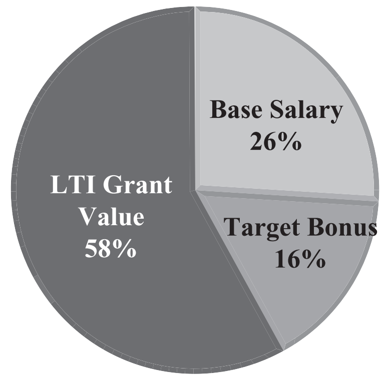
Objective	Program Design Element
Attract and retain talented executives	• Provide a competitive level of total direct compensation (base salary, bonus and long-term incentive) by benchmarking against our competitors in our peer group. • Provide a significant amount of executive compensation in the form of RSUs that have retentive value as they vest over a four-year period.
Tie a significant portion of executives' compensation to achievement of the Company's performance objectives	• Program is weighted in favor of annual and long-term incentives. Performance objectives are tied to stockholder value creation in the form of stock price appreciation and other financial and strategic goals. • Under the annual incentive program, awards based on Company performance are further modified up or down based on individual performance to closely align executives' actions with their compensation.
Align the interests of our executives with our stockholders	• Provide annual equity grants that vest over a four-year period and are comprised of 50% time-vesting RSUs and 50% performance-based RSUs. • Require executives to retain 50% of net shares acquired under equity awards until six months after termination of employment.

Pay and Performance Relationship: Attracting and retaining the level of executive talent we need to be successful is a key objective of our executive compensation program. However, it is equally important that our executives are motivated and rewarded to achieve objectives that provide long-term benefits to our stockholders. We have designed our executive compensation program so that a significant amount of our NEOs' compensation is performance-based to ensure the actual compensation paid to our executives is appropriately aligned with our Company's performance and stockholders' long-term interests. The charts below illustrate our emphasis on performance-based compensation elements—annual incentive bonus and long-term incentive compensation.

President and CEO
Pay Mix at Target



NEOs Excluding CEO
Pay Mix at Target



Performance-Based Compensation = 85%	Performance-Based Compensation =74%

Note that the President and CEO Pay Mix at Target chart represents the fiscal 2011 target total direct compensation of our former CEO, Mark McLaughlin, and does not reflect fiscal 2011 compensation for D. James Bidzos, our current President and CEO. Mr. Bidzos was primarily compensated based on a role other than that of permanent CEO so it is not representative of our ongoing compensation philosophy for the CEO position. The NEOs Excluding CEO Pay Mix at Target chart does not reflect fiscal 2011 compensation for Messrs. Calys and Werner. Mr. Calys' 2011 compensation was primarily based on his role as Controller and not representative of our executive compensation program. Mr. Werner did not receive an annual bonus or equity grant in 2011 because of his anticipated departure.

Our Process for Setting Compensation

Role of the Compensation Committee: The Compensation Committee of our Board of Directors oversees our compensation and benefit programs and sets the policies that govern compensation of our executive officers, including NEOs, and other employees. As part of its role in determining executive compensation, the Compensation Committee annually:

- Reviews and makes changes as appropriate to the peer group used to benchmark competitive compensation levels for our executive officers;
- Reviews and approves design elements of executive officer compensation for market competitiveness, and alignment with Company performance;
- Sets performance goals for our annual and long-term incentive compensation programs;
- Reviews the Board's assessment of the individual performance of the CEO achieved during the fiscal year and approves any adjustments to base salary, and annual incentive and equity awards based on this assessment; and
- Reviews the CEO's assessment of individual performance of each executive officer in conjunction with performance achieved during the fiscal year and approves any adjustments to base salary, and annual incentive and equity awards based on this assessment.

Role of Management: The CEO annually reviews the performance of each executive officer, other than the CEO (whose performance is reviewed by the Board), and makes recommendations for base salary adjustments, incentive bonus payouts and equity awards based on this assessment. The CEO also reviews each Senior Vice President level employee's performance and compensation recommendations with the Compensation Committee.

Role of External Compensation Consultant: The Compensation Committee has engaged Frederic W. Cook & Co. (“FW Cook”) as its external consultant to assist it in evaluating and analyzing the Company’s executive compensation program, principles and objectives, specific compensation design recommendations by the Company’s management, and provide recommendations to the Compensation Committee for any changes to the CEO’s compensation. The external consultant provides the following services to the Compensation Committee:

- Analyzes the NEOs’ annual compensation based on comparisons to the Company’s peer group, including comparisons against target and actual total compensation and advises the Compensation Committee on the appropriateness of management’s recommendations for any changes to the NEOs’ compensation;
- Reviews the Company’s peer group annually and provides recommendations for changes as appropriate;
- Advises the Compensation Committee on best practices related to governance and design of executive compensation programs; and
- Reviews the draft CD&A.

FW Cook performs no other services for the Company.

Competitive Market Assessment: Each year, we assess the competitiveness of our NEOs’ base salary, annual incentive bonus targets and long-term incentive compensation targets (element by element and in the aggregate) by comparing our program to certain publicly-traded high technology companies that we view as our competitors for executive talent. We examine the compensation data of our peer group and also reference broader publicly-available survey data for high technology companies that are comparable to us in revenue scope.

Although the Compensation Committee carefully considers market data of our peer group and survey data for our industry and size, the Compensation Committee does not target a specific percentile when determining total compensation for its NEOs. The Compensation Committee also considers an executive’s individual performance, future potential, and scope of responsibilities and experience. Generally, the Compensation Committee targets median of the peer group, and actual total direct compensation may be above or below median depending on the described considerations.

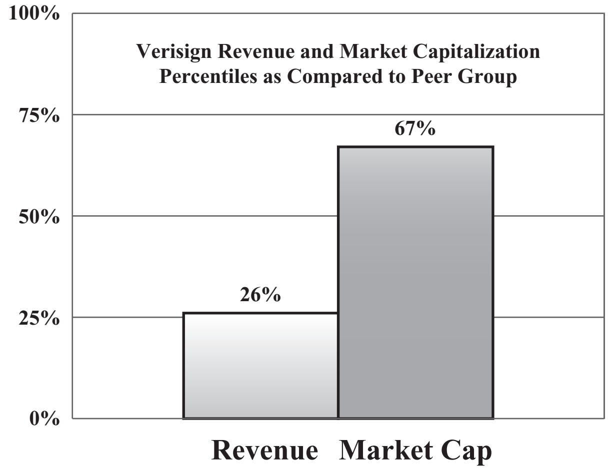
Each year, the Compensation Committee reviews the peer group with the assistance of its external consultant and makes changes as appropriate in order to ensure it continues to appropriately reflect the competitive market for executive talent.

For 2011, our peer group was made up of the following 18 companies:

Akamai Technologies	FactSet Research Systems	Rackspace Hosting
ANSYS	Informatica	Red Hat
Autodesk	Jack Henry and Associates	Rovi
BMC Software	MICROS Systems	Salesforce.com
Citrix Systems	Neustar	Solera Holdings
Equinix	Nuance Communications	TIBCO Software

For 2012, the Compensation Committee modified our peer group to include companies in our Global Industry Classification (GICS) Industry Group Software & Services only and those with revenue and market cap 1/3x to 3x that of Verisign, in order to ensure the peer group was even more closely aligned to the Company’s industry and size. This resulted in the elimination of three companies—Jack Henry and Associates and Neustar (which are both in the GICS Industry Group IT Services) and Salesforce.com (which has a market cap that is 3.3x that of Verisign).

The chart below illustrates that Verisign's revenue is below median and just above the 25th percentile as compared to its 2011 peer group, but its market cap is above median (as of 8/31/2011).



Elements of Our Executive Compensation Program

Our executive compensation program is made up of three main elements: base salary, annual incentive bonus and long-term incentive compensation. The chart below shows what we are trying to achieve with each element of compensation, what factors we use to determine actual awards, and how awards are positioned compared to relevant market data.

Element	Objective	Factors Used to Determine Awards	Market Positioning
Base Salary	Provide a guaranteed level of annual income in order to attract and retain our executive talent.	• Job responsibilities • Experience • Individual contributions • Future potential • Effect on other elements of compensation and benefits including target bonus amounts and potential change-in-control payments	Peer group and relevant survey median (or above and below median if foregoing factors warrant).
Annual Incentive Bonus	Provide a reward for achieving financial and strategic operational goals.	• Company performance measures • Individual performance	Below to above median of peer group and relevant survey data depending on Company and individual performance.
Long-Term Incentive Compensation	Provide a reward that incents executives to manage Verisign from the perspective of a stockholder. Also, to retain our executive talent.	• Job responsibilities • Experience • Individual contributions • Future potential • Value of vested and unvested outstanding equity awards • Internal pay equity	Below to above median of peer group and relevant survey data depending on foregoing factors.

Base Salary: For 2011, the Compensation Committee reviewed competitive benchmark data provided by FW Cook and recommendations from our Executive Chairman and former CEO regarding each executive's individual performance. Based on that review, the Compensation Committee adjusted NEOs' salaries only if they were promoted to a new position in 2011. The chart below includes detailed information about each NEO's 2010 and 2011 base salary and the rationale for any adjustments.

Name	Position	2010 Base Salary	2011 Base Salary	Rationale for Adjustment
D. James Bidzos	Executive Chairman, President and CEO	$ 40,000	$750,000	Mr. Bidzos' 2010 base salary was appropriate for his role as Executive Chairman. When he assumed the CEO role, his salary was increased to $750,000.
John D. Calys	Vice President, Interim CFO and Controller	$250,000	$250,000	Mr. Calys was hired in December 2010 so he was not eligible for an increase for 2011.
Richard H. Goshorn	Senior Vice President, General Counsel and Secretary	$400,000	$400,000	Mr. Goshorn's base salary was between median and 75th percentile of the peer group, so no adjustment was made for 2011.
Patrick S. Kane	Senior Vice President and General Manager, Naming Services	$248,500	$310,000	Mr. Kane received an increase in January 2011 when he was promoted to Senior Vice President.
Mark D. McLaughlin	Former President and Chief Executive Officer	$750,000	$750,000	Mr. McLaughlin's base salary was between median and 75th percentile of the peer group so no adjustment was made for 2011.
Christine C. Brennan	Former Senior Vice President, Human Resources	$375,000	$375,000	Ms. Brennan's base salary was between median and 75th percentile of the peer group so no adjustment was made for 2011.
Brian G. Robins	Former Executive Vice President and CFO	$400,000	$400,000	Mr. Robins' base salary was between median and 75th percentile of the peer group so no adjustment was made for 2011.
Kevin A. Werner	Former Senior Vice President, Corporate Development and Strategy	$375,000	$375,000	Mr. Werner's position was eliminated in April 2011 due to the Company's reorganization so no increase was made for 2011.

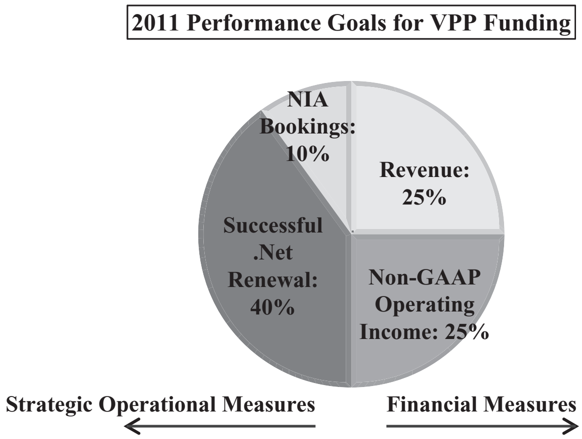
Annual Incentive Bonus: We provide annual cash bonuses to our employees, including our executive officers, under the Verisign Performance Plan ("VPP") based on the Company's achievement of pre-established financial and strategic operational goals, as well as, individual performance.

The target annual incentive opportunity for each of our executive officers is determined based on comparison to our peer group and information obtained from relevant survey data. Each of the target percentages for our NEOs was at median or slightly below as compared to our peer group. For 2011, the Compensation Committee approved the following bonus targets as a percent of base salary for our NEOs:

NEOs	2011 Bonus Target as a % of Base Salary
CEO	100%
Executive Vice President and CFO	75%
Senior Vice President	60%

The Compensation Committee determines actual annual incentive award payments for our executives, including NEOs, taking into account the Company's performance and individual performance. The Company's performance determines the level of funding for the annual incentive bonus. The Compensation Committee then considers, and approves as appropriate, management's recommendation for modifying any individual awards above or below the level of funding based on an assessment of individual performance, subject to the overall limit on individual bonus payments described below for NEOs under *Tax Treatment of Executive Compensation*.

The Company performance goals for fiscal 2011 were approved by the Compensation Committee in January 2011 and were based on four measures: two financial measures—Revenue and Non-GAAP Operating Income, both weighted equally at 25% and two strategic operational measures—.Net Contract Renewal weighted 40% and Network Intelligence & Availability (NIA) Bookings weighted 10%. The financial measures were the same as 2010 but the two strategic measures were introduced for the first time in 2011 based on their importance to the Company's continued success.

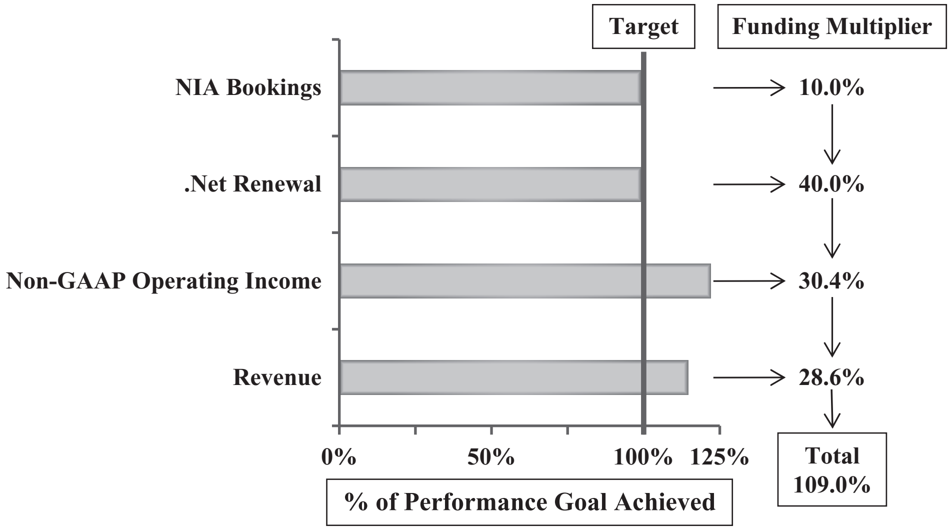


Consolidated Non-GAAP Operating Income is determined by excluding from the Company's consolidated operating income the following items that are included under GAAP: discontinued operations, non-core businesses in continuing operations, stock-based compensation, amortization of other intangible assets, impairments of goodwill and other intangible assets and restructuring costs. We use this non-GAAP performance measure because we believe it presents a clearer picture of the performance of the Company's core operations.

Our *.net* Registry Agreement with the Internet Corporation for Assigned Names and Numbers (ICANN) was up for renewal in 2011. This agreement designates Verisign as the sole registry operator for domain names in the *.net* top-level domain. Because this designation is a key strategic role for Verisign, the successful renewal of this Agreement was selected as a strategic operational goal and weighted at 40%. Successful completion of this goal was defined as maintaining or improving all material terms under the expiring Agreement. This goal would either be achieved (100% performance) or not achieved (0% performance).

We believe it is important to grow our business organically and have made significant investments in our Network Intelligence and Availability Services (NIA) business. To emphasize the importance of the growth of this business, we added a strategic goal, NIA Bookings (contracts for NIA services), and weighted it at 10%. Performance levels were defined from threshold to target with no additional amounts earned above target.

For 2011, the Compensation Committee established threshold, target and maximum levels of performance for Revenue of $715.3M, $761.0M and $837.1M, respectively, and Non-GAAP Operating Income of $320.5M, $341.0M and $511.5M, respectively. The Compensation Committee determined that we achieved Revenue of $772.0M and Non-GAAP Operating Income of $377.9M (114.4% and 121.6% of target, respectively). (Non-GAAP Operating Income was actually achieved at $383.8M. The $5.9M difference was related to reversal of a penalty from 2008 and the Committee determined that it should not be used in determining 2011 performance.) The *.net* Agreement was successfully renewed for a 100% of target performance level. Threshold and target levels of performance for NIA Bookings were set at $23.9M and $25.4M, respectively with no additional payout for above target performance. The Compensation Committee determined that we achieved the NIA Bookings target of $25.4M. The chart below illustrates how this performance affected the funding level—resulting in a funding multiplier of 109.0% (the "Funding Multiplier") for the VPP bonus plan.



In order to establish actual award amounts under the VPP bonus plan, the Compensation Committee also made a determination as to individual performance.

The chart below indicates the Compensation Committee's determination of actual annual incentive bonus award for each 2011 NEO under the 2011 VPP bonus plan, including its consideration of the CEO's assessment of individual performance.

				2011 Actual Bonus Payment				
Name	Position	2011 Base Salary	Bonus Target as a % of Base Salary	Payout as a % of Base Salary	Funding Multiplier as a % of Target	Payout as a % of Target	Payout Amount	Notes
John D. Calys	Vice President, Interim CFO and Controller	$250,000	35%	46%	109%	130%	$113,750	Mr. Calys' performance was rated above target due to his successfully serving in the Interim CFO role and so his actual payout was adjusted above the funding multiplier to 130%.
Richard H. Goshorn	Senior Vice President, General Counsel and Secretary	$400,000	60%	72%	109%	120%	$288,000	Mr. Goshorn's performance was rated above target due to his role in resolving significant litigation during 2011, and so his actual payout was adjusted above the funding multiplier to 120%.
Patrick S. Kane	Senior Vice President and General Manager, Naming	$310,000	60%	67%	109%	112%	$208,320 pro-rated for date of promotion so that actual award was $206,102	Mr. Kane's performance was rated above target due to the successful renewal of the *.net* Agreement and other leadership goals he accomplished during 2011, and so his actual payout was adjusted above the funding multiplier to 112%. Mr. Kane's actual payout amount was pro-rated from the date of his promotion to Senior Vice President in January 2011.

Mr. McLaughlin, Mr. Robins, Ms. Brennan and Mr. Werner did not participate in the VPP bonus plan due to their departure during 2011. Mr. Bidzos, our Executive Chairman, President and CEO, did not participate in the 2011 VPP bonus plan, but he did receive a discretionary bonus of $340,625 for his service in 2011. The bonus was determined by using a 100% of base salary target (median for our peer group) times the Funding Multiplier (109.0%) modified for the length of time he served in the role of CEO in 2011 (5 months). Mr. McLaughlin also received a discretionary bonus of $200,000 for his service during 2011, and Mr. Werner received a discretionary bonus of $400,000 that was paid in 2011 for his performance in 2010 managing the divestiture process and his contributions in the sale of the Authentication Services business of Symantec.

Long-Term Incentive Compensation: Equity-based grants are an important element of our total compensation program. Consistent with our compensation philosophy, we believe it is important that these awards have a performance component and are aligned with the performance of our stock price and total shareholder return. The actual award amounts are based on several factors including competitiveness as determined by our peer group and relevant survey data provided by FW Cook, job responsibilities and experience, individual contributions, and future potential.

In 2011, the Compensation Committee decided to grant long-term equity compensation to our executive officers only in the form of performance-based RSUs and time-vesting RSUs and eliminated stock option grants. The time-vesting RSUs provide strong retentive value for our executive talent as they vest over four years and are also linked to increases in stockholder value creation as their value goes up or down with the Company's stock price. The performance-based RSUs provide a performance element that is linked to Company financial and operational performance as well as increases in stockholder value and also provide a retention incentive as they vest over the same time period as the time-vesting RSUs.

The performance measures used for 2011 for the performance-based RSUs included four measures: two financial measures—Revenue and Non-GAAP Operating Income, both weighted equally at 25%, .Net Contract Renewal, weighted 40% and NIA Bookings, weighted 10%. For 2011, the Compensation Committee determined that the performance achieved was 109.0% of target. (The measures as well as the 2011 performance achieved are described more specifically above.) The number of RSUs was adjusted by the performance achieved, so the actual grant of RSUs was higher than the initial grant and could potentially have been lower and even as low as 0 if the performance measures had not been achieved. The Compensation Committee used these performance measures due to their positive alignment with stockholder value creation and to reinforce the importance of the .Net Contract Renewal to the Company's long-term business success.

The chart below illustrates the vesting schedule and performance metrics for the 2011 equity grants.

2011	2012	2013	2014	2015
Grant of Time-Vesting RSUs 50% of LTI Grant	25% Vested on February 22, 2012	25% Vesting on February 22, 2013	25% Vesting on February 22, 2014	25% Vesting on February 22, 2015
Grant of Performance Based RSUs 50% of LTI Grant	Number of RSUs modified based on performance metrics: • 25% Revenue • 25% Non-GAAP Op Income • 40% .Net Contract Renewal • 10% NIA Bookings 25% Vested on February 24, 2012	25% Vesting on February 22, 2013	25% Vesting on February 22, 2014	25% Vesting on February 22, 2015

Other than with respect to Mr. Bidzos, the RSUs were granted on February 22, 2011 at the regularly scheduled Compensation Committee meeting. The number of RSUs to be granted to individual executives (time-vesting and performance-based) was based on the grant date fair value of the RSUs and the total amount determined by the Compensation Committee to be appropriate based on the factors discussed above. The chart below shows the number of RSUs granted to each NEO in 2011 and the number of performance-based RSUs that were earned in 2012 based on 2011 performance at 109.0% of target.

				2011 Equity Grant		2012 Award	
Name	**Position**	**Total Market Value of Equity Grant**	**FMV at Grant per RSU**	**Time-Vesting RSUs**	**Performance-Based RSUs**	**Performance-Based RSUs Earned**	**Notes**
D. James Bidzos	Executive Chairman, President and CEO	$3,999,978	$30.65	130,505	n/a	n/a	Mr. Bidzos' equity grant on August 1, 2011 was at the median for CEOs in our peer group. The grant vests 25% per quarter and is fully vested one year from grant date, based on the period of time it was anticipated Mr. Bidzos would serve as CEO.
John D. Calys	Vice President, Interim CFO and Controller	$ 332,700	$33.27	10,000	n/a	n/a	Mr. Calys' was hired in December 2010 and received a new hire RSU grant in January 2011 based on his role as Vice President and Controller. Vice President's only receive time-vesting RSUs.
Richard H. Goshorn	Senior Vice President, General Counsel and Secretary	$ 898,560	$35.10	12,800	12,800	13,952	The market value was established taking into account individual factors such as job responsibilities, experience, individual contributions, future potential, internal equity and other relevant factors. Based on these factors, the target equity value awarded was below 25th percentile of annual LTI award values for our peer group and between median and 75th percentile as compared to survey data.
Patrick S. Kane	Senior Vice President and General Manager, Naming	$ 702,000	$35.10	10,000	10,000	10,900	The market value was established taking into account individual factors such as job responsibilities, experience, individual contributions, future potential, internal equity and other relevant factors. Based on these factors, the target equity value awarded was below 25th percentile of annual LTI award values for our peer group and between median and 75th percentile as compared to survey data.
Mark D. McLaughlin	Former President and Chief Executive Officer	$2,997,540	$35.10	42,700	42,700	n/a	The market value was established taking into account individual factors such as job responsibilities, experience, individual contributions, future potential, internal equity and other relevant factors. Based on these factors, the target equity value was below median and above 25th percentile of annual LTI award values for our peer group. Due to his departure, the RSUs were forfeited.
Christine C. Brennan	Former Senior Vice President, Human Resources	$ 400,140	$35.10	5,700	5,700	n/a	The market value was established taking into account individual factors such as job responsibilities, experience, individual contributions, future potential, internal equity and other relevant factors. Based on these factors, the target equity value was below median and above 25th percentile of annual LTI award values for our peer group. Due to her departure, 2,955 of the RSUs were vested upon her termination and the remaining RSUs were forfeited.

Name	Position	Total Market Value of Equity Grant	FMV at Grant per RSU	2011 Equity Grant Time-Vesting RSUs	Performance-Based RSUs	2012 Award Performance-Based RSUs Earned	Notes
Brian G. Robins	Former Executive Vice President and CFO	$1,298,700	$35.10	18,500	18,500	n/a	The market value was established taking into account individual factors such as job responsibilities, experience, individual contributions, future potential, internal equity and other relevant factors. Based on these factors, the target equity value was above median and below 75th percentile of annual LTI award values for our peer group. Due to his departure, the RSUs were forfeited.
Kevin A. Werner	Former Senior Vice President, Corporate Development and Strategy	n/a	n/a	n/a	n/a	n/a	Due to his anticipated departure, no RSUs were awarded in 2011.

CEO Compensation: Mark McLaughlin resigned as our President and CEO on July 27, 2011, effective August 1, 2011. At that time, Jim Bidzos, our Executive Chairman, was appointed President and CEO, effective August 1, 2011, until a replacement could be hired.

Our philosophy is that our CEO should be primarily compensated in the form of performance-based compensation. We place the greatest emphasis on the annual and long-term incentive compensation elements when determining appropriate compensation levels, and especially emphasize equity compensation. We believe that it is important that our CEO make decisions that are in the best interests of our stockholders and we reinforce that philosophy through our executive compensation program.

Mr. McLaughlin's 2011 compensation was determined by the Compensation Committee as part of its annual review of executive compensation in February 2011. Based on data provided by FW Cook for CEOs in our peer group, the Compensation Committee did not make any adjustments to Mr. McLaughlin's base salary or target bonus opportunity as both were either above or at median of the peer group. The same data was also reviewed for determining his annual equity grant, and he was awarded 42,700 time-vesting RSUs and 42,700 performance based RSUs with a total grant date fair value of $2,997,540. This amount was slightly below median of the peer group. When Mr. McLaughlin resigned his employment in 2011, none of the 2011 equity award had vested and the RSUs were forfeited.

When Mr. Bidzos accepted the role of President and CEO in addition to his role as Executive Chairman in August 2011, it was anticipated that he would serve in a temporary capacity until a permanent CEO could be found. Therefore, the only adjustments made to his compensation were an increase in base salary from $40,000 to $750,000 due to his significantly increased job responsibilities and an equity grant of 130,505 RSUs with a grant date fair market value of $3,997,998 that would vest over one year – the anticipated length of his assignment. The value of the equity grant was above median and below the 75th percentile for CEOs in our peer group. Mr. Bidzos did not participate in the annual incentive bonus program as it was not anticipated he would stay in the role permanently. As Mr. Bidzos has served the Company in the CEO role in the past, his compensation was determined based on a fully experienced CEO. The Compensation Committee and FW Cook felt Mr. Bidzos' compensation was appropriate given the level and value of his experience. Additionally, because Mr. Bidzos was located in California and the Company's headquarters are in Virginia, the Company also provided Mr. Bidzos with a corporate-leased apartment and automobile while he was in Virginia. The Compensation Committee approved a value not to exceed $10,000 per month for the apartment, costs associated with the apartment such as cleaning services and utilities, and the automobile. Mr. Bidzos' expenses for the apartment and automobile in 2011 were less than $20,000 in total.

Mr. Bidzos did not participate in the 2011 VPP Bonus Plan, because he originally accepted the role in a temporary capacity until a permanent CEO could be hired. When Mr. Bidzos later agreed to fill the CEO role on a permanent basis, no change was made to his compensation. Therefore, in February 2012, the Compensation Committee awarded Mr. Bidzos a special discretionary bonus for his service during 2011. The amount of this bonus was determined by applying the 2011 VPP Funding Multiplier under the annual incentive plan and using a 100% of base salary target bonus amount pro-rated for the length of time Mr. Bidzos served in the CEO role in 2011. The target bonus amount of 100% of base salary was at median for CEOs in our peer group. The result of this calculation was a bonus in the amount of $340,625.

Mr. Bidzos is eligible for certain payments and benefits in the event of a change-in-control but is not otherwise eligible for any severance payments. His change-in-control agreement provides for two times his base salary and bonus and a payment equivalent to two years of continuation of health benefits if he participates in the Company's health plans (currently he does not). The other terms of his change-in-control agreement are the same as other executive officers as described below.

Governance Features of our Executive Compensation Program

Stock Retention Policy: Our stock retention policy applies to all of our executive officers and board members. In 2011, we also amended the policy so that all employees at Senior Vice President level and above are now subject to the policy. Under the policy, participants are required to retain, until six months after the participant ceases employment or board service with the Company, 50% of net shares (which is the number of issued shares of Company common stock after taxes and/or payment of exercise price) of Company common stock that are issued under equity awards received by the employee or board member on or after the date the policy becomes applicable to the participant. We believe requiring senior employees and board members to continue to retain stock after their service with the Company ceases is important to ensure that the value they receive for their equity awards is the same value our stockholders receive and to discourage focus on short-term Company performance that is not sustained. We also believe a stock retention policy has certain advantages over stock ownership requirements (which we had previously) in that a portion of any equity award received must be retained. We have no cap on the number of shares that must be retained. Stock ownership requirements have a cap and once that cap is reached, additional shares do not need to be retained. Our Stock Retention Policy can be found on our website at *https://investor.verisign.com/policies.cfm.*

Securities Trading Policy: Our Securities Trading Policy prohibits executive officers from buying or selling derivative securities related to our common stock, such as puts or calls on our common stock. We believe derivative securities diminish the alignment of incentives between our executives and stockholders. The Policy also prohibits executive officers from entering into agreements or purchasing instruments designed to hedge or offset decreases in the market value of the Company's securities. Additionally, under this Policy, our executive offices can only purchase and sell our common stock during approved trading windows. These windows are timed based on our earnings releases.

Recoupment of Incentive Compensation: The Compensation Committee adopted an executive compensation recoupment policy in March 2010 that applies to the annual and long-term incentive awards. If there is an inaccurate financial statement, and, as a result, an executive officer received materially more incentive compensation than he or she would have, the Compensation Committee has the discretion to seek recovery of this overpayment either by limiting future awards or directly seeking repayment. In the case of fraudulent, intentional, willful or grossly negligent misconduct by the recipient of an award, the Compensation Committee can recoup previous incentive awards paid regardless of when the awards were paid to the executive. If the inaccuracy is not the result of these circumstances, the Compensation Committee can only recover incentive awards paid based on the inaccuracy if they were paid in the three years prior to the determination that the financial statement was inaccurate.

Equity Award Practices: The Compensation Committee approves all equity awards to NEOs and Senior Vice President level employees, the aggregate annual equity pool and employee grant guidelines and all equity awards to all employees during the annual grant process, which generally takes place in February. For employees hired during the year that are below the Senior Vice President level, the Compensation Committee has delegated actual award determination to the Grant Committee which currently has one member, D. James Bidzos. Grant Committee awards are granted on the 15th of the month (or next scheduled trading day if the 15th is not a trading day) following approval by the Grant Committee.

Benefits: We do not provide our executive officers with any benefits in addition to those provided to all of our other U.S.-based employees. All of our U.S.-based employees are eligible for medical, dental and vision insurance, life insurance, short and long-term disability, paid time off, an employee stock purchase plan and a qualified 401(k) salary deferral plan.

Severance Agreements: We generally do not enter into severance or employment agreements with our executive officers, including NEOs, nor do we provide severance or other benefits following termination. However, the Compensation Committee may determine in special circumstances that providing such severance payments and benefits is warranted in order to attract a potential executive officer or for other business considerations. The Compensation Committee determined that severance payments should be approved in connection with the departure from the Company of Ms. Brennan and Mr. Werner. The severance payments were generally based on the severance program provided to employees during the Company's most recent reorganization and were in the amounts of $485,523 for Ms. Brennan and $470,406 for Mr. Werner. More detailed information about these severance payments can be found in the footnotes to the Summary Compensation Table.

Risk Assessment: In 2011, we performed a comprehensive assessment of our compensation policies and program design to determine whether risks arising under them would be likely to have a material adverse effect on the Company. We considered each element of all of our compensation programs and policies and our enterprise-wide risk assessment and determined that none of our compensation policies and programs create a risk that is reasonably likely to have a material adverse effect on the Company.

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

The Compensation Committee believes these agreements are necessary to attract and retain executive talent and to neutralize the personal interests of our executives when making decisions related to beneficial corporate transactions. Each year, the Compensation Committee reviews the provisions of the change-in-control agreements with FW Cook and makes adjustments to ensure they are in line with best corporate governance practices. In 2011, the Compensation Committee approved an amended form of change-in-control agreement that included changes described in more detail under "Potential Payments Upon Termination or Change-in-Control" elsewhere in this Proxy Statement, and references to the Company's headquarters location which changed during 2010. No other material changes were made to the existing agreements as FW Cook advised the Compensation Committee that they were in line with best practices which include double trigger benefits, severance multiples less than or equal to 2x and the lack of a tax-gross up provision. Additional details about these agreements, including potential payments, may be found in the "Potential Payments Upon Termination or Change-in-Control" and "Change-in-Control Benefit Estimates as of December 31, 2011" table.

Tax Treatment of Executive Compensation: Section 162(m) of the Internal Revenue Code of 1986 limits the amount of compensation in excess of $1,000,000 that the Company may deduct in any one year with respect to its CEO and three other most highly compensated officers (excluding the CFO) serving at the end of the fiscal year as disclosed in the annual proxy statement. There are exceptions to this deduction limit if the compensation is “performance-based” under Section 162(m). The Company does not limit compensation as a result of Section 162(m) but does try to structure its executive compensation program to maximize the amount of compensation that may be deducted. While base salaries and time-vesting RSUs are subject to the deduction limitation, our performance-based awards, including annual incentive bonus and performance-based RSUs, are generally exempt from the limitation.

In order to ensure that annual incentive bonuses paid to executive officers are fully deductible for tax purposes under Section 162(m), the Company adopted the Annual Incentive Compensation Plan (the “AICP”). The AICP was approved by stockholders at the 2010 Annual Meeting of Stockholders of VeriSign, Inc. held on May 27, 2010 and is the vehicle under which our executive officers’ bonuses, determined as described above, are paid.

For 2011, assuming the performance goal was met, each executive officer could be awarded a maximum bonus of 300% of his or her target bonus (but no more than $5 million), subject to the Compensation Committee’s discretion to award bonuses in lesser amounts. The Compensation Committee exercised its discretion to award bonuses in lesser amounts and primarily based the AICP payments on the funding results of the VPP annual bonus program (109.0%).

The performance goal for the AICP was approved by the Compensation Committee at its February 22, 2011 meeting and provided that the Company must achieve Non-GAAP Operating Income in excess of $50 million. For 2011, Non-GAAP Operating Income was achieved at $377.9 million.

Results of Shareholder Advisory Votes on Executive Compensation

When the Compensation Committee set compensation amounts for 2012, it took into account the results of the stockholder advisory vote on executive compensation that took place in April 2011. Although the vote was advisory and not binding, our stockholders indicated strong approval and support of our executive compensation program for our NEOs as disclosed in the 2011 Proxy Statement (approximately 98% of the votes were in favor). We believe this strong support indicates that the pay-for-performance emphasis in our executive compensation program is appropriately aligned with the interests of our stockholders. Our stockholders also approved our Board’s recommendation to hold advisory votes on an annual basis and so after this meeting, the next say on pay vote will be held at the 2013 Annual Meeting of Stockholders.

Compensation Committee Report

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

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

This report is submitted by the Compensation Committee

Louis A. Simpson (Chairperson)
John D. Roach
Timothy Tomlinson

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are Louis A. Simpson, John D. Roach and Timothy Tomlinson. All of the members of the Compensation Committee during 2011 were independent directors, and none of the members of the Compensation Committee during 2011 were employees or officers or former officers of Verisign. No executive officer of Verisign has served on the compensation committee (or other board committee performing equivalent functions, if any) or the board of directors of another entity, one of whose executive officers served as a member of the Compensation Committee of Verisign during 2011; and no executive officer of Verisign has served on the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a member of the Board during 2011.

Summary Compensation Table

The following table sets forth certain summary information concerning the compensation received by each person who served as our principal executive officer and principal financial officer during fiscal 2011, the two other most highly compensated executive officers as of the end of fiscal 2011, and two additional individuals who served the Company for a portion of fiscal 2011 as executive officers for whom disclosure would have been provided but for the fact that the individuals were not serving as executive officers as of December 31, 2011. We refer to these executive officers as our "Named Executive Officers."

SUMMARY COMPENSATION TABLE

Named Executive Officer and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
D. James Bidzos(5)	2011	326,730(6)	340,625(7)	3,999,978	—	—	20,180(8)	4,687,513
Executive Chairman, President and	2010	305,538	—	999,991	—	—	4,156	1,309,684
Chief Executive Officer	2009	751,154	—	1,999,985	—	—	4,600	2,755,739
John D. Calys(9)	2011	250,000	50,000(10)	332,700	—	113,750	8,627	755,077
Vice President, Interim Chief Financial Officer and Controller								
Richard H. Goshorn	2011	400,000	—	2,134,397	—	288,000	10,698	2,833,095
Senior Vice President,	2010	401,539	8,160(11)	401,280	349,267	267,840	6,708	1,434,794
General Counsel and Secretary	2009	399,731	—	242,320	247,500	238,800	2,542	1,130,893
Patrick S. Kane	2011	307,634	—	1,260,511	—	206,102	8,430	1,782,677
Senior Vice President and General Manager, Naming Services								
Mark D. McLaughlin(12)	2011	535,644	200,000(13)	4,410,167	—	—	8,670	5,154,481
Former President and	2010	752,885	—	1,585,664	1,380,134	837,000	9,117	4,564,800
Chief Executive Officer	2009	579,807	—	1,675,200	1,080,538	499,885	36,930(14)	3,872,360
Brian G. Robins(15)	2011	330,173	—	2,370,680	—	—	8,051	2,708,904
Former Executive Vice President and	2010	401,539	65,200(16)	921,570	444,522	334,800	8,579	2,176,210
Chief Financial Officer	2009	350,845	158,904(17)	578,200	380,770	240,000	8,306	1,717,025
Christine C. Brennan(18)	2011	218,243	—	1,181,066	155,835	—	495,217(19)	2,050,361
Former Senior Vice President, Human Resources	2010	346,154	100,000(20)	602,940	437,320	210,000	10,565	1,706,979
Kevin A. Werner(21)	2011	158,653	—	1,057,924	308,697	—	478,412(22)	2,003,686
Former Senior Vice President,	2010	376,443	400,000(23)	340,480	296,348	225,000	9,076	1,647,347
Corporate Development and Strategy	2009	376,443	—	242,320	247,500	206,250	8,789	1,081,302

(1) Includes, where applicable, amounts electively deferred by each Named Executive Officer under our 401(k) Plan.

(2) Amounts shown represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for the applicable awards granted in fiscal 2011, 2010, and 2009, respectively. The assumptions used to calculate the grant date fair value of awards are set forth in Note 11, "Employee Benefits and Stock-Based Compensation," of our Notes to Consolidated Financial Statements in the 2011 Annual Report on Form 10-K. Stock Awards consist of RSUs granted in 2011, 2010, and 2009, respectively. Amounts shown in "Stock Awards" include the value of awards subject to performance conditions based upon the probable outcome of the performance conditions as of the grant date of the award, excluding the effect of estimated forfeitures. The values of awards subject to performance

conditions included in “Stock Awards” were as follows: Mr. Goshorn, $449,280; Mr. Kane, $351,000; Mr. McLaughlin, $1,499,624; Mr. Robins, $649,350; and Ms. Brennan, $200,070. Assuming the highest level of the performance conditions was achieved, the value of these awards would be 150% of the amounts stated in the table.

(3) Amounts shown are for non-equity incentive plan compensation earned during the year indicated, but paid in the following year.

(4) Except as otherwise indicated, amounts in “All Other Compensation” for fiscal 2011, fiscal 2010 and fiscal 2009 include, where applicable, matching contributions made by the Company to the VeriSign, Inc. 401(k) Plan and life insurance payments.

(5) On June 30, 2008, Mr. Bidzos was appointed Executive Chairman, President and Chief Executive Officer on an interim basis. On January 14, 2009, Mr. Bidzos resigned as President on an interim basis, and on August 17, 2009, Mr. Bidzos resigned as Executive Chairman and Chief Executive Officer on an interim basis and was appointed Executive Chairman of Verisign. On July 27, 2011 Mr. Bidzos was elected President and Chief Executive Officer, effective August 1, 2011.

(6) Mr. Bidzos’ base salary as Executive Chairman was $40,000 per year. Upon his election as President and Chief Executive Officer, effective August 1, 2011, his base salary was increased to $750,000 per year.

(7) Mr. Bidzos did not participate in the Company’s annual incentive plan in 2011. He was awarded a special bonus of $340,625 in February 2012 in recognition of his service as President and Chief Executive Officer during 2011.

(8) Includes $15,553 for the use of the Company’s corporate apartment, including rent and expenses for a cleaning service and utilities and lease payments for a leased automobile.

(9) Mr. Calys has served as Vice President and Controller of Verisign since December 2010. On September 26, 2011, Mr. Calys was appointed Interim Chief Financial Officer.

(10) Mr. Calys was awarded a special cash bonus of $50,000 per calendar quarter for his service as Interim Chief Financial Officer, beginning in respect of the fourth quarter of 2011 and continuing so long as he serves as Interim Chief Financial Officer.

(11) Mr. Goshorn was awarded a discretionary bonus of $8,160 on February 22, 2011 in recognition of his contributions in the sale of the Authentication Services business to Symantec Corporation (“Symantec”).

(12) Mr. McLaughlin served as the Company’s President and Chief Operating Officer from January 2009 to August 2009. In August 2009, Mr. McLaughlin was appointed as our President and Chief Executive Officer, and he served in that capacity and as a director of Verisign from that date until his resignation as a director effective July 27, 2011 and as President and Chief Executive Officer effective August 1, 2011. Mr. McLaughlin resigned from Company effective August 25, 2011.

(13) Mr. McLaughlin was awarded a $200,000 discretionary bonus, paid in August 2011 in recognition of his service as President and Chief Executive Officer in 2011.

(14) Includes payment of $30,000 made pursuant to the terms of Mr. McLaughlin’s Consulting Agreement effective November 1, 2009.

(15) Mr. Robins resigned as Executive Vice President and Chief Financial Officer of the Company effective September 7, 2011 and resigned from the Company effective September 30, 2011.

(16) Mr. Robins was awarded a discretionary bonus of $65,200 on February 22, 2011 in recognition of his contributions in the sale of the Authentication Services business to Symantec.

(17) Mr. Robins received discretionary bonuses of $100,000 and $58,904 on March 27, 2009 and August 28, 2009, respectively. These bonuses were awarded in recognition of his performance during his role as acting Chief Financial Officer.

(18) Ms. Brennan’s employment with the Company ended on July 1, 2011. In connection with her departure from the Company, Ms. Brennan’s 2011 Stock Awards and Option Awards columns include values related to the acceleration of a portion of her outstanding RSUs and unvested stock options, in the amounts of $411,474 and $155,835, respectively.

(19) Includes the following separation payments in connection with Ms. Brennan’s departure from the Company: $375,000 for severance, $17,030 for medical and life insurance replacement and a pro-rated target bonus amount of $93,493.

(20) Ms. Brennan received a sign-on bonus in connection with joining the Company in February 2010 as Senior Vice President, Human Resources.

(21) Mr. Werner’s employment with the Company ended on April 29, 2011 as a result of a management reorganization. In connection with his departure from the Company, Mr. Werner’s 2011 Stock Awards and Option Awards columns include values related to the acceleration of a portion of his outstanding RSUs and stock options, in the amounts of $510,805 and $308,697, respectively.

(22) Includes the following separation payments in connection with Mr. Werner’s departure from the Company: $375,000 for severance, $22,050 for medical and life insurance replacement and a pro-rated target bonus amount of $73,356.

(23) Mr. Werner was awarded a discretionary bonus of $400,000 on December 8, 2010, which was paid in 2011 in recognition of his performance in managing the divestiture process and his contributions in the sale of the Authentication Services business to Symantec.

Grants of Plan-Based Awards for Fiscal 2011

The following table shows all plan-based awards granted to the Named Executive Officers during fiscal 2011 under the AICP and the 2006 Plan.

GRANTS OF PLAN-BASED AWARDS FOR FISCAL 2011[(1)]

Named Executive Officer	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ($)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards ($)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
D. James Bidzos	8/1/2011							130,505(3)	3,999,978
John D. Calys(4)	1/18/2011	0	87,500	262,500				10,000(5)	332,700
Richard H. Goshorn	5/18/2011	0	240,000	720,000				4,985(6)	185,891
	5/18/2011							11,051(7)	412,092
	2/22/2011							12,800(5)	449,280
	2/22/2011				0	12,800	19,200		449,280
	1/21/2011							8,523(9)	274,526
	1/21/2011							11,280(8)	363,329
Patrick S. Kane(10)	5/18/2011	0	183,558	550,675				819(6)	30,541
	5/18/2011							2,157(7)	80,435
	2/22/2011							10,000(5)	351,000
	2/22/2011				0	10,000	15,000		351,000
	1/21/2011							1,340(9)	43,161
	1/21/2011							2,337(8)	75,275
	1/10/2011							10,000(5)	329,100
Mark D. McLaughlin	5/18/2011	0	750,000	2,250,000				15,723(6)	586,311
	2/23/2011							42,700(5)	1,499,624
	2/23/2011				0	42,700	64,050		1,499,624
	1/21/2011							25,601(9)	824,608
Brian G. Robins	5/18/2011	0	300,000	900,000				6,338(6)	236,344
	5/18/2011							7,573(7)	282,397
	2/22/2011							18,500(5)	649,350
	2/22/2011				0	18,500	27,750		649,350
	1/21/2011							10,791(9)	347,578
	1/21/2011							6,385(8)	205,661
Christine C. Brennan	5/18/2011	0	187,500	562,500				3,296(6)	122,908
	5/18/2011							1,498(7)	55,860
	2/22/2011							5,700(5)	200,070
	2/22/2011				0	5,700	8,550		200,070
	1/21/2011							5,920(9)	190,683
Kevin A. Werner	1/21/2011	0	225,000	675,000				8,535(9)	274,912
	1/21/2011							8,451(8)	272,207

(1) Named Executive Officers are eligible to receive an annual cash bonus under the AICP and long-term incentive compensation under our 2006 Plan as described in "Compensation Discussion and Analysis" elsewhere in this Proxy Statement. Mr. Bidzos did not participate in the AICP during 2011.

(2) The Named Executive Officers, other than Messrs. Bidzos, Calys and Werner, were awarded performance-based RSUs. On February 24, 2012, actual performance against goals was determined and Mr. Goshorn and Mr. Kane were awarded RSUs. 25% of the grant vested on February 24, 2012, and will vest thereafter as to an additional 25% of the grant on each of February 22, 2013, February 22, 2014 and February 22, 2015.

(3) The RSU award vests as to 25% of the total award on each quarterly anniversary of the date of grant until fully vested.

(4) Mr. Calys became an executive officer as of September 26, 2011 and at that time became a participant in the AICP.

(5) The RSU award vests as to 25% of the total award on each anniversary of the date of grant until fully vested.
(6) RSUs received in connection with unvested options as a result of the special dividend declared by the Board on April 27, 2011 in accordance with the terms of the applicable equity plans. The RSUs will vest on the second anniversary of the grant date.
(7) RSUs received in connection with vested options as a result of the special dividend declared by the Board on April 27, 2011 in accordance with the terms of the applicable equity plans. The RSUs vested immediately upon grant.
(8) RSUs received in connection with vested options as a result of the special dividend declared by the Board on December 9, 2010. The RSUs vested immediately upon grant.
(9) RSUs received in connection with unvested options as a result of the special dividend declared by the Board on December 9, 2010. The RSUs will vest on the second anniversary of the grant date.
(10) Mr. Kane was promoted to Senior Vice President and General Manager, Naming Services, as of January 10, 2011. His base salary and bonus target as a percent of base salary were increased at that time from $248,500 and 35% to $310,000 and 60%, respectively. The amounts in estimated future payouts under non-equity incentive plan awards have been pro-rated to reflect these amounts prior to his promotion and after his promotion.

The Company generally does not enter into employment agreements with its executive officers, each of whom may be terminated at any time at the discretion of the Board. The Company entered into the CEO Amended and Restated Change-in-Control and Retention Agreement with Mr. Bidzos, our President and Chief Executive Officer, and Amended and Restated Change-in-Control and Retention Agreements with other of its senior vice presidents, including the Named Executive Officers, other than Mr. Calys.

An RSU is an award covering a number of shares of Verisign common stock which are typically settled by issuance of those shares on a one-for-one basis. Any dividends paid on our common stock during the vesting period applicable to RSUs shall be credited to the participant in the form of additional RSUs, the number of which shall be calculated based on the market price of our common stock on the date such dividends are paid to stockholders. Any such additional RSUs shall be subject to the same terms and conditions as the underlying RSU award.

Please refer to "Compensation Discussion and Analysis" elsewhere in this Proxy Statement for more information concerning our compensation practices and policies for executive officers.

Outstanding Equity Awards at 2011 Fiscal Year-End

The following table shows all outstanding equity awards held by the Named Executive Officers at the end of fiscal 2011 granted under the 2006 Plan.

OUTSTANDING EQUITY AWARDS AT 2011 FISCAL YEAR-END

		Option Awards				Stock Awards	
Named Executive Officer	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Un-exercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested ($)(2)
D. James Bidzos	08/01/2011					97,878(3)	3,496,202
John D. Calys	01/18/2011					10,738(4)	383,542
Richard H. Goshorn	06/15/2007	6,875(5)		29.32	06/15/2014		
	08/07/2007	2,203(5)		29.63	08/07/2014		
	08/04/2008	16,250(5)	3,750	32.28	08/04/2015		
	02/23/2009	6,094(5)	10,156	18.64	02/23/2016		
	02/22/2010	9,281(5)	27,844	24.32	02/22/2017		
	02/19/2008					3,905(6)	139,477
	08/04/2008					2,343(4)	83,695
	02/23/2009					7,615(4)	272,008
	02/22/2010					14,498(4)	517,861
	01/21/2011					9,152(7)	326,893
	02/22/2011					13,744(4)	490,934
	02/22/2011					10,464(8)	373,774
	05/18/2011					4,985(9)	178,064
Patrick S. Kane	08/07/2007	6,075(5)		29.63	08/07/2014		
	12/14/2007	22,092(5)		36.31	12/14/2014		
	08/04/2008	5,991(5)	1,383	32.28	08/04/2015		
	02/23/2009	2,142(5)	2,677	18.64	02/23/2016		
	08/04/2008					865(4)	30,883
	10/15/2008					879(4)	31,385
	02/23/2009					2,010(4)	71,810
	02/22/2010					10,720(4)	382,903
	01/10/2011					10,738(4)	383,542
	01/21/2011					1,439(7)	51,395
	02/22/2011					10,737(4)	383,542
	02/22/2011					8,175(8)	292,011
	05/18/2011					819(9)	29,255
Mark D. McLaughlin(10)	—						
Brian G. Robins(11)	—						
Christine C. Brennan(12)	—						
Kevin A. Werner(13)	—						

(1) Includes 2,661.1438 RSUs, 737.4632 RSUs, 4,883.2122 RSUs and 2,798.3086 RSUs issued to Mr. Bidzos, Mr. Calys, Mr. Goshorn and Mr. Kane, respectively, on May 18, 2011 in respect of outstanding RSUs as a result of the special dividend declared by the Board on April 27, 2011 in accordance with the terms of the applicable equity plans.

(2) The market value is calculated by multiplying the number of shares by the closing price of our common stock on December 30, 2011, which was $35.72.

(3) The RSU award vests as to 25% of the total award on each quarterly anniversary of the date of grant until fully vested.

(4) The RSU award vests as to 25% of the total award on each anniversary of the date of grant until fully vested.

(5) The option became exercisable as to 25% of the grant on the first anniversary of the date of grant, and vests quarterly thereafter at the rate of 6.25% per quarter until fully vested.

(6) The RSU award vests over a four year period, with one-third of the total award vesting on the second, third and fourth anniversaries of the date of grant.

(7) Awards of RSUs were granted in connection with vested options as a result of the special dividend declared by the Board on December 9, 2010. The RSU award vests on the second anniversary of the grant date.
(8) Awards of performance-based RSUs were granted on February 22, 2011. If specified performance criteria were achieved, the performance-based RSUs earned shall vest as to 25% on the date of the Compensation Committee's certification of the 2011 VeriSign Performance Plan funding percentage and thereafter as to 25% on each anniversary of the date of grant. Based on the achieved performance as certified by the Compensation Committee effective February 24, 2012, RSUs were awarded, 25% of which vested immediately on February 24, 2012, and the remainder of which are reflected in this table. Includes 10,464 RSUs and 8,175 RSUs issued to Mr. Goshorn and Mr. Kane, respectively, which represent 75% of the awards unvested as of February 24, 2012.
(9) Awards of RSUs were granted in connection with vested options as a result of the special dividend declared by the Board on April 27, 2011 and paid on May 18, 2011. The RSU award vests on the second anniversary of the grant date.
(10) Mr. McLaughlin resigned from the Company effective August 25, 2011.
(11) Mr. Robins resigned from the Company effective as of September 30, 2011.
(12) Ms. Brennan's employment with the Company ended on July 1, 2011.
(13) Mr. Werner's employment with the Company ended on April 29, 2011 as a result of a management reorganization.

Option Exercises and Stock Vested for Fiscal 2011

The following table shows all stock options exercised and the value realized upon exercise, and all stock awards vested and the value realized upon vesting, by our Named Executive Officers during fiscal 2011.

OPTION EXERCISES AND STOCK VESTED FOR FISCAL 2011

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
D. James Bidzos	—	—	103,546	3,469,295
John D. Calys	—	—	—	—
Richard H. Goshorn	134,983	1,007,573	57,343(1)	1,915,468
Patrick S. Kane	—	—	14,836(1)	510,612
Mark D. McLaughlin	101,850	1,272,395	43,208	1,444,244
Brian G. Robins	124,228	793,968	47,635	1,615,765
Christine C. Brennan	31,484	399,191	19,668	671,303
Kevin A. Werner	135,218	875,999	33,263	1,179,456

(1) Awards of performance-based RSUs were granted on February 22, 2011 to the Named Executive Officers other than Mr. Bidzos and Mr. Calys. If specified performance criteria were achieved, the RSUs earned vest as to 25% on the date of the Compensation Committee's certification of the 2011 VeriSign Performance Plan funding percentage and thereafter as to 25% on each anniversary of the date of grant. Based on the achieved performance as certified by the Compensation Committee effective February 24, 2012, RSUs were awarded. Includes 3,488 RSUs and 2,725 RSUs issued to Mr. Goshorn and Mr. Kane, respectively, which represent 25% of the awards which vested immediately on February 24, 2012.

Potential Payments Upon Termination or Change-in-Control

Except as described below, the Company has no formal severance program for its Named Executive Officers, each of whom may be terminated at any time at the discretion of the Board. On August 24, 2007, the Compensation Committee adopted and approved forms of change-in-control and retention agreements to be entered into with Verisign's chief executive officer and our other executive officers, and on April 26, 2011 the Compensation Committee approved amendments to those form agreements (such agreements, as amended, the "CIC Agreements"). Such amendments included the following changes, among other revisions: (1) the equity acceleration provision was modified to clarify that if performance shares are accelerated, and the performance period has not been completed, the amount payable is computed as if the performance has been satisfied at the target level; (2) the excise tax provision was amended to provide for an automatic cutback (versus elective) of change-in-control benefits to an amount that avoids the excise tax if such cutback leads to a better after-tax result for the executive; and (3) the COBRA provision was modified to provide that if the executive elects to continue medical coverage under COBRA, Verisign will reimburse the executive's premium, for 24 months for the Chief Executive Officer and for 12 months for all other executives eligible for the CIC Agreement.

Under the CIC Agreements, an executive officer of the Company is entitled to receive severance benefits if, within the twenty-four months following a "change-in-control" (or under certain circumstances, during the six-month period preceding a "change-in-control"), the executive officer's employment is terminated by Verisign without "cause" or by the executive officer for "good reason." The terms and conditions of the CIC Agreements are described below.

Under the CIC Agreements, "*change-in-control*" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a lump sum equal to the pro rata target bonus for the year in which the executive officer was terminated;
- a lump sum equal to a specified multiple of the sum of (i) the executive officer's annual base salary plus (ii) the average of the executive officer's annual bonus amount for the last three full fiscal years prior to a change-in-control, or, if the executive officer was employed by the Company for fewer than three full fiscal years preceding the fiscal year in which the change-in-control occurs, the average target bonus for the number of full fiscal years the executive officer was employed by the Company before the change-in-control or the target bonus for the fiscal year in which the change-in-control occurs if the executive officer was not eligible to receive a bonus from the Company during any of the prior three fiscal years; the applicable multiples are 200% of the annual base salary and bonus for the chief executive officer and 100% of the annual base salary and bonus for other executive officer participants;
- if the executive elects to continue medical coverage under COBRA, reimbursement of the executive's premium, for 24 months for the Chief Executive Officer and for 12 months for all other executives;
- immediate acceleration of vesting of all of the executive officer's unvested stock options and RSUs; however, if the consideration to be received by stockholders of the Company in connection with the change-in-control consists of substantially all cash or if the stock options and RSUs held by the executive officer are not assumed in the change-in-control, then all of the executive officer's then-unvested and outstanding stock options and RSUs shall vest immediately prior to the change-in-control regardless of whether or not there is a termination of employment in connection therewith; and
- if performance shares are accelerated, and the performance period has not been completed, the amount payable is computed as if the performance has been satisfied at the target level.

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

- to the extent any change-in-control payments or benefits are characterized as a parachute payment within the meaning of Section 4999 of the Code, and such characterization would subject the executive officer to a federal excise tax due to that characterization, the executive officer's termination benefits will be reduced to an amount so that none of the amounts payable constitute excess parachute payments if this would result in the executive officer's receipt, on an after-tax basis, of the greatest amount of termination and other benefits, after taking into account applicable federal, state and local taxes, including the excise tax under Section 4999 of the Code;

- an initial term ending on August 24, 2012 and automatic renewal for one-year periods thereafter unless the Board terminates the CIC Agreement at least 90 days before the end of the then-current term, provided that such termination shall not be effective until the last day of the then-current term; and
- the executive officer is prohibited from soliciting employees of Verisign or competing against Verisign for a period of twelve months.

The following table shows the value of stock options and RSUs that would have vested for our Named Executive Officers as of December 31, 2011, as well as the additional cash compensation payable, if any, under the change-in-control and termination scenarios described above. The value of stock options is based on the difference between the exercise price of all accelerated options and the market value of our common stock as of December 30, 2011, which was $35.72.

Change-in-Control Benefit Estimates as of December 31, 2011

	Value of Accelerated Cash Compensation Benefits ($)(1)		Value of Accelerated Stock Awards ($)		Value of Accelerated Option Awards ($)	
Named Executive Officer	**Change-in-Control Only**	**Change-in-Control plus Qualifying Termination**	**Change-in-Control Only**	**Change-in-Control plus Qualifying Termination(2)**	**Change-in-Control Only**	**Change-in-Control plus Qualifying Termination(2)**
D. James Bidzos	—	1,500,034	—	3,496,202	—	—
John D. Calys	—	—	—	—	—	—
Richard H. Goshorn	—	893,261	—	2,466,166	—	503,786
Patrick S. Kane	—	595,700	—	1,721,195	—	50,481

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

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

Messrs. McLaughlin, Robins and Werner and Ms. Brennan departed the Company during 2011. Neither Mr. McLaughlin nor Mr. Robins received any additional payments or benefits in connection with his termination of employment. Information regarding the benefits and payments received by Ms. Brennan and Mr. Werner in connection with their terminations is set forth in "Compensation Discussion and Analysis" and in the "Summary Compensation Table" above.

Equity Compensation Plan Information

The following table sets forth information about our common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans as of December 31, 2011.

EQUITY COMPENSATION PLAN INFORMATION

	Equity Compensation Plan Information		
	(A)	(B)	(C)
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted-average exercise price of outstanding options, warrants and rights(2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by stockholders(3)	3,296,272(4)	$28.72	16,453,271(5)
Equity compensation plans not approved by stockholders(6)	166,514(7)	$25.30	—
Total	3,462,786	$28.21	16,453,271

(1) Includes 2,350,918 shares subject to RSUs outstanding as of December 31, 2011, that were issued under the 2006 Plan.

(2) Does not include any price for outstanding RSUs.

(3) Includes the 1998 Equity Incentive Plan, the 1998 Directors Stock Option Plan (collectively, the "1998 Plans"), the 2006 Plan, and the 2007 Employee Stock Purchase Plan (the "2007 Purchase Plan"). Effective May 27, 2006, the granting of equity awards under the 1998 Plans was discontinued and new equity awards are granted under the 2006 Plan. Remaining authorized shares under the 1998 Plans that were not subject to outstanding awards as of May 26, 2006 were cancelled on May 26, 2006. The 1998 Plans will remain in effect as to outstanding equity awards granted under each such plan prior to May 26, 2006.

(4) Excludes purchase rights accruing under the 2007 Purchase Plan, which has a remaining stockholder-approved reserve of 2,997,889 shares as of December 31, 2011.

(5) Consists of shares available for future issuance under the 2006 Plan and the 2007 Purchase Plan. As of December 31, 2011, an aggregate of 13,455,382 shares and 2,997,889 shares of common stock were available for issuance under the 2006 Plan and the 2007 Purchase Plan, respectively, including 223,346 shares subject to purchase under the 2007 Purchase Plan during the current purchase period. In addition to options and RSUs, shares can be granted under the 2006 Plan pursuant to stock appreciation rights, restricted stock awards, stock bonuses and performance shares.

(6) Includes the 2001 Stock Incentive Plan (the "2001 Plan"). No options issued under the 2001 Plan are held by any directors or executive officers. The terms of this plan are set forth in Note 11, "Employee Benefits and Stock-Based Compensation," to the financial statements included in the Annual Report. Effective May 27, 2006, the granting of equity awards under the 2001 Plan was discontinued and new equity awards are being granted under the 2006 Plan. Remaining authorized shares under the 2001 Plan that were not subject to outstanding awards as of May 26, 2006, were cancelled on May 26, 2006. The 2001 Plan remains in effect as to outstanding equity awards granted under the plan prior to May 26, 2006.

(7) Does not include options to purchase an aggregate of 9,543 shares of common stock with a weighted-average exercise price of $6.2457 that were assumed in business combinations.

POLICIES AND PROCEDURES WITH RESPECT TO TRANSACTIONS WITH RELATED PERSONS

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

Pursuant to the terms of the Related Person Transaction Policy, the Audit Committee shall review, approve or ratify the terms of any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (i) Verisign was or is to be a participant and (ii) a related person has or will have a direct or indirect material interest ("Related Person Transaction"), *except* for those transactions, arrangements or relationships specifically listed in the Related Person Transaction Policy that do not require approval or ratification. In determining whether to approve or ratify a Related Person Transaction, the Audit Committee will take into account, among factors it deems appropriate, whether the Related Person Transaction terms are no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the materiality of the related person's direct or indirect interest in the transaction.

Prior approval of the Audit Committee shall be required for the following Related Person Transactions:

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

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

In the event Verisign proposes to enter into a transaction with a related person who is a member of the Audit Committee or an immediate family member of a member of the Audit Committee, prior approval by a majority of the disinterested members of the Board shall be required and no such member of the Audit Committee for which he or she or an immediate family member is a related person shall participate in any discussion or approval of such transaction, except to provide all material information concerning the Related Person Transaction.

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

- Payment of compensation to executive officers in connection with their employment with Verisign; *provided* that such compensation has been approved in accordance with policies of Verisign.
- Remuneration to directors in connection with their service as a member of the Board; *provided* that such remuneration has been approved in accordance with policies of Verisign.
- Reimbursement of expenses incurred in exercising duties as an officer or director of Verisign; *provided* that such reimbursement has been approved in accordance with policies of Verisign.

- Any transaction with another company at which a related person's only relationship is as a director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed $1,000,000.
- Any transaction with a related person involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.
- Any transaction involving a related person where the rates or charges involved are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- Any transaction where the related person's interest arises solely from the ownership of Verisign's common stock and all holders of Verisign's common stock received the same benefit on a pro rata basis (e.g., dividends).

There are no transactions required to be reported under Item 404(a) of Regulation S-K where the Related Person Transaction Policy did not require review, approval or ratification, or where the Related Person Transaction Policy was not followed during fiscal 2011.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since January 1, 2011, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we or any of our subsidiaries are or were to be a party in which the amount involved exceeded or will exceed $120,000 and in which any director, executive officer or beneficial holder of more than 5% of the common stock of Verisign or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

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

The Audit Committee of the Board has selected KPMG LLP as our independent registered public accounting firm to perform the audit of our financial statements for the year ending December 31, 2012, and our stockholders are being asked to ratify this selection. Representatives of KPMG LLP, expected to be present at the Meeting, will have the opportunity to make a statement at the Meeting if they desire to do so and are expected to be available to respond to appropriate questions.

The Board Recommends a Vote "FOR" the Ratification of the Selection of KPMG LLP as our Independent Registered Public Accounting Firm.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table presents fees billed for professional services rendered by KPMG LLP for the audit of our annual consolidated financial statements for the years ended December 31, 2011, and December 31, 2010, and fees billed for other services provided by KPMG LLP, in each of the last two completed fiscal years.

	2011 Fees	2010 Fees
Audit Fees (including quarterly reviews):		
Consolidated Integrated Audit	$1,350,000	$1,926,010
Statutory Audits	345,393	395,064
Total Audit Fees	1,695,393	2,321,074
Audit-Related Fees(1)	505,634	933,739
Tax Fees(2)	575,000	312,680
All Other Fees	—	—
Total Fees	$2,776,027	$3,567,493

(1) Audit-Related Fees consist principally of reporting on Service Organization Controls (SOC 1, 2 and 3 reports), Webtrust audits, and audit of carve-out entities sold or held for sale.

(2) Tax Fees include international tax compliance and technical tax advice.

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

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

OTHER INFORMATION

Stockholder Proposals for the 2013 Annual Meeting of Stockholders

Proposals of stockholders intended to be presented at our 2013 Annual Meeting of Stockholders and included in our proxy statement and form of proxy relating to the meeting, pursuant to Rule 14a-8 under the Exchange Act must be received by us at our principal executive offices no later than 120 calendar days before the one year anniversary of the date of this Proxy Statement, or December 11, 2012.

In accordance with our Bylaws, we have established an advance notice procedure for stockholder proposals not included in our proxy statement to be brought before an annual meeting of stockholders. In general, nominations for the election of directors may be made:

- pursuant to Verisign's notice of such meeting;
- by or at the direction of the Board; or
- by any stockholder of the corporation who was a stockholder of record at the time of giving notice who is entitled to vote at such meeting and complies with the notice procedures set forth below.

The only business that will be conducted at an annual meeting of our stockholders is business that is brought before the meeting by or at the direction of the chairman of the meeting or by any stockholder entitled to vote who has delivered timely written notice to the Secretary of Verisign no later than sixty days and no earlier than ninety days prior to the first anniversary of this year's annual meeting. In the event that the date of the annual meeting is more than thirty days before or more than sixty days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the ninetieth day prior to the annual meeting and not later than the close of business on the later of the sixtieth day prior to the annual meeting or the close of business on the tenth day following the day on which public announcement of the date of such meeting is first made by us. The stockholder's notice must contain specified information concerning the matters to be brought before the meeting and concerning the stockholder proposing those matters. If a stockholder who has notified us of his intention to present a proposal at an annual meeting does not appear or send a qualified representative to present his proposal at the meeting, we need not present the proposal for a vote at the meeting. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements, including conditions established by the SEC. A copy of the full text of the bylaw provisions discussed above may be obtained by writing to the Secretary of Verisign and is also available at our website at *https://investor.verisign.com/policies.cfm*. All notices of proposals by stockholders, whether or not included in our proxy materials, should be sent to the Secretary of Verisign at 12061 Bluemont Way, Reston, Virginia 20190.

Other Business

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

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

Communicating With Verisign

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

- If you would like to receive information about Verisign, you may use one of these convenient methods:

1. To have information such as our latest Annual Report on Form 10-K or Quarterly Report on Form 10-Q mailed to you, please email our Investor Relations Department at ir@verisign.com, and specify your mailing address, or call our Investor Relations Department at 1-800-922-4917.
2. To view our website on the Internet, use our Internet address: *www.verisigninc.com*. Our home page gives you access to product, marketing and financial data, and an on-line version of this Proxy Statement, our Annual Report on Form 10-K and other filings with the SEC.

- If you would like to write to us, please send your correspondence to the following address:

  VeriSign, Inc.
  Attention: Investor Relations
  12061 Bluemont Way
  Reston, Virginia 20190

  or via email at ir@verisign.com.

- If you would like to inquire about stock transfer requirements, lost certificates and change of stockholder address, please call our transfer agent, Computershare Shareowner Services LLC at 1-877-255-1918. Foreign stockholders please call 1-201-680-6578. You may also visit their website at *http://www.computershare.com/us/Pages/sos.aspx?rocc=1* for step-by-step transfer instructions.

BOARD OF DIRECTORS

D. James Bidzos
Chairman of the Board of Directors,
Executive Chairman
President and Chief Executive Officer
VeriSign, Inc.

William L. Chenevich
Former Vice Chairman of
Technology and Operations
U.S. Bancorp

Kathleen A. Cote
Former Chief Executive Officer
Worldport Communications Company

Roger H. Moore
Former Chief Executive Officer
Illuminet Holdings, Inc.

John D. Roach
Chairman and Chief Executive Officer
Stonegate International

Louis A. Simpson
Chairman
SQ Advisors, LLC

Timothy Tomlinson
General Counsel
Portola Minerals Company

EXECUTIVE OFFICERS

D. James Bidzos
Chairman of the Board of Directors
Executive Chairman
President and Chief Executive Officer

John D. Calys
Vice President
Interim Chief Financial Officer and Controller

Richard H. Goshorn
Senior Vice President
General Counsel and Secretary

Patrick S. Kane
Senior Vice President and General Manager
Naming Services

INVESTOR INFO

Quarterly earnings releases, corporate news releases, and Securities and Exchange Commission filings are available by contacting Verisign Investor Relations or through our website at http://investor.verisign.com. **A copy of Verisign's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, containing additional information of possible interest to stockholders will be sent without charge to any stockholder who requests it. Please direct your request to Verisign Investor Relations at the address at right.**

STOCK EXCHANGE LISTING
NASDAQ Stock Market
Ticker Symbol: VRSN

VRSN
NASDAQ
LISTED

VERISIGN INVESTOR RELATIONS
12061 Bluemont Way
Reston, VA 20190
Phone: + 1 800 922 4917
Email: ir@verisign.com
http://investor.verisign.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG LLP
1676 International Drive, Suite 1200
McLean, VA 22102

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

Computershare Shareowner Services LLC
P.O. Box 358015
Pittsburg, PA 15252-8015
Phone: + 1 877 255 1918

WORLDWIDE

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