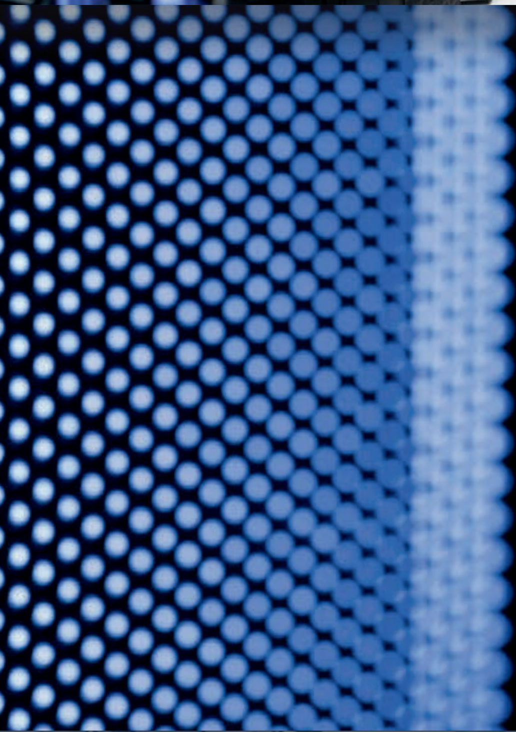
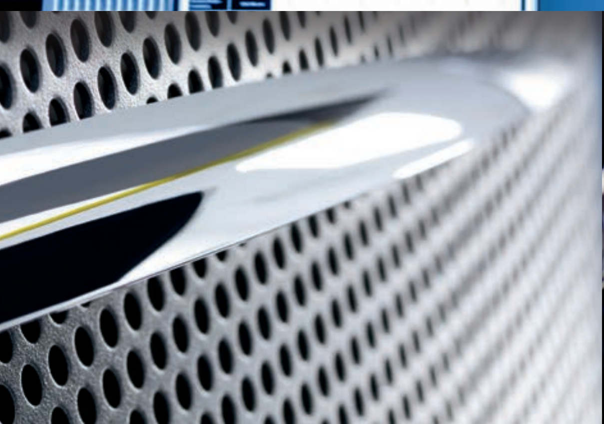
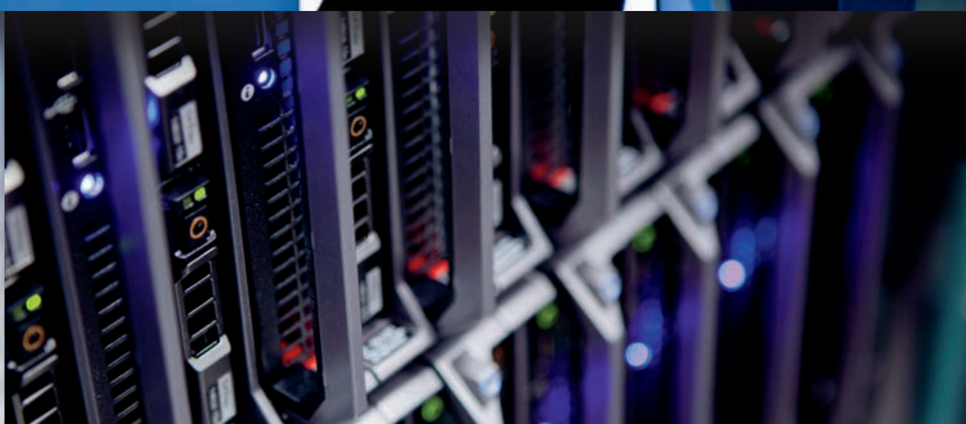


VERISIGN®

ANNUAL REPORT 2013





DEAR VERISIGN STOCKHOLDERS:

OUR MISSION

Enable the world to connect online with reliability and confidence, anytime, anywhere

OUR VALUES

- We are stewards of the Internet and our Company
- We are passionate about the pursuit of technology and innovation
- We take responsibility for our actions
- We respect others and exhibit integrity in our actions

Over the last year Verisign continued to deliver on our goals to protect, grow and manage Internet infrastructure services while continuing expansion of our innovation efforts. The significant achievements of 2013 include:

- Verisign marked 16 years of uninterrupted availability in the Verisign DNS for .com and .net.
- Revenues in 2013 grew 10 percent over 2012.
- We completed a successful bond offering enhancing our financial flexibility, with terms favorable for the Company.
- During 2013 we repurchased 21 million shares, returning over $1 billion to our stockholders.
- We strengthened our balance sheet, with year-end cash, cash equivalents and marketable securities at $1.7 billion.

We look forward to 2014 from a strong position.

I would like to extend my thanks to our stockholders, customers, and employees for your ongoing support.

Jim Bidzos

Jim Bidzos
Executive Chairman
President and Chief Executive Officer
April 2014

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, 2013

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	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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☑ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 Exchange 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, 2013, 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 14, 2014: 133,662,937 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the 2014 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 global provider of domain name registry services which power the navigation of the Internet by operating a global infrastructure for a portfolio of top-level domains ("TLDs") that includes *.com, .net, .tv, .edu, .gov, .jobs, .name* and *.cc* as well as two of the world's 13 Internet root servers ("Registry Services"). Our product suite also includes Network Intelligence and Availability ("NIA") Services consisting of Distributed Denial of Service ("DDoS") Protection Services, Verisign iDefense Security Intelligence Services ("iDefense") and Managed Domain Name System ("Managed DNS") Services.

We have one reportable segment, which consists of Registry Services and NIA Services. We have operations inside as well as outside the United States ("U.S."). For certain additional information about our segment, including a geographic breakdown of revenues and changes in revenues, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and Note 10, "Geographic and Customer Information" of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

We were incorporated in Delaware on April 12, 1995. Our principal executive offices are 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 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 VerisignInc.com. The information available on, or accessible through, this website is not incorporated in this Form 10-K by reference.

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 sec.gov.

Pursuant to our agreements with the Internet Corporation for Assigned Names and Numbers ("ICANN"), Verisign makes available on its website at VerisignInc.com/zone files containing all active domain names registered in the *.com* and *.net* registries. At the same website address, Verisign makes available a summary of the number of active domain names registered in the *.com* and *.net* registries and the number of *.com* and *.net* domain names that are registered but are not configured for use. These files and the related summary data are updated at least once per day. The update times may vary each day. The summary data provided on the website includes domain names that, at the time of publication, were recently purchased and subject to a five day grace period during which the domain names may be deleted and a credit may be issued to a registrar (the "add grace period"). The number of active domain names subject to the add grace period is typically immaterial. The numbers provided in this Form 10-K are the numbers as of midnight of the date reported, include domain names registered but not configured for use, and do not include domain names subject to the add grace period and therefore cannot be compared to the summary posted on our website. The information available on, or accessible through, this website is not incorporated herein by reference.

We announce material financial information to our investors using our investor relations website http://investor.verisign.com, SEC filings, investor events, news and earnings releases, public conference calls and webcasts. We use these channels as well as social media to communicate with our investors and the public about our company, our products and services, and other issues. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the social media channels listed below. This list may be updated from time to time on our investor relations website.

https://www.facebook.com/Verisign
http://www.twitter.com/Verisign
http://www.LinkedIn.com/company/verisign
http://www.youtube.com/user/verisign
http://www.verisigninc.com
http://blogs.verisigninc.com

The contents of these websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file, and any reference to these websites are intended to be inactive textual references only.

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 ICANN and also, with respect to the *.com* agreement, the U.S. Department of Commerce ("DOC"). As a registry, we maintain the master directory of all second-level domain names in these TLDs (e.g., johndoe.com and janedoe.net). Our global constellation of domain name servers provides Internet Protocol ("IP") address information in response to queries, enabling the use of browsers, email systems, and other systems on the Internet. 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 TLDs 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.

Domain names can be registered for between one and 10 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. With respect to *.com,* price increases require prior approval by the DOC according to the terms of Amendment 32 of the Cooperative Agreement between the DOC and Verisign. 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. The effect of this seasonality has historically resulted in the largest amount of growth in our deferred revenue balance occurring during the first quarter of the year compared to the other quarters.

NIA 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 a subscription fee for iDefense.

Managed DNS is a hosting service that delivers DNS resolution, improving the availability of web-based systems. It 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. Managed DNS service provides full support for DNS Security Extensions ("DNSSEC") compliance features and Geo Location traffic routing capabilities. DNSSEC is 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, e-commerce, and software-as-a-service providers. Customers pay a subscription fee that varies based on the amount of DNS traffic they receive.

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 DDoS attacks. Customers include financial institutions and e-commerce providers. Customers pay a 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 business, 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 TLDs for which we are the registry. We also operate two of the 13 externally visible root zone server addresses, which are considered to be the authoritative root zone servers of the Internet's DNS. Our 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 TLD queries, resulting in an average of over 80 billion transactions per day. These name servers are located around the world, and provide local domain name service globally. 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 2012 and 2013, we continued to expand our infrastructure to meet demands 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 2011, we deployed DNSSEC in the *.com* domain, to protect the integrity of domain name system data.

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 also 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.

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 seek to expand our existing businesses through focused marketing programs that target *.com* and *.net* zone growth, particularly in emerging international markets, and by extending our brand and serving new markets through the IDNs for which we have applied. We market our NIA Services worldwide through multiple distribution channels, including direct sales and indirect channels. We have marketing and sales offices throughout the world.

Research and Development

We believe that timely development of new and enhanced services, including monitoring and visualization, registry provisioning platforms, navigation and resolution services, data services, value added services, and NIA Services is necessary to remain competitive in the marketplace. During 2013, 2012 and 2011 our research and development expenses were $70.3 million, $61.7 million and $53.3 million, respectively.

Our future success will depend in large part on our ability to continue to maintain and enhance our current technologies and services, and to develop new ones. We actively investigate and incubate new concepts, and evaluate new business ideas through our innovation pipeline. In conjunction, we also continue to focus on growing our patent portfolio and consider opportunities for its strategic use. We expect that most of the future enhancements to our existing services and our new services will be the result of internal development efforts in collaboration with suppliers, other vendors, customers and the technology community. Under certain circumstances, we may also acquire or license technology from third parties.

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.

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

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. In addition to the three gTLDs we operate (*.com*, *.net* and *.name*), and the 18 other operational gTLDs delegated before October 23, 2013, there are over 250 Latin script ccTLD registries and 38 IDN ccTLD registries. 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, the introduction of new registry services 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 or their resellers giving other TLDs greater prominence on their websites, advertising or marketing materials, we could be at a competitive disadvantage and our business could suffer.

Additional competition to our business may arise from the introduction of new TLDs by ICANN. On October 30, 2009, ICANN approved a fast track process for the awarding of new IDN ccTLDs, which have started to be introduced into the DNS root zone. Additionally, on June 13, 2012, ICANN announced it received 1,930 applications to operate over 1,400 unique new gTLDs. ICANN has begun executing registry agreements with these new gTLD applicants in connection with this initial round of gTLD applications and intends to continue recommending up to 1,400 new gTLDs for delegation into the root zone. On October 23, 2013, the DOC began to authorize, and Verisign began effectuating, the delegation of the new gTLDs. ICANN plans on offering a second round of new gTLDs after the completion of the initial round, the timing of which is uncertain. As set forth in the Verisign Labs Technical Report #1130007 version 2.2: New gTLD Security and Stability Considerations released on March 28, 2013, we continue to believe there are issues regarding the deployment of the new gTLDs that should have been addressed before any new gTLDs were delegated, and despite our efforts, some of these issues have not been addressed by ICANN sufficiently, if at all. We do not yet know the impact, if any, that these new gTLDs may have on our business, including if or how the introduction of these new gTLDs will affect registrations for *.com* and *.net* and therefore have a material adverse effect on our business, results of operations, financial condition and cash flows.

Applicants for new gTLDs include companies which may have greater financial, marketing and other resources than we do, including companies that are existing competitors, domain name registrars and new entrants into the domain name industry. 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 that Verisign is currently prohibited from realizing. 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. At least one gTLD operator has successfully used this process; however, it is uncertain whether we would seek, or whether ICANN and/or the DOC would approve, the necessary changes to our existing agreements to allow us to vertically integrate with respect to new gTLDs; without such changes, we may be at a competitive disadvantage.

We have applied for 14 new gTLDs, including 12 IDN gTLDs. Although we have been invited by ICANN to begin the contracting process for 12 of our 14 new gTLD applications, there is no certainty that we will ultimately obtain these gTLDs. ICANN has stated that it will need to limit the maximum number of new gTLDs that may be delegated in a year to 1,000, which could delay the activation of some approved new gTLDs. Even though IDN gTLDs have been given priority, other factors related to the application process could delay or disrupt an application and the timing of revenue generation, if any, from these gTLDs. Even if we are successful in obtaining one or more of these new gTLDs, there is no guarantee that such new gTLDs will be any more successful than the new gTLDs obtained by our competitors. For example, some of the gTLDs we have applied for face additional universal acceptability and usability challenges in that current desktop and mobile device software does not ubiquitously recognize these new gTLDs and may be slow to adopt standards or support these gTLDs, even if demand for such products is strong. This is particularly true for IDN TLDs, but applies to conventional gTLDs as well.

Similarly, while we originally entered into agreements to provide back-end registry services to other applicants for approximately 220 new gTLDs, and applicants for approximately 200 new gTLDs currently continue to contract with us to provide back-end registry services, there is no guarantee that such applicants with which we have entered into agreements will be successful in obtaining one or more of these new gTLDs or that such new gTLDs will be successful due to the same factors discussed above in connection with our gTLD applications. We also cannot guarantee that we will ultimately provide back-end registry services for such amount of new gTLDs. ICANN's Registry Agreement for new gTLDs requires the distribution of new gTLDs only through registrars who have executed the new Registry Accreditation Agreement (“RAA”). If registrars do not execute the new RAA, our ability to provide back-end services would be reduced, negatively impacting the sale of our back-end services for new gTLDs. Even if we are able to provide such services, the timing of revenue may also be dependent on how diligently our customers proceed to delegation and launch following the completion of the application process and our customers' respective launch plans for the new gTLDs. In addition, our agreements to provide back-end registry services directly to other applicants and indirectly through reseller relationships expose us to operational and other risks. For example, the increase in the number of gTLDs for which we provide registry services on a standalone basis or as a back-end service provider could further increase costs or increase the frequency or scope of targeted attacks from nefarious actors.

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, Donuts Inc. and RightSide 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, Microsoft, and Yahoo!, 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.

Competition in NIA 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. In addition, it may be difficult to compete against consolidation and partnerships among our competitors which create integrated product suites.

We face competition in the network intelligence and availability services industry from companies or services such as iSight Partners, IBM X-Force, Secunia ApS, Dell SecureWorks, McAfee, Inc., Prolexic Technologies, Inc., AT&T Inc., Verizon Communications, Inc., Dyn, Inc., Neustar, Inc., OpenDNS, BlueCat Networks, Inc., Infoblox Inc., Nominum, Inc., Afilias Limited and Akamai Technologies, Inc.

Industry Regulation

Registry Services: Within the U.S. Government, oversight of the DNS 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 the seventh amendment of the original Memorandum of Understanding and 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 sets forth a periodic review process by committees which provide for more international and multi-discipline participation. 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. Individual reviews from each panel 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, in the case of *.com*, the DOC:

.com Registry Agreement: On November 29, 2012, we renewed our Registry Agreement with ICANN 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* TLD through November 30, 2018. The *.com* Registry Agreement revised the pricing provisions for *.com* domain name registrations contained in the prior agreement to provide that the price of a *.com* domain name shall not exceed $7.85 for the term of the Agreement except that the Company will continue to have the right to increase the price of a *.com* domain name during the term, subject to the terms of the Cooperative Agreement as set forth below, due to the imposition of any new Consensus Policy or documented extraordinary expense resulting from an attack or threat of attack on the Security or Stability (each as defined in the *.com* Registry Agreement) of the DNS not to exceed 7% above the price in the prior year. Additionally, on a quarterly basis, the Company pays $0.25 to ICANN for each annual increment of a domain name registered or renewed during such quarter. See Note 14, "Commitments and Contingencies" of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K. 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.

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. As further described below, Verisign may not enter into any renewal of the *.com* Registry Agreement, or any other extension or continuation of, or substitution for, the *.com* Registry Agreement without prior written approval by the DOC.

Cooperative Agreement: On November 29, 2012, Verisign and the DOC entered into Amendment Number Thirty-Two (32) ("Amendment 32") to the Cooperative Agreement between Verisign and the DOC (the "Cooperative Agreement"), which approved the renewal of the *.com* Registry Agreement on the terms and conditions described below as in the public interest. Except as modified by Amendment 32, the terms and conditions of the Cooperative Agreement, including Amendment Thirty (30) to the Cooperative Agreement, which was entered into on November 29, 2006 by the Company and the DOC, remain unchanged. Amendment 32 provides that the Maximum Price (as defined in the *.com* Registry Agreement) of a *.com* domain name shall not exceed $7.85 for the term of the *.com* Registry Agreement, except that the Company is entitled to increase the Maximum Price of a *.com* domain name due to the imposition of any new Consensus Policy or documented extraordinary expense resulting from an attack or threat of attack on the Security or Stability of the DNS as described in the *.com* Registry Agreement, provided that the Company may not exercise such right unless the DOC provides prior written approval that the exercise of such right will serve the public interest, such approval not to be unreasonably withheld. Amendment 32 further provides that the Company shall be entitled at any time during the term of the *.com* Registry Agreement to seek to remove the pricing restrictions contained in the *.com* Registry Agreement if the Company demonstrates to the DOC that market conditions no longer warrant pricing restrictions in the *.com* Registry Agreement, as determined by the DOC. Amendment 32 also provides that the DOC's approval of the *.com* Registry Agreement is not intended to confer federal antitrust immunity on the Company with respect to the *.com* Registry Agreement and extends the term of the Cooperative Agreement through November 30, 2018. The Cooperative Agreement also provides that any renewal or extension of the *.com* Registry Agreement is subject to prior written approval by the DOC. Amendment 30 to the Cooperative Agreement provides that 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.

.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* TLD 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, Amendment 32, Amendment 30, the Cooperative Agreement, 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 December 1, 2012, Verisign and ICANN entered into a revised *.name* Registry Agreement which provides that we will continue to be the sole registry operator for domain names in the *.name* TLD through August 15, 2018. The renewal provisions are the same as for the *.net* Registry Agreement.

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 requiring export approval expands 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 continue to focus on growing our patent portfolio and consider opportunities for its strategic use.

We have obtained trademark registrations for the VERISIGN mark and new VERISIGN logo in the U.S. and certain countries, and have pending trademark applications for the new VERISIGN logo in a number of other 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 (many of which are patented or for which patent applications are pending) 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. 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. Some of the software and protocols used in our business are based on open standards set by organizations such as the Internet Engineering Task Force ("IETF"). To the extent any of our patents are considered "standard essential patents," we may be required to license such patents to our competitors on reasonable and non-discriminatory terms or otherwise be limited in our ability to assert such patents.

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:

	As of December 31,		
	2013	2012	2011
Employee headcount by function:			
Cost of revenues	301	304	284
Sales and marketing	172	194	191
Research and development	333	339	287
General and administrative	273	262	247
Total	1,079	1,099	1,009

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:

- deterioration of 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 renewals;
- our success in direct marketing and promotional campaigns and the impact of such campaigns on new registrations and renewal rates;
- in the case of our Registry Services business, any changes to the scope and success of marketing efforts by third-party registrars or their resellers;
- 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 the removal of the right to increase prices for *.com* domain names in four of six years up to seven percent, as was permitted under the 2006 *.com* Registry Agreement;
- the impact of decisions by distributors to offer competing or replacement products, including new gTLDs, or modify or cease their marketing practices;
- the impact of ICANN's Registry Agreement for new gTLDs, which requires the distribution of new gTLDs only through registrars who have executed the new RAA.
- the availability of alternatives to our products;
- seasonal fluctuations in business activity;
- ICANN's plan for the introduction of new gTLDs, which could cause security, stability and resiliency problems that could substantially and permanently harm our business;
- in the case of our NIA Services business, the long sales cycles for some of our services and the timing and execution of individual customer contracts;
- potential attacks, including hacktivism, by nefarious actors, which could threaten the reliability or the perceived reliability of our products and services;
- potential attacks on the service offerings of our distributors, such as DDoS attacks, which could limit the availability of their service offerings and their ability to offer our products and services;
- changes in policies regarding Internet administration imposed by governments or governmental authorities inside or outside the U.S.;
- 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 any retained liability related to existing and future claims.

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 expenses, which are expensed in full when incurred.

Any or all of the above factors could impact our revenues and operating results. Therefore, we believe that period-to-period comparisons of our operating results may not necessarily be meaningful. 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, currency fluctuations, potential fallout from the disclosures related to the U.S. Internet and communications surveillance and the uncertainties of the U.S. economic environment. For example, recently the ongoing challenging economic conditions in Europe have possibly limited the rate of growth of the domain name base and may continue to do so in the future. More generally, 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, financial condition and cash flows as a consequence of the above factors or otherwise.

The operation of our business depends on numerous factors.

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 Internet user 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 ability to develop new products, services or other offerings;
- our success in attracting, integrating, training, retaining and motivating qualified personnel;
- our response to competitive developments;
- the successful introduction, and acceptance by our current or new customers, of new products and services, including our NIA Services;
- potential disruptions in regional registration behaviors due to catastrophic natural events, armed conflict and currency fluctuations;
- 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.

Substantially all of our revenue is derived from our Registry Services business. Limitations on our ability to raise prices on *.com* registrations and any failure to renew key agreements could materially and adversely affect our business, results of operations, financial condition and cash flows.

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 our customers' or Internet users' 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, results of operations, financial condition and cash flows. In addition, a failure of the DOC to approve the renewal of the *.com* Registry Agreement prior to the expiration of its current term on November 30, 2018 could have a material adverse effect on our business.

Under the terms of the Cooperative Agreement, the Company has the right to petition for potential relief from the *.com* Registry Agreement's pricing restrictions. However, there is uncertainty whether the DOC will approve any exercise by the Company of its right to increase the price per *.com* domain name under certain circumstances and whether the Company will be able to successfully demonstrate to the DOC that market conditions warrant removal of the pricing restrictions on *.com* domain names, each of which could materially and adversely affect our business and results of operations. There is also uncertainty of future revenue and profitability and potential fluctuations in quarterly operating results due to the potential increase in expenses and costs coupled with such factors as restrictions on increasing prices under the *.com* Registry Agreement and the Cooperative Agreement or any other changes to pricing terms in these agreements upon renewal.

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:

- ICANN could adopt or promote policies, including Consensus 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;
- ICANN has adopted registry agreements for new gTLDs that include the right for ICANN to amend the agreement without a registry operator's consent, which could impose unfavorable contract obligations on us that could impact our plans and competitive positions with respect to new gTLDs. ICANN might seek to impose this same unilateral right to amend other registry agreements with us under certain conditions. ICANN has also included new mandatory obligations on registry operators that may increase the risks and potential liabilities associated with providing new gTLDs;
- 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 on similar terms, or at all, and if any of the foregoing events occur, in the case of the *.com* and *.net* Registry Agreements, it would have a material adverse impact on our business;
- if we seek a price increase with respect to *.com* domain names during the term of the *.com* Registry Agreement or at the time of the renewal of the *.com* Registry Agreement, the DOC could refuse to approve price increases with respect to *.com* domain names;
- the DOC's or ICANN's interpretation of provisions of our 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
- contracts within our Registry Services business have faced, and could continue to face, challenges, including possible legal challenges resulting from our activities or the activities of ICANN, registrars, registrants and others, and any adverse outcome from such challenges could have a material adverse effect on our business.

In addition, under the *.com*, *.net* and *.name* Registry Agreements with ICANN, as well as the Cooperative Agreement with the DOC, we are not permitted to acquire, directly or indirectly, control of a greater than 15% ownership interest in, any ICANN-accredited registrar. Historically, all gTLD registry operators were subject to this vertical integration prohibition. However, ICANN has established a process whereby these registry operators may seek ICANN's approval to remove this restriction, and ICANN has approved such removal in some instances. Additionally, ICANN's registry agreement for new gTLDs generally permits such vertical integration, with certain limitations including ICANN's right, but not the obligation, to refer such vertical integration activities to competition authorities. Furthermore, unless prohibited by ICANN as noted above, such vertical integration restrictions do not generally apply to ccTLD operators.

The impact of these changes to the distribution channel is uncertain but could have a material adverse effect on our business if operators of new or existing gTLDs are able to obtain competitive advantages through such vertical integration. If Verisign were to seek removal of the vertical integration restrictions contained in our agreements with respect to existing gTLDs, or in the future with respect to new gTLDs, it is uncertain whether ICANN and/or the DOC approval would be obtained.

Challenges to Internet administration or changes to our pricing terms 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, or seek to change its role, potentially resulting in changes to Internet governance that could pose a risk to our business, including instability in DNS administration;
- ICANN is mandated by the Affirmation of Commitments by the DOC and ICANN to uphold a "bottom-up" or "multi-stakeholder" Internet governance approach. We believe recent actions by ICANN have signaled a willingness to abandon this model on certain important issues that impact our business and the Internet community. If ICANN fails to uphold or significantly redefines the multi-stakeholder model, it could harm our business and our relationship with ICANN; 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, 2013, we had 133, or 12% of our employees outside the U.S. Doing business in international markets has required and will continue to require significant management attention and resources. We may also need to tailor some of our services for a particular market and to enter into international distribution and operating relationships. We have limited experience in localizing our services and in developing international distribution or operating relationships. We may fail to maintain our ability to conduct business in some international locations or we may not succeed in expanding our services into new international markets or expand our presence in existing markets. Failure to do so could 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 internal policies and procedures 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, as well as foreign governments actively promoting ccTLDs which we do not 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., which could impact us due to the large percentage of our

cash currently held by us outside the U.S. (see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and capital resources");
- 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;
- additional vulnerability from terrorist groups targeting U.S. interests abroad;
- seasonal reductions in business activity;
- potentially conflicting or adverse tax consequences;
- reliance on third parties in foreign markets in which we only recently started doing business; and
- potential concerns of international customers and prospects regarding doing business with U.S. technology companies due to alleged U.S. government data collection policies.

Governmental regulation and the application of new and 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 cash flows, and our ability to conduct business in certain foreign countries. For example, laws designed to restrict who can register and who can distribute domain names, the online distribution of certain materials deemed harmful to children, online gambling (especially as we consider providing NIA Services and Registry 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 operate two root zone servers and are contracted to perform the Root Zone Maintainer function. Under ICANN's new gTLD program, we face increased risk from these operations.

We administer and operate two of the 13 root zone servers. Root zone servers are name servers that contain authoritative data for the very top of the DNS hierarchy. These servers have the software and DNS configuration data necessary to locate name servers that contain authoritative data for the TLDs. These root zone servers are critical to the functioning of the Internet. Under the Cooperative Agreement, we also function as the Root Zone Maintainer. In this role, we provision and publish the authoritative data for the root zone itself and periodically distribute it to all root zone server operators.

Under its new gTLD program, ICANN intends to recommend for delegation into the root zone up to 1,400 new TLDs potentially within a compressed timeframe. On October 23, 2013, the DOC began to authorize, and Verisign began effectuating, the delegation of the new gTLDs. In view of our role as the Root Zone Maintainer, and as a root operator, we face increased risks should ICANN's delegation of these new TLDs cause security and stability problems within the DNS and/or for parties who rely on the DNS. Such risks include potential instability of the DNS including potential fragmentation of the DNS should ICANN's delegations create sufficient instability, and potential claims based on our role in the root zone provisioning and delegation process. These risks, alone or in the aggregate, have the potential to cause serious harm to our Registry Services business. Further, our business could also be harmed through security, stability and resiliency degradation if the delegation of new TLDs into the root zone causes problems to certain components of the DNS ecosystem or the third parties routing Internet communications present inconsistent data for these new TLDs or other aspects of the global DNS or other relying parties are negatively impacted as a result of unaddressed domain name collisions.

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

Currently, Internet users often 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 were to change 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 significantly increase the use of web and mobile device applications to locate and access content; or (v) Internet users were to increasingly use third level domains or alternate identifiers, such as social networking and microblogging sites, in each case the demand for domain names could decrease.

Changes in the level of spending on online advertising and/or the way that online 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, Yahoo! and Bing, have, and may continue to, adversely affect the market for those domain names favored by such registrars and registrants which has resulted in, and may continue to result in, a decrease in demand and/or the renewal rate for those domain names. For example, according to published reports, Google has in the past changed (and may change in the future) its search algorithm, which may decrease site traffic to certain websites, and pay-per-click advertising policies to provide less compensation for certain types of websites. This has made such websites less profitable which has resulted in, and may continue to result in, fewer domain registrations and renewals. In addition, as a result of the general economic environment, spending on online advertising and marketing may not increase or may be reduced, which in turn, may result in a further decline in the demand for those domain names.

Changes in federal or state tax laws and regulations may discourage the registration or renewal of domain names for e-commerce.

Many Internet merchants are not currently required to collect sales taxes in respect of shipments of goods into states where they lack physical presence. However, state tax laws and regulations may change in the future and one or more states may seek to impose sales tax collection obligations on out-of-state companies that engage in online commerce. For example, several states (most recently the State of Minnesota) have enacted "affiliate nexus" laws which require online retailers without a physical presence in the state to begin collecting sales taxes if a significant number of local sales are generated by brick and mortar affiliates operating in the state. In addition, it is possible that national legislation may be enacted requiring online retailers with greater than $1 million in sales in a state, but without any physical presence in the state, to begin collecting sales taxes. This federal legislation, the Marketplace Fairness Act of 2013 (S. 743), passed the Senate in 2013 and is currently before the House Judiciary Committee. The enactment of any such state or federal laws may impair the growth of e-commerce and discourage the registration or renewal of domain names for e-commerce.

Reduced marketing efforts or other operational changes among registrars or their resellers as a result of consolidation or changes in ownership, management, or strategy could harm our Registry Services business.

Registrars and their resellers utilize substantial marketing efforts to increase the demand and/or renewal rates for domain names. Consolidation in the registrar or reseller industry or changes in ownership, management, or strategy among individual registrars or resellers could result in significant changes to their business, operating model and cost structure. Such changes could include reduced marketing efforts or other operational changes that could adversely impact the demand and/or the renewal rates for domain names. 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, results of operations, financial condition and cash flows.

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, more broadly, on Internet users and consumers, and third-party applications and services that utilize our services, which could result in legal claims against us, harming our business. 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 the computing infrastructure for our Shared Registration System is located at, and most of our customer information is stored in, our facilities in New Castle, Delaware; Dulles, Virginia; and Fribourg, Switzerland. To the extent we are unable to partially or completely switch over to our primary alternate or tertiary sites, any damage or failure that causes interruptions in any of these facilities or our other computer and communications systems could materially harm our business. Although we carry insurance for property damage, we do not carry insurance or financial reserves for such interruptions, or for potential losses arising from terrorism.

In addition, our Registry Services business and certain of our other services depend on the 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 beyond our scope of control.

A failure in the operation of our TLD name 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. A failure in the operation of our Shared Registration System could result in the inability of one or more registrars to register and maintain domain names for a period of time. In the event that a registrar has not implemented back-up services recommended by us in conformance with industry best practices, the failure could result in permanent loss of transactions at the registrar during that period. A failure in the operation or update of the root master database that we maintain could also result in the deletion of one or more TLDs from the Internet and the discontinuation of second-level domain names in those TLDs for a period of time or a misdirection of a domain name to a different server. Any of these problems or outages could create potential liability and 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.

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 domain name registration systems. It is critical to our business strategy that our facilities and infrastructure remain secure and are perceived by the marketplace to be secure. The Company, as an operator of critical infrastructure, is frequently targeted and experiences a high rate of attacks. These include the most sophisticated forms 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 difficult to defend against. The Shared Registration System, the domain name root zone servers and TLD name 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, we have been subject to a security breach, as first disclosed in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, and our infrastructure may in the future be vulnerable to physical break-ins, outages resulting from destructive malcode, 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.

We are frequently subject to large-scale DDoS attacks.

Our networks have been and likely will continue to be subject to DDoS attacks of increasing size and sophistication. We have adopted mitigation techniques, procedures and strategies to defend against such attacks but there can be no assurance that we will be able to defend against every attack especially as the attacks increase in size and sophistication. Any successful attack, or partially successful attack, could disrupt our networks, increase response time, and generally hamper our ability to provide reliable service to our Registry Services customers and the broader Internet community. Further, we sell DDoS protection services to NIA Services customers. Although our contracts with these customers provide that we may prioritize all or part of these services at no liability to us in order to preserve our operational stability, the provision of such services might expose us to very large-scale DDoS attacks against those customers, in addition to any directed specifically against us and our networks.

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

Our success depends in part on our internally developed technologies and 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, third parties may seek to oppose or otherwise challenge our applications, and such patents' scope may differ significantly from what was requested in the patent applications and may not provide us with sufficient protection of our intellectual property. In the future, we may have to resort to litigation to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. This type of litigation is inherently unpredictable and, regardless of its outcome, could result in substantial costs and diversion of management attention and technical resources. Some of the software and protocols used in our business are based on standards set by standards setting organizations such as the Internet Engineering Task Force. To the extent any of our patents are considered "standards essential patents," we may be required to license such patents to our competitors on reasonable and non-discriminatory terms.

We also license 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. The loss of or our inability to obtain or maintain any of these technology licenses could hinder or increase the cost of our launching new products and services, entering into new markets and/or otherwise harm our business. Some of the software and protocols used in our Registry Services business are in the public domain or may otherwise become publicly available, which means that such software and protocols are equally available to our competitors.

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

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

We cannot be certain that we do not and will not infringe the intellectual property rights of others. Claims relating to infringement of intellectual property of others or other similar claims have been made against us 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 use of our logo 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 were made against us, we could be required to pay damages or have portions of our business enjoined. If we could not identify and adopt an alternative non-infringing logo, develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, our business could be harmed.

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

In addition, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights in Internet-related businesses 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 are, and may in the future, 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, results of operations and cash flows. Given the inherent uncertainties in litigation, even when we are able to reasonably estimate the amount of possible loss or range of loss and therefore record an aggregate litigation accrual for probable and reasonably estimable loss contingencies, the accrual may change in the future due to new developments or changes in approach. In addition, such investigations, claims and lawsuits could involve significant expense and diversion of management's attention and resources from other matters. See Note 14, "Commitments and Contingencies" *Legal Proceedings,* of our Notes to Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for further information.

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 or their resellers), 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.

With the introduction of new gTLDs, many of our registrars, based upon their registrant needs, may choose to focus their short- or long-term marketing efforts on these new offerings and/or reduce the prominence or visibility of our products and services on their e-commerce platforms, and if we are unable to maintain their focus on our products and services or move through them to engage the same registrants, this could harm our business.

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

We are exploring a variety of possible strategic initiatives which may include, among other things, the pursuit of new revenue streams, services or products, changes to our offerings or initiatives to leverage our patent portfolio.

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

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. We continually evaluate and evolve the terms and conditions upon which these services are sold. These services may not experience success or acceptance as a result of changes to the terms and conditions. Also, 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 is 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 we may face difficulty attracting and retaining qualified leaders.

We depend on the performance of our senior management team and other key employees, and we have experienced changes in our management team during the last few years. If we are unable to attract, integrate, retain and motivate these individuals and additional highly skilled technical and sales and marketing employees, and implement succession plans for these personnel, 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.

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 or our tax positions may adversely affect our effective tax rates.

We are subject to income taxes in both the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are subject to audit by various tax authorities. In accordance with U.S. GAAP, we recognize income tax benefits, net of required valuation allowances and accrual for uncertain tax positions. 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.

A significant portion of our foreign earnings for the current fiscal year was 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.

As described further in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of this Annual Report on Form 10-K, we expect to claim a worthless stock deduction on our 2013 federal income tax return and have recorded, during the fourth quarter of 2013, an income tax benefit of $375.3 million, net of valuation allowances and accrual for uncertain tax positions recorded as required under U.S. GAAP. This worthless stock deduction may be subject to audit and adjustment by the IRS, which could result in the reversal of all, part or none of the income tax benefit, or could result in a benefit higher than the net amount recorded. If the IRS rejects or reduces the amount of the income tax benefit related to the worthless stock deduction, we may have to pay additional cash income taxes, which could adversely affect our results of operations, financial condition and cash flows. We cannot guarantee what the ultimate outcome or amount of the benefit we receive, if any, will be.

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

Our inability to indefinitely reinvest our foreign earnings could materially adversely affect our results of operations, financial condition and cash flows.

As described further in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of this Annual Report on Form 10-K, during the second or third quarter of 2014, we intend to repatriate approximately $700.0 million to $800.0 million of cash held by foreign subsidiaries in a tax efficient manner by using the tax benefits resulting from the worthless stock deduction to offset the taxable income generated in the U.S. as a result of the intended repatriation. The repatriation amount utilizes substantially all of the projected available distributable capital reserves of our foreign subsidiaries under applicable foreign statutes. Deferred income taxes are not provided for any funds remaining in the foreign subsidiaries after the intended repatriation because these earnings are intended to be indefinitely reinvested.

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 these 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, financial condition and cash flows.

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, results of operations and cash flows.

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

As of December 31, 2013, we had $1.7 billion in cash, cash equivalents, marketable securities and restricted cash, of which $1.4 billion was invested in marketable securities. The marketable securities consist primarily of debt securities issued by the U.S. Treasury meeting the criteria of our investment policy, which is focused on the preservation of our capital through the investment in investment grade securities. We currently do not use derivative financial instruments to adjust our investment portfolio risk or income profile.

These investments, as well as any cash deposited in bank accounts, are subject to general credit, liquidity, market and interest rate risks, which may be exacerbated by unusual events, such as the U.S. debt ceiling crisis and the eurozone crisis, which affected various sectors of the financial markets and led to global credit and liquidity issues. During the 2008 financial crisis, the volatility and disruption in the global credit market reached unprecedented levels. If the global credit market deteriorates again or other events negatively impact the market for U.S. Treasury securities, our investment portfolio may be impacted and we could determine that some of our investments have experienced an other-than-temporary decline in fair value, requiring an impairment charge which could adversely impact our financial results, results of operations and cash flows.

We may be exposed to potential risks if we do not have an effective system of disclosure controls or internal controls over financial reporting.

As a public company, we are subject to the rules and regulations of the SEC, including those that require us to report on and receive an attestation from our independent registered public accounting firm regarding our internal control over financial reporting. Despite our efforts, if we were to fail to maintain an effective system of disclosure controls or internal control over financial reporting, we may not be able to accurately or timely report on our financial results or adequately identify and reduce fraud. As a result, our financial condition could be harmed and current and potential future security holders could lose confidence in us and/or our reported financial results, which may cause a negative effect on our stock price, and we could be exposed to litigation or regulatory proceedings, which may be costly or divert management attention.

We are subject to the risks of owning real property.

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

- adverse changes in the value of the properties, due to interest rate changes, changes in the commercial property markets, or other factors;
- ongoing maintenance expenses and costs of improvements;
- the possible need for structural improvements in order to comply with 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, tenants, 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 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. In addition to the three gTLDs we operate (*.com*, *.net* and *.name*), and the 18 other operational gTLDs delegated before October 23, 2013, there are over 250 Latin script ccTLD registries and 38 IDN ccTLD registries. 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, the introduction of new registry services 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 or their resellers giving other TLDs greater prominence on their websites, advertising or marketing materials, we could be at a competitive disadvantage and our business could suffer.

In addition, on October 23, 2013, the DOC began to authorize, and Verisign began effectuating, the delegation of the new gTLDs. ICANN is executing registry agreements with new gTLD applicants, awarding up to 1,400 new gTLDs in an initial round under its new gTLD program, and plans on offering a second round of new gTLDs after the the completion of the initial round, the timing of which is uncertain. For additional information about the potential risks presented by these new gTLDs, see "-We may face additional competition, operational and other other risks from the introduction of new gTLDs by ICANN, which could have a material adverse effect on our business, results of operations, financial condition and cash flows."

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, Donuts Inc. and RightSide 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, Microsoft, and Yahoo!, 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.

Competition in NIA 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. In addition, it may be difficult to compete against consolidation and partnerships among our competitors which create integrated product suites.

We face competition in the network intelligence and availability services industry from companies or services such as iSight Partners, IBM X-Force, Secunia ApS, Dell SecureWorks, McAfee, Inc., Prolexic Technologies, Inc., AT&T Inc., Verizon Communications, Inc., Dyn, Inc., Neustar, Inc., OpenDNS, BlueCat Networks, Inc., Infoblox Inc., Nominum, Inc., Afilias Limited and Akamai Technologies, Inc.

We may face additional competition, operational and other risks from the introduction of new gTLDs by ICANN, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Additional competition to our business may arise from the introduction of new TLDs by ICANN. On October 30, 2009, ICANN approved a fast track process for the awarding of new IDN ccTLDs, which have started to be introduced into the DNS root zone. Additionally, on June 13, 2012, ICANN announced it received 1,930 applications to operate over 1,400 unique new gTLDs. ICANN has begun executing registry agreements with these new gTLD applicants in connection with this initial round of gTLD applications and intends to continue recommending up to 1,400 new gTLDs for delegation into the root zone. On October 23, 2013, the DOC began to authorize, and Verisign began effectuating, the delegation of the new gTLDs. ICANN plans on offering a second round of new gTLDs after the completion of the initial round, the timing of which is uncertain. As set forth in the Verisign Labs Technical Report #1130007 version 2.2: New gTLD Security and Stability Considerations released on March 28, 2013, we continue to believe there are issues regarding the deployment of the new gTLDs that should have been addressed before any new gTLDs were delegated, and despite our efforts, some of these issues have not been addressed by ICANN sufficiently, if at all. We do not yet know the impact, if any, that these new gTLDs may have on our business, including if or how the introduction of these new gTLDs will affect registrations for *.com* and *.net* and therefore have a material adverse effect on our business, results of operations, financial condition and cash flows.

Applicants for new gTLDs include companies which may have greater financial, marketing and other resources than we do, including companies that are existing competitors, domain name registrars and new entrants into the domain name industry. In addition, under the *.com*, *.net* and *.name* Registry Agreements with ICANN, as well as the Cooperative Agreement with the DOC, we are not permitted to acquire, directly or indirectly, control of, or a greater than 15% ownership interest in, any ICANN-accredited registrar. Historically, all gTLD registry operators were subject to this vertical integration prohibition. However, ICANN has established a process whereby these registry operators may seek ICANN’s approval to remove this restriction, and ICANN has approved such removal in some instances. Additionally, ICANN’s registry agreement for new gTLDs generally permits such vertical integration, with certain limitations including ICANN’s right, but not the obligation, to refer such vertical integration activities to competition authorities. Furthermore, unless prohibited by ICANN as noted above, such vertical integration restrictions do not generally apply to ccTLD operators.

If Verisign were to seek removal of the vertical integration restrictions contained in our agreements with respect to existing gTLDs, or in the future with respect to new gTLDs, it is uncertain whether ICANN and/or the DOC approval would be obtained; without such changes, we may be at a competitive disadvantage.

We have applied for 14 new gTLDs, including 12 IDN gTLDs. Although we have been invited by ICANN to begin the contracting process for 12 of our 14 new gTLD applications, there is no certainty that we will ultimately obtain these gTLDs. ICANN has stated that it will need to limit the maximum number of new gTLDs that may be delegated in a year to 1,000, which could delay the activation of some approved new gTLDs. Even though IDN gTLDs have been given priority, other factors related to the application process could delay or disrupt an application and the timing of revenue generation, if any, from these gTLDs. Even if we are successful in obtaining one or more of these new gTLDs, there is no guarantee that such new gTLDs will be any more successful than the new gTLDs obtained by our competitors. For example, some of the gTLDs we have applied for face additional universal acceptability and usability challenges in that current desktop and mobile device software does not ubiquitously recognize these new gTLDs and may be slow to adopt standards or support these gTLDs, even if demand for such products is strong. This is particularly true for IDN TLDs, but applies to conventional gTLDs as well.

Similarly, while we originally entered into agreements to provide back-end registry services to other applicants for approximately 220 new gTLDs, and applicants for approximately 200 new gTLDs currently continue to contract with us to provide back-end registry services, there is no guarantee that such applicants with which we have entered into agreements will be successful in obtaining one or more of these new gTLDs or that such new gTLDs will be successful due to the same factors discussed above in connection with out gTLD application, We also cannot guarantee that we will ultimately provide back-end registry services for such amount of new gTLDs. ICANN's Registry Agreement for new gTLDs requires the distribution of new gTLDs only through registrars who have executed the new RAA. If registrars do not execute the new RAA, our ability to provide back-end services would be reduced, negatively impacting the sale of our back-end services for new gTLDs. Even if we are able to provide such services, the timing of revenue may also be dependent on how diligently our customers proceed to delegation and launch following the completion of the application process and our customers’ respective launch plans for the new gTLDs.

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

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 our customers' and Internet users' preferences and practices, or launch entirely new products and services in anticipation of, or in response to, market trends. We cannot assure 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.

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 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. 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 the Authentication Services business, our ability to compete with that business is restricted.

Under the Symantec Agreement, we are restricted from directly competing with the Authentication Services business for a defined period of time pursuant to a negotiated non-compete arrangement.

Risks related to our securities

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

As of December 31, 2013, we had one billion authorized common shares, of which 133.7 million shares were outstanding. In addition, of our authorized common shares, 16.4 million common shares were reserved for issuance pursuant to outstanding equity and employee stock purchase plans ("Equity Plans"), and 36.4 million shares were reserved for issuance upon conversion of the 3.25% junior subordinated convertible debentures due 2037 (the "Subordinated Convertible Debentures"). As a result, we keep substantial amounts of our common stock available for issuance upon exercise or settlement of equity awards outstanding under our Equity Plans and/or the conversion of Subordinated Convertible Debentures into our common stock. Issuance of all or a large portion of such shares would be dilutive to existing security holders, could adversely affect the prevailing market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities.

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

As a result of the sale of the Subordinated Convertible Debentures and our senior notes due 2023 (the "Senior Notes"), we have a substantial amount of long-term debt outstanding. In addition to the Subordinated Convertible Debentures and the Senior Notes, we have an unsecured credit facility with a borrowing capacity of $200.0 million (the "Unsecured Credit Facility") and the ability to request from time to time that the lenders thereunder agree on a discretionary basis to increase the aggregate commitments amount by up to $150.0 million. As of December 31, 2013, we had no borrowings under the Unsecured Credit Facility.

It is possible that we may need to incur additional indebtedness in the future in the ordinary course of business. The terms of our Unsecured Credit Facility and the Indenture governing the Senior Notes allow us to incur additional debt subject to certain limitations and will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. If new debt is added to current debt levels, the risks and limitations related to our level of indebtedness could intensify. Specifically, a high level of indebtedness could have adverse effects on our flexibility to take advantage of corporate opportunities, including the following:

- making it more difficult for us to satisfy our debt obligations;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements, or requiring us to make non-strategic divestitures, particularly when the availability of financing in the capital markets is limited;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- having to repatriate cash held by foreign subsidiaries which would require us to accrue and pay additional U.S. taxes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our flexibility in planning for and reacting to changes in our businesses and the markets in which we compete;
- placing us at a possible competitive disadvantage compared to other, less leveraged competitors and competitors that may have better access to capital resources; and
- increasing our cost of borrowing.

In addition, the Indenture that governs the Senior Notes and the credit agreement that governs our Unsecured Credit Facility contain restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

We may not be able to generate sufficient cash to service all of our indebtedness, including the Senior Notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. Moreover, in the event funds from foreign operations are needed to repay our debt obligations and U.S. tax has not already been provided, we would be required to accrue and pay additional U.S. taxes in order to repatriate these funds. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations.

Our Unsecured Credit Facility restricts our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

In addition, we conduct a significant portion of our operations through our subsidiaries, which are not guarantors of the Senior Notes or our other indebtedness. Repayment of our indebtedness is substantially dependent on the generation of cash flow by VeriSign, Inc. Our non-guarantor subsidiaries do not have any obligation to pay amounts due on our indebtedness or to make funds available for that purpose. Future guarantor subsidiaries, if any, may not be able to, or may not be permitted to, on commercially reasonable terms, or at all, make distributions to enable us to make payments in respect of our indebtedness. Such subsidiaries are distinct legal entities, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries on commercially reasonable terms, or at all. While our Unsecured Credit Facility limits the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to qualifications and exceptions. If we cannot service our debt obligations with our cash flows and domestic cash on hand, we may be required to repatriate cash from our foreign subsidiaries, which would be subject to U.S. federal income tax, or may otherwise be unable to make required principal and interest payments on our indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial condition and results of operations and our ability to satisfy our debt obligations. If we cannot make scheduled payments on our debt, we will be in default and holders of the Senior Notes could declare all outstanding principal and interest to be due and payable, the lenders under our Unsecured Credit Facility could terminate their commitments to loan money, certain holders of our Subordinated Convertible Debentures could declare all outstanding principal and interest to be due and payable and we could be forced into bankruptcy or liquidation.

The terms of our Unsecured Credit Facility and the Indenture governing the Senior Notes restrict our current and future operations, particularly our ability to respond to changes or to take certain actions and create the risk of default on such indebtedness.

The credit agreement that governs our Unsecured Credit Facility and the Indenture governing the Senior Notes contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including, subject to certain exceptions, restrictions on our ability to:

- permit our subsidiaries to incur or guarantee indebtedness;
- pay dividends or other distributions or repurchase or redeem our capital stock;
- prepay, redeem or repurchase certain debt;
- issue certain preferred stock or similar equity securities;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries’ ability to pay dividends;
- consolidate, merge or sell all or substantially all of our assets; and
- engage in certain sale/leaseback transactions.

In addition, the restrictive covenants in our Unsecured Credit Facility require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may be unable to meet them.

A breach of the covenants or restrictions under our Unsecured Credit Facility or the Indenture governing the Senior Notes could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under our Unsecured Credit Facility would permit the lenders under our Unsecured Credit Facility to terminate all commitments to extend further credit under that agreement. In the event our lenders or noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy. In addition, our financial results, our substantial indebtedness and our credit ratings could adversely affect the availability and terms of our financing.

Some of the cash, cash equivalents and marketable securities that appear on our consolidated balance sheet may not be available for use in our business or to meet our debt obligations without adverse income tax consequences.

As of December 31, 2013, the amount of cash, cash equivalents and marketable securities held by our foreign subsidiaries that are not guarantors of the Senior Notes or our other indebtedness, was $1.5 billion. As described further in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of this Annual Report on Form 10-K, during the second or third quarter of 2014, we intend to repatriate approximately $700.0 million to $800.0 million of cash held by foreign subsidiaries. For any funds remaining in the foreign subsidiaries after the intended repatriation that have not been previously taxed in the U.S., our intent is to indefinitely reinvest those funds outside of the U.S.

In the event that funds from our foreign operations are needed to fund operations in the United States or to meet our debt obligations, and if U.S. tax has not already been provided, we would be required to accrue and pay additional U.S. taxes in order to repatriate those funds. In light of the foregoing, the amount of cash, cash equivalents and marketable securities that appear on our balance sheet may overstate the amount of liquidity we have available to meet our business or debt obligations, including obligations under the Senior Notes.

We may not be able to repurchase the Senior Notes upon a change of control.

Upon the occurrence of specific kinds of change of control events and if the Senior Notes are rated below investment grade by both rating agencies that rate the Senior Notes, we will be required to offer to repurchase all outstanding Senior Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date. Additionally, under our Unsecured Credit Facility, a change of control (as defined therein) constitutes an event of default that permits the lenders to accelerate the maturity of borrowings under the Unsecured Credit Facility and the commitments to lend would terminate. The source of funds for any repurchase of the Senior Notes and repayment of borrowings under our Unsecured Credit Facility would be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the Senior Notes upon a change of control because we may not have sufficient financial resources to purchase all of the debt securities that are tendered upon a change of control and repay our other indebtedness that will become due. If we fail to repurchase the Senior Notes in that circumstance, we will be in default under the Indenture that governs the Senior Notes. We may require additional financing from third parties to fund any such repurchases, and we may be unable to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the Senior Notes may be limited by law. In order to avoid the obligation to repurchase the Senior Notes and events of default and potential breaches of our Unsecured Credit Facility, we may have to avoid certain change of control transactions that would otherwise be beneficial to us.

In addition, certain important corporate events, such as leveraged recapitalizations, may not, under the Indenture that governs the Senior Notes, constitute a "change of control" that would require us to repurchase the Senior Notes, even though those corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the Senior Notes. Additionally, holders may not be able to require us to purchase their Senior Notes in certain circumstances involving a significant change in the composition of our board of directors, including a proxy contest where our board of directors approves for purposes of the change of control provisions of the Indenture, but does not endorse, a dissident slate of directors. In this regard, decisions of the Delaware Chancery Court (not involving us or our securities) considered a change of control redemption provision contained in an indenture governing publicly traded debt securities that was substantially similar to the change of control redemption provision in the Indenture that governs the Senior Notes with respect to "continuing directors." In these cases, the court noted that the board of directors may "approve" a dissident shareholder's nominees solely to avoid triggering the change of control redemption provision of the indenture without supporting their election if the board determines in good faith that the election of the dissident nominees would not be materially adverse to the interests of the corporation or its stockholders (without taking into consideration the interests of the holders of debt securities in making this determination). Further, according to these decisions, the directors' duty of loyalty to shareholders under Delaware law may, in certain circumstances, require them to give such approval.

Furthermore, the exercise by the holders of Senior Notes of their right to require us to repurchase the Senior Notes pursuant to a change of control offer could cause a default under the agreements governing our other indebtedness, including future agreements, even if the change of control itself does not, due to the financial effect of such repurchases on us. In the event a change of control offer is required to be made at a time when we are prohibited from purchasing Senior Notes, we could attempt to refinance the borrowings that contain such prohibitions. If we do not obtain a consent or repay those borrowings, we will remain prohibited from purchasing Senior Notes. In that case, our failure to purchase tendered Senior Notes would constitute an event of default under the Indenture which could, in turn, constitute a default under our other indebtedness. Finally, our ability to pay cash to the holders of Senior Notes upon a repurchase pursuant to a change of control offer may be limited by our then existing financial resources.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Any rating assigned to our debt securities could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our debt securities. Any lowering of our rating likely would make it more difficult or more expensive for us to obtain additional debt financing in the future.

We may not have the ability to repurchase the Subordinated Convertible Debentures in cash upon the occurrence of a fundamental change, or to pay cash upon the conversion of Subordinated Convertible Debentures; occurrence of certain events related to our Subordinated Convertible Debentures might have significant adverse accounting, disclosure, tax, and liquidity implications.

As a result of the sale of the Subordinated Convertible Debentures, we have a substantial amount of debt outstanding. Holders of our outstanding Subordinated Convertible Debentures will have the right to require us to repurchase the Subordinated Convertible Debentures upon the occurrence of a fundamental change as defined in the indenture governing the Subordinated Convertible Debentures dated as of August 20, 2007 between the Company and U.S. Bank National Association, as Trustee (the "2007 Indenture"). Although, in certain situations, the 2007 Indenture requires us to pay this repurchase price in cash, we may not have sufficient funds to repurchase the Subordinated Convertible Debentures in cash or have the ability to arrange necessary financing on acceptable terms or at all.

The Subordinated Convertible Debentures continue to be convertible due to our stock price exceeding the conversion price threshold trigger, and, if holders elect to convert their Subordinated Convertible Debentures, we are permitted under the 2007 Indenture to pursue an exchange in lieu of conversion or to settle the Settlement Amount (as defined in the 2007 Indenture) in cash, stock, or a combination thereof. If we choose not to pursue or cannot complete an exchange in lieu of a conversion, we currently have the intent and the ability (based on current facts and circumstances) to settle the principal amount of the Subordinated Convertible Debentures in cash. However, if the principal amount of the Subordinated Convertible Debentures due to holders as a result of rights to convert or require repurchase exceeds our cash on hand and cash from operations, we will need to draw cash from existing financing or pursue additional sources of financing to settle the Subordinated Convertible Debentures in cash. We cannot provide any assurances that we will be able to obtain new sources of financing on terms acceptable to us or at all, nor can we assure that we will be able to obtain such financing in time to settle the Subordinated Convertible Debentures that holders elect to convert or require the Company to repurchase.

If we do not have adequate cash available, either from cash on hand, funds generated from operations or existing financing arrangements, or cannot obtain additional financing arrangements, we will not be able to settle the principal amount of the Subordinated Convertible Debentures in cash and, in the case of settlement of conversion elections, will be required to settle the principal amount of the Subordinated Convertible Debentures in stock. If we settle any portion of the principal amount of the Subordinated Convertible Debentures in stock, it will result in immediate dilution to the interests of existing security holders and the dilution could be material to such security holders.

If our intent to settle the principal amount in cash changes, or 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. Earnings per share will most likely be lower under the if-converted method as compared to the treasury stock method.

If the amount paid (in cash or stock) to settle the Subordinated Convertible Debentures (i.e., the Settlement Amount) is less than the adjusted issue price, under the Internal Revenue Code and the regulations thereunder, the difference is included in taxable income as recapture of previous interest deductions. The adjusted issue price grows over the term of the Subordinated Convertible Debentures due to the difference between the interest deduction for tax, using a comparable yield rate of 8.5%, and the coupon rate of 3.25%, compounded annually. The settlement amount will vary based on the stock price at settlement date. Depending on the Settlement Amount for the Subordinated Convertible Debentures at the settlement date, the amount included in taxable income as a result of this recapture could be substantial, which could adversely impact our cash flow.

A fundamental change may 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 Subordinated 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 Subordinated Convertible Debentures when required would result in an event of default with respect to the Subordinated Convertible Debentures.

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., Europe, Asia, and Australia. As of December 31, 2013, 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, 2013 we leased approximately 60,000 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, 2013:

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:		
Fribourg, Switzerland	8,000	Naming Services; and Corporate Services
Asia Pacific:		
Bangalore, India	25,000	Naming Services; and Corporate Services

As of December 31, 2013, we had an aggregate of approximately 58,000 square feet that was owned by us and leased to third parties, 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 21, 2014:

Name	Age	Position
D. James Bidzos	58	Executive Chairman, President and Chief Executive Officer
George E. Kilguss, III	53	Senior Vice President and Chief Financial Officer
Richard H. Goshorn	57	Senior Vice President, General Counsel and Secretary

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.

George E. Kilguss, III has served as Senior Vice President and Chief Financial Officer since May 2012. From April 2008 to May 2012, he was the Chief Financial Officer of Internap Network Services Corporation, an IT infrastructure solutions company. From December 2003 to December 2007, he served as the Chief Financial Officer of Towerstream Corporation, a company that delivers high speed wireless Internet access to businesses using WiMAX microwave access. Mr. Kilguss holds an M.B.A. degree from the University of Chicago’s Graduate School of Business and a B.S. degree in Economics and Finance from the University of Hartford.

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.

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, 2013:		
Fourth Quarter	$ 59.89	$ 49.16
Third Quarter	$ 52.13	$ 44.38
Second Quarter	$ 49.62	$ 43.28
First Quarter	$ 47.50	$ 37.55
Year ended December 31, 2012:		
Fourth Quarter	$ 50.15	$ 32.81
Third Quarter	$ 49.40	$ 40.99
Second Quarter	$ 44.00	$ 37.43
First Quarter	$ 39.01	$ 34.75

On February 14, 2014, there were 579 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 14, 2014, the reported last sale price of our common stock was $54.52 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 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 earnings releases, material events, 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. See Note 14, "Commitments and Contingencies," *Legal Proceedings* of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

We have not declared or paid any cash dividends on our common stock or any other securities in the last two years. 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.

For information regarding securities authorized for issuance under our equity compensation plans, see Note 11, "Employee Benefits and Stock-based Compensation," of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

Share Repurchases

The following table presents the share repurchase activity during the three months ended December 31, 2013:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1) (2)
	(Shares in thousands)			
October 1 – 31, 2013	1,000	$51.81	1,000	$645.3 million
November 1 – 30, 2013	1,755	$54.94	1,755	$548.9 million
December 1 – 31, 2013	1,341	$57.06	1,341	$472.4 million
	4,096		4,096	

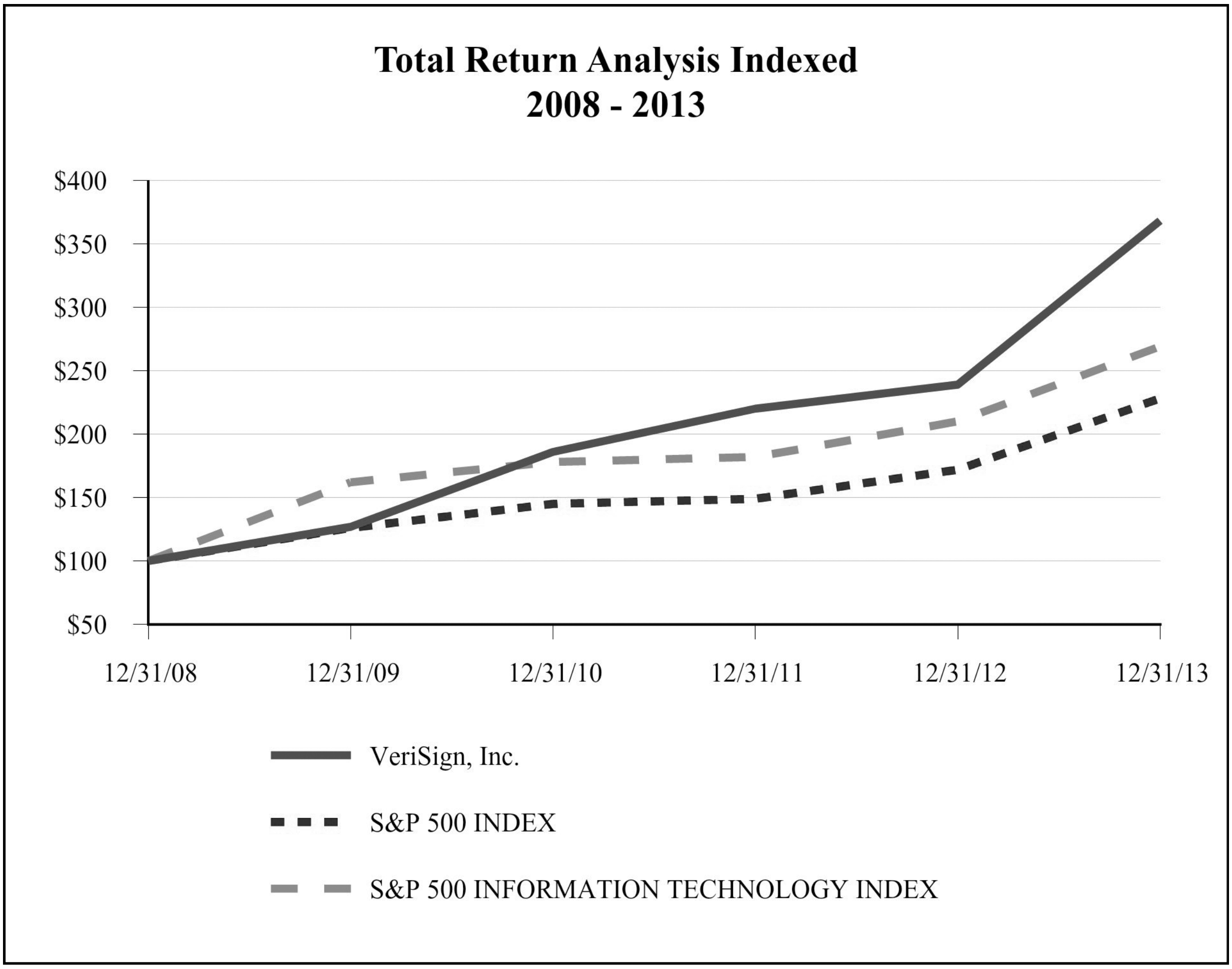
(1) On July 24, 2013, the Board authorized the repurchase of up to $518.7 million of our common stock, in addition to the $481.3 million of our common stock remaining available for repurchase under the 2012 Share Buyback Program, for a total repurchase authorization of up to $1.0 billion of our common stock (collectively "the 2013 Share Buyback Program").

(2) On January 31, 2014, the Board authorized the repurchase of up to $527.6 million of our common stock, in addition to the $472.4 million of our common stock remaining available for repurchase under the 2013 Share Buyback Program, for a total repurchase authorization of up to $1.0 billion of our common stock (collectively "the 2014 Share Buyback Program"). The 2014 Share Buyback Program has no expiration date. Purchases made under the 2014 Share Buyback Program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions.

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 (and the reinvestment of any dividends thereafter) was invested in our common stock, the S&P 500 Index and the S&P 500 Information Technology Index on December 31, 2008, and calculates the return annually through December 31, 2013. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13
VeriSign, Inc.	$ 100	$ 127	$ 186	$ 220	$ 239	$ 368
S&P 500 Index	$ 100	$ 126	$ 145	$ 149	$ 172	$ 228
S&P 500 Information Technology Index	$ 100	$ 162	$ 178	$ 182	$ 210	$ 269

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 Comprehensive Income Data: (in millions, except per share data)

	Year Ended December 31,				
	2013 (1)	2012	2011 (2)	2010 (3)	2009 (4)
Revenues	$ 965	$ 874	$ 772	$ 681	$ 616
Operating income	$ 528	$ 457	$ 329	$ 232	$ 160
Income from continuing operations	$ 544	$ 312	$ 139	$ 70	$ 92
Income from continuing operations per share:					
Basic	$ 3.77	$ 1.99	$ 0.84	$ 0.39	$ 0.48
Diluted	$ 3.49	$ 1.91	$ 0.83	$ 0.39	$ 0.48
Cash dividend declared and paid per share	$ —	$ —	$ 2.75	$ 3.00	$ —

(1) Income from continuing operations for 2013 includes a $375.3 million income tax benefit related to a worthless stock deduction, net of valuation allowances, and accrual for uncertain tax positions, partially offset by $167.1 million of income tax expense related to the intended repatriation in 2014 of cash held by foreign subsidiaries.
(2) Income from continuing operations for 2011 is reduced by pre-tax amounts of $15.5 million in restructuring charges and $100.0 million in contingent interest paid to holders of our Subordinated Convertible Debentures, as a result of the special dividend to stockholders.
(3) Income from continuing operations for 2010 is reduced by pre-tax amounts of $16.9 million in restructuring charges and $109.1 million in contingent interest paid to holders of our Subordinated Convertible Debentures, as a result of the special dividend to stockholders.
(4) Income from continuing operations for 2009 is reduced by pre-tax amounts of $9.7 million of an impairment charge related to our *.name* gTLD and $5.4 million in restructuring charges

Consolidated Balance Sheet Data: (in millions)

	As of December 31,				
	2013	2012	2011	2010	2009
Cash, cash equivalents and marketable securities (1) (2)	$ 1,723	$ 1,556	$ 1,346	$ 2,061	$ 1,477
Total assets (2)	$ 2,661	$ 2,062	$ 1,856	$ 2,444	$ 2,470
Deferred revenues (3)	$ 856	$ 813	$ 729	$ 663	$ 888
Subordinated Convertible Debentures, including contingent interest derivative	$ 624	$ 598	$ 590	$ 582	$ 574
Long-term debt	$ 750	$ 100	$ 100	$ —	$ —

(1) 2010 amounts include proceeds from the sale of the Authentication Services business, partially offset by a dividend payment of $518.2 million and contingent interest payment of $109.1 million in December 2010.
(2) Cash, cash equivalents and marketable securities and total assets decreased from 2010 to 2011 because of a dividend payment of $463.5 million and contingent interest of $100.0 million paid in May 2011.
(3) 2009 amounts include deferred revenues of the Authentication Services business which was sold in 2010.

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 global provider of domain name registry services which power the navigation of the Internet by operating a global infrastructure for a portfolio of TLDs that includes *.com, .net, .tv, .edu, .gov, .jobs, .name* and *.cc* as well as two of the world's 13 Internet root servers ("Registry Services"). Our product suite also includes NIA Services consisting of DDoS Protection Services, iDefense and Managed DNS. We have one reportable segment consisting of Registry Services and NIA Services. As of December 31, 2013, we had approximately 127.2 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. Growth in the number of domain names has been hindered by certain factors, including the overall economic conditions and ongoing changes to search algorithms used by Google and other Internet search engines that negatively affect the profitability of certain types of websites, and as a result, reduce demand for new domain name registrations and renewals. Revenues from NIA Services are not significant in relation to our consolidated revenues.

2013 Business Highlights and Trends

- We recorded revenues of $965.1 million in 2013, which represents an increase of 10% compared to 2012.
- During 2013, domain names registered under the *.com* and *.net* TLDs increased by 6.1 million to end the year at 127.2 million active domain names, which was an increase of 5% compared to December 31, 2012.
- We recorded operating income of $528.2 million during 2013, which represents an increase of 16% as compared to 2012.
- On April 16, 2013, we issued $750.0 million aggregate principal amount of 4.625% senior notes due 2023. We used a portion of the net proceeds to repay in full the $100.0 million of outstanding indebtedness under our Unsecured Credit Facility, and the remainder was used for general corporate purposes including share repurchases.
- We repurchased 21.0 million shares of our common stock for an aggregate cost of $1.0 billion in 2013. As of December 31, 2013, there was $472.4 million remaining for future share repurchases under the 2013 Share Buyback Program.
- On January 31, 2014, the Board of Directors authorized the repurchase of up to $527.6 million of common stock, which brings the total amount to $1.0 billion authorized and available under the Company's 2014 Share Buyback Program, which has no expiration. Through February 20, 2014, we repurchased an additional 0.5 million shares for $28.6 million under the 2014 Share Buyback Program.
- We generated cash flows from operating activities of $579.4 million in 2013, which represents an increase of 8% as compared to 2012.
- During the fourth quarter of 2013, we sold certain cost-method investments and realized a pre-tax gain of $15.8 million.
- Effective February 1, 2014, the domain name registration fees for the *.net* TLD increased from $5.62 to $6.18, per our agreement with ICANN.

During the fourth quarter of 2013, we liquidated for tax purposes one of our domestic subsidiaries, which will allow us to claim a worthless stock deduction on our 2013 federal income tax return. We recorded an income tax benefit during the fourth quarter of 2013 of $375.3 million related to the worthless stock deduction, net of valuation allowances and accrual for uncertain tax positions. The financial statement carrying value of this subsidiary was not material. The worthless stock deduction may be subject to audit and adjustment by the IRS, which could result in reversal of all, part or none of the income tax benefit, or could result in a benefit higher than the net amount recorded. If the IRS rejects or reduces the amount of the income tax benefit related to the worthless stock deduction, we may have to pay additional cash income taxes, which could adversely affect our results of operations, financial condition and cash flows. We cannot guarantee what the ultimate outcome or amount of the benefit we receive, if any, will be.

We evaluated various scenarios for realizing the tax benefits from the worthless stock deduction and determined that using part of the benefit to offset current year domestic income, combined with a repatriation of a portion of the cash held by foreign subsidiaries as the most financially beneficial alternative. Accordingly, during the second or third quarter of 2014, we intend to repatriate approximately $700.0 million to $800.0 million of cash held by foreign subsidiaries in a tax efficient manner by using the tax benefits resulting from the worthless stock deduction to offset the taxable income generated in the U.S. as a result of the repatriation. The repatriation amount is intended to utilize substantially all of the projected available distributable capital reserves of our foreign subsidiaries under applicable foreign statutes. During the fourth quarter of 2013, we recorded an income tax expense of $167.1 million related to taxable income generated in the U.S. as a result of the intended repatriation. For funds remaining in the foreign subsidiaries after the intended repatriation that have not been previously taxed in the U.S., our intent remains to indefinitely reinvest those funds outside of the U.S. and accordingly, we have not provided deferred U.S. taxes.

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 Subordinated 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 likelihood of an unfavorable outcome and 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.

During the second or third quarter of 2014, we intend to repatriate approximately $700.0 million to $800.0 million of cash held by foreign subsidiaries, in a tax efficient manner by using the tax benefits resulting from the worthless stock deduction to offset the taxable income generated in the U.S. as a result of the intended repatriation. The repatriation amount utilizes substantially all of the projected available distributable capital reserves of our foreign subsidiaries under applicable foreign statutes. Deferred income taxes are not provided for any funds remaining in the foreign subsidiaries after the intended repatriation because these earnings are intended to be indefinitely reinvested. 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 Subordinated Convertible Debentures on diluted earnings per share. Under this method, only a positive conversion spread related to the Subordinated Convertible Debentures is included in the diluted earnings per share calculations. This is based on our intent and ability to settle the principal amount of the Subordinated Convertible Debentures in cash. A change in our 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 presents information regarding our results of operations as a percentage of revenues:

	Year Ended December 31,		
	2013	2012	2011
Revenues	100%	100%	100%
Costs and expenses:			
Cost of revenues	20	19	21
Sales and marketing	9	11	13
Research and development	7	7	7
General and administrative	9	11	14
Restructuring charges	—	—	2
Total costs and expenses	45	48	57
Operating income	55	52	43
Interest expense	(8)	(6)	(19)
Non-operating income, net	—	1	1
Income from continuing operations before income taxes	47	47	25
Income tax benefit (expense)	9	(11)	(7)
Income from continuing operations, net of tax	56	36	18
Income from discontinued operations, net of tax	—	1	1
Net income	56%	37%	19%

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 in relation to our consolidated revenues. 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* and *.jobs* domain names with Verisign. Changes in revenues are driven largely by changes in the number of new domain name registrations and the renewal rate for existing registrations as well as the impact of new and prior price increases, to the extent permitted, by ICANN and the DOC. New registrations and the renewal rate for existing registrations are impacted by continued growth in online advertising, e-commerce, and the number of Internet users, which is partially driven by greater availability of broadband, as well as advertising and promotional activities carried out by us and third-party registrars. On January 15, 2012, we increased our *.com* domain name registration fees by 7% from $7.34 to $7.85 . We also increased our *.net* domain name registration fees from $4.65 to $5.11 on January 15, 2012, from $5.11 to $5.62 on July 1, 2013 and from $5.62 to $6.18 on February 1, 2014. 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 *.net* agreement with ICANN through June 30, 2017. The price of *.com* domain names is fixed at $7.85 for the duration of the current *.com* Registry Agreement through November 30, 2018, except that prices may be raised by up to 7% each year due to the imposition of any new Consensus Policy or documented extraordinary expense resulting from an attack or threat of attack on the Security and Stability (each as defined in the *.com* Registry Agreement) of the DNS, subject to approval of the DOC. We offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate. All fees paid to us for *.com* and *.net* registrations are in U.S. dollars. Revenues from NIA Services are not significant in relation to our total consolidated revenues.

A comparison of revenues is presented below:

	2013	% Change	2012	% Change	2011
	(Dollars in thousands)				
Revenues	$ 965,087	10%	$ 873,592	13%	$ 771,978

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

	December 31, 2013	% Change	December 31, 2012	% Change	December 31, 2011
Active domain names ending in *.com* and *.net*	127.2 million	5%	121.1 million	6%	113.8 million

Our revenues increased by $91.5 million in 2013, as compared to 2012, primarily due to an $80.8 million increase in revenues from the operation of the registries for the *.com* and *.net* TLDs and a $10.7 million increase from other service revenues. The increase in revenues from operation of the registries for the *.com* and *.net* TLDs is primarily due to a 5% increase in the number of domain names ending in *.com* and *.net* and increases in the *.com* domain name registration fees in January 2012 and *.net* domain name registration fees in January 2012 and July 2013 as per our agreements with ICANN. Our revenues increased by $101.6 million in 2012, as compared to 2011, primarily due to an $87.6 million increase in revenues from the operation of the registries for the *.com* and *.net* TLDs and a $13.8 million increase from other service revenues. The increase in revenues from operation of the registries for the *.com* and *.net* TLDs is primarily due to a 6% year-over-year increase in the number of domain names ending in *.com* and *.net* and increases in our *.com* and *.net* domain name registration fees in July 2010 and January 2012 as per our agreements with ICANN.

The growth in the number of active domain names during 2013 was primarily driven by continued Internet growth and new domain name promotional programs. However, ongoing economic uncertainty has limited the rate of growth of the domain name base. Further, according to published reports, Google has made changes to its search algorithms, which may decrease traffic to certain websites, and pay-per-click advertising policies, which may provide less compensation for certain types of websites. This could make such websites less profitable and hinder domain name registration growth. We believe these algorithm changes had a negative effect on the first time renewal rate for registrations during 2013 and 2012.

We expect to see continued growth in the number of active domain names in 2014 as a result of further Internet growth. In addition we expect to see continued growth internationally in the domain name base, resulting from greater broadband availability, Internet adoption, and expanding e-commerce. We believe certain registrars have made changes to their marketing strategies and are offering fewer discount programs for domain name registrations. We believe these marketing changes by registrars along with economic conditions in certain emerging markets may limit growth in the number of active domain names during 2014. Although growth in the domain name base may be limited by these factors, we expect revenues will continue to increase in fiscal 2014 as compared to fiscal 2013 as a result of continued growth in the number of active domain names ending in *.com* and *.net* and increases in the *.com* domain name registration fees in January 2012 and *.net* domain name registration fees in January 2012 and July 2013.

The Company generates revenue in the U.S.; Europe, the Middle East and Africa ("EMEA"); Australia, China, India, and other Asia Pacific countries ("APAC"); and certain other countries, including Canada and Latin American countries.

The following table presents a comparison of the Company's geographic revenues:

	Year Ended December 31,				
	2013	% Change	2012	% Change	2011
			(In thousands)		
U.S	$ 585,201	10 %	$ 530,111	12%	$ 472,700
EMEA	169,767	26 %	135,084	23%	109,680
APAC	129,664	(1)%	130,648	12%	116,999
Other	80,455	3 %	77,749	7%	72,599
Total revenues	$ 965,087	10 %	$ 873,592	13%	$ 771,978

Revenues for our Registry Services business are generally attributed to the country of domicile and the respective regions in which the Company's registrars are located, however, this may differ from the regions where the registrars operate or where registrants are located. Revenue growth for each region may be impacted by registrars reincorporating or relocating, or from acquisitions or changes in affiliations of resellers. Revenue growth in EMEA benefited from several such changes during 2013, while revenue in APAC was negatively impacted.

We have applied for 14 new gTLDs, including 12 IDN gTLDs. Although we have been invited by ICANN to begin the contracting process for 12 of our 14 new gTLD applications, there is no certainty that we will ultimately obtain these gTLDs. ICANN has stated that it will need to limit the maximum number of new gTLDs that may be delegated in a year to 1,000, which could delay the activation of some approved new gTLDs. Even though IDN gTLDs have been given priority, other factors related to the application process could delay or disrupt an application and the timing of revenue generation, if any, from these gTLDs.

Even if we are successful in obtaining one or more of these new gTLDs, there is no guarantee that such new gTLDs will be any more successful than the new gTLDs obtained by our competitors. For example, some of the gTLDs we have applied for face additional universal acceptability and usability challenges in that current desktop and mobile device software does not ubiquitously recognize these new gTLDs and may be slow to adopt standards or support these gTLDs, even if demand for such products is strong. This is particularly true for IDN TLDs, but applies to conventional gTLDs as well.

Similarly, while we originally entered into agreements to provide back-end registry services to other applicants for approximately 220 new gTLDs, and applicants for approximately 200 new gTLDs currently continue to contract with us to provide back-end registry services, there is no guarantee that such applicants with which we have entered into agreements will be successful in obtaining one or more of these new gTLDs or that such new gTLDs will be successful due to the same factors discussed above in connection with our gTLD applications. We also cannot guarantee that we will ultimately provide back-end registry services for such amount of new gTLDs. ICANN's Registry Agreement for new gTLDs requires the distribution of new gTLDs only through registrars who have executed the new RAA. If registrars do not execute the new RAA, our ability to provide back-end services would be reduced, negatively impacting the sale of our back-end services for new gTLDs. Even if we are able to provide such services, the timing of revenue may also be dependent on how diligently our customers proceed to delegation and launch following the completion of the application process and our customers' respective launch plans for the new gTLDs. We cannot assess the impact, if any, the introduction of these new gTLDs will have on our revenues and results of operations. See Item 1A. "Risk Factors —We may face additional competition, operational and other risks from the introduction of new gTLDs by ICANN, which could have a material adverse effect on our business, results of operations, financial condition and cash flows," of this Form 10-K.

Cost of revenues

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

A comparison of cost of revenues is presented below:

	2013	% Change	2012	% Change	2011
			(Dollars in thousands)		
Cost of revenues	$ 187,013	12%	$ 167,600	1%	$ 165,246

2013 compared to 2012: Cost of revenues increased primarily due to increases in registry fees, depreciation expenses, and salary and employee benefits expenses, including stock-based compensation expenses. Registry fees increased by $9.2 million, due to increased registry fees required to be paid under the renewed *.com* Registry Agreement which became effective in the fourth quarter of 2012. Depreciation expenses increased by $7.0 million, primarily due to an increase in capital expenditures in 2013, the acceleration of depreciation on an abandoned software project in 2013, and a change in the estimated useful lives of computer hardware and equipment assets from three years to four years in 2012. Salary and employee benefits expenses, including stock-based compensation, increased by $4.2 million, primarily due to an increase in bonus expenses as a result of a lower payout of fiscal 2012 bonuses.

2012 compared to 2011: Cost of revenues increased primarily due to increases in direct cost of revenues, salary and employee benefits expenses, including stock-based compensation expenses, partially offset by a decrease in depreciation expenses. Direct cost of revenues increased by $2.8 million, primarily due to increased registry fees required to be paid in the new *.tv* and *.com* Registry Agreements which became effective in 2012, and an increase in data hosting costs. Salary and employee benefits expenses, including stock-based compensation, increased by $1.9 million, primarily due to an increase in the average headcount to support our Registry Services business and continued growth of our NIA Services business, partially offset by a reduction in the estimated payout of fiscal 2012 bonuses and a decrease in stock-based compensation due to additional vested RSUs granted to option holders during 2011 as they did not participate in the May 2011 and December 2010 special cash dividends. Depreciation expenses decreased by $3.4 million, primarily due to the acceleration of depreciation on an abandoned software project in 2011 and a change in the estimated useful lives of computer hardware and equipment assets from three years to four years beginning in 2012.

We expect cost of revenues as a percentage of revenues to remain consistent in 2014 as compared to 2013.

Sales and marketing

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

A comparison of sales and marketing expenses is presented below:

	2013	% Change	2012	% Change	2011
			(Dollars in thousands)		
Sales and marketing	$ 89,337	(9)%	$ 97,809	—%	$ 97,432

2013 compared to 2012: Sales and marketing expenses decreased primarily due to decreases in advertising and consulting services expenses, fees paid to ICANN for new gTLD applications, and allocated overhead expenses. Advertising and consulting services expenses decreased by $2.5 million, due to changes in product marketing programs and the timing of marketing initiatives in our Registry Services business. During 2012, we applied for 14 new gTLDs and incurred fees of $2.6 million related to those applications. Allocated overhead expenses decreased by $1.6 million, primarily due to a decrease in average headcount relative to other functions and a decrease in allocable expenses.

2012 compared to 2011: Sales and marketing expenses remained consistent with an increase in salary and employee benefits expenses, as well as fees paid to ICANN for new gTLD applications offset by a decrease in consulting and advertising expenses. Salary and employee benefits expenses increased by $4.2 million, primarily due to an increase in the average headcount related to the expansion of the international marketing team for our Registry Services business and growth of our NIA sales team, partially offset by a decrease in the estimated payout for fiscal 2012 bonuses and 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. During 2012, we applied for 14 new gTLDs and incurred fees of $2.6 million related to those applications. Consulting and advertising expenses decreased by $7.1 million, primarily due to consulting costs related to the new gTLD program and product marketing initiatives promoting Registry Services during 2011.

We expect sales and marketing expenses as a percentage of revenues to remain consistent in 2014 as compared to 2013.

Research and development

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

A comparison of research and development expenses is presented below:

	2013	% Change	2012	% Change	2011
			(Dollars in thousands)		
Research and development	$ 70,297	14%	$ 61,694	16%	$ 53,277

2013 compared to 2012: Research and development expenses increased primarily due to an increase in salary and employee benefits expenses, including stock-based compensation expenses, and a decrease in capitalized labor, partially offset by a decrease in contract and professional services expenses. Salary and employee benefits expenses, including stock-based compensation expenses, increased by $8.5 million, primarily due to an increase in average headcount to support the development of our DNS infrastructure and new services and higher bonus expenses as a result of a lower payout of fiscal 2012 bonuses. Capitalized labor decreased by $2.0 million in 2013 due to a decrease in the volume of work performed on internally developed software projects. Contract and professional services expenses decreased by $3.4 million due to lower consulting costs on various projects.

2012 compared to 2011: Research and development expenses increased primarily due to increases in salary and employee benefits expenses, including stock-based compensation expenses, and contract and professional services expenses, partially offset by an increase in capitalized labor. Salary and employee benefits expenses, including stock-based compensation expenses, increased by $6.6 million, primarily due to an increase in average headcount to support the development of our DNS infrastructure and new services, partially offset by a decrease in the estimated payout of fiscal 2012 bonuses. Contract and professional services expenses increased by $3.0 million, primarily to support projects in our NIA Services business. Capitalized labor increased by $2.1 million, primarily due to an increase in the volume of work performed on internally developed software projects.

We expect research and development expenses as a percentage of revenues to remain consistent in 2014 as compared to 2013.

General and administrative

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

A comparison of general and administrative expenses is presented below:

	2013	% Change	2012	% Change	2011
	(Dollars in thousands)				
General and administrative	$ 90,208	—%	$ 89,927	(19)%	$ 111,122

2013 compared to 2012: General and administrative expenses remained consistent in 2013 compared to 2012 as an increase in salary and employee benefits expenses, including stock-based compensation in 2013, and the 2012 reimbursement of previously incurred legal costs, received upon settlement of indemnification claims with the selling shareholders of a previously acquired business, were offset by decreases in legal expenses, occupancy expenses, and contract and professional services expenses. Salary and employee benefits expenses increased by $7.5 million, including a $1.6 million increase in stock-based compensation expenses, primarily due to an increase in average headcount and higher bonus expenses as compared to 2012 as a result of a lower payout of fiscal 2012 bonuses. Stock-based compensation expenses increased due to higher expected attainment levels for performance based RSUs granted to the Company's executives in 2013. In the fourth quarter of 2012, we recognized a credit of $4.5 million related to reimbursement of previously incurred legal costs, received upon settlement of indemnification claims with the selling shareholders of a previously acquired business. Legal expenses decreased by $8.3 million due to costs incurred in 2012 to support the DOC's review of our renewal of the *.com* Registry Agreement with ICANN, in addition to decreases in patent and trademark related expenses and legal advice related to ICANN's new gTLD program. Occupancy expenses decreased by $2.6 million primarily due to the reversal of certain accrued expenses upon the resolution of a dispute related to a vacated office lease and a decrease in leased space. Contract and professional services expenses decreased by $1.7 million due to an increase in costs capitalized related to development and implementation of internal use software.

2012 compared to 2011: General and administrative expenses decreased primarily due to decreases in salary and employee benefits expenses, including stock-based compensation, contract and professional services expenses, occupancy expenses, receipts from the settlement of indemnification claims with the former shareholders of an acquired business, and an increase in overhead expenses allocated to other cost types, partially offset by increases in depreciation expenses, legal expenses, and miscellaneous general and administrative expenses. Salary and employee benefits expenses decreased by $15.6 million, including a $4.4 million decrease in stock-based compensation, primarily due to the reduced headcount in corporate support functions subsequent to the divestiture of the Authentication Services business and a reduction in estimated payout of fiscal 2012 bonuses. Stock-based compensation expenses also decreased due to additional vested RSUs granted to option holders during 2011 as they did not participate in the May 2011 and December 2010 special cash dividends, partially offset by $1.4 million of stock-based compensation expense for fully vested RSUs granted to members of the Board of Directors during 2012. Contract and professional services expenses decreased by $4.9 million, primarily due to reductions in consulting services expenses and reductions in temporary staffing upon completion of the transition of certain corporate functions from California to Virginia in 2011. Occupancy expenses decreased by $6.3 million, primarily due to lower rent expense as we exited leased facilities in Mountain View, California and Dulles, Virginia and purchased our corporate headquarters facility in Reston, Virginia during 2011. In the fourth quarter of 2012, we recognized a credit of $4.5 million related to reimbursements of previously incurred legal costs, received upon settlement of indemnification claims with the selling shareholders of a previously acquired business. Overhead expenses allocated to other cost types increased by $1.6 million, primarily due to a decrease in the relative headcount of the general and administrative function compared to other functions subsequent to the completion of the 2010 Restructuring Plan and the transition of corporate functions from California to Virginia. Depreciation expenses increased by $3.2 million primarily due to the additional depreciation related to our new corporate headquarters. Legal expenses increased by $5.2 million primarily due to an insurance recovery in 2011 related to a certain legal matter as well as legal and other support related to the DOC's review of the renewal of our *.com* Registry Agreement with ICANN and legal advice related to ICANN's new gTLD program in 2012. Miscellaneous expenses increased by $4.8 million primarily due to 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 during 2011.

We expect general and administrative expenses as a percentage of revenues to remain consistent in 2014 as compared to 2013.

Restructuring charges

See Note 6, "Restructuring Charges," of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

Interest expense

The following table presents the components of interest expense:

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Contractual interest on Subordinated Convertible Debentures	$ 40,625	$ 40,625	$ 40,625
Contractual interest on Senior Notes	24,570	—	—
Amortization of debt discount on the Subordinated Convertible Debentures	8,670	7,986	7,355
Contingent interest to holders of Subordinated Convertible Debentures	—	—	100,020
Interest capitalized to Property and equipment, net	(1,218)	(934)	(980)
Credit facility and other interest expense	2,114	2,519	312
Total interest expense	$ 74,761	$ 50,196	$ 147,332

Contractual interest on the Senior Notes during 2013 is the result of the issuance of the Senior Notes in April 2013. The Indenture governing the Subordinated Convertible Debentures requires the payment of contingent interest to the holders of the Subordinated 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 Subordinated Convertible Debentures. The Board declared an extraordinary dividend in April 2011, and consequently, we paid $100.0 million of contingent interest to holders of the Subordinated Convertible Debentures in 2011

We expect interest expense as a percentage of revenues to increase in 2014 compared to 2013 as a result of having a full year of interest expense related to the Senior Notes included in 2014.

Non-operating income, net

See Note 12, "Non-operating income, net" of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

Income tax (benefit) expense

	Year Ended December 31,		
	2013	2012	2011
		(Dollars in thousands)	
Income tax (benefit) expense from continuing operations	$ (87,679)	$ 100,210	$ 55,031
Effective tax rate	(19)%	24%	28%

During the fourth quarter of 2013, we liquidated for tax purposes one of our domestic subsidiaries, which will allow us to claim a worthless stock deduction on our 2013 federal income tax return. We recorded an income tax benefit during the fourth quarter of 2013 of $375.3 million related to the worthless stock deduction, net of valuation allowances and accrual for uncertain tax positions. The financial statement carrying value of this subsidiary was not material. The worthless stock deduction may be subject to audit and adjustment by the IRS, which could result in reversal of all, part or none of the income tax benefit, or could result in a benefit higher than the net amount recorded. If the IRS rejects or reduces the amount of the income tax benefit related to the worthless stock deduction, we may have to pay additional cash income taxes, which could adversely affect our results of operations, financial condition and cash flows. We cannot guarantee what the ultimate outcome or amount of the benefit we receive, if any, will be.

We evaluated various scenarios for realizing the tax benefits from the worthless stock deduction and determined that using part of the benefit to offset current year domestic income, combined with a repatriation of cash held by foreign subsidiaries, as the most financially beneficial alternative. Accordingly, during the second or third quarter of 2014, we intend to repatriate approximately $700.0 million to $800.0 million of cash held by foreign subsidiaries, in a tax efficient manner by using the tax benefits resulting from the worthless stock deduction to offset the taxable income generated in the U.S. as a result of the intended repatriation. The repatriation amount is expected to utilize substantially all of the projected distributable capital reserves of our foreign subsidiaries under applicable foreign statutes. During the fourth quarter of 2013, we recorded an income tax expense of $167.1 million related to taxable income generated in the U.S. as a result of the intended repatriation. For funds remaining in the foreign subsidiaries after the intended repatriation that have not been previously taxed in the U.S., our intent remains to indefinitely reinvest those funds outside of the U.S. and accordingly we have not provided deferred U.S. taxes. See Note 13, "Income Taxes," of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

Our effective tax rate for 2013 was lower than the statutory federal rate of 35% primarily due to benefits from the worthless stock deduction, net of valuation allowances and accrual for uncertain tax positions and tax benefits from foreign income taxed at lower rates, partially offset by the expense related to the repatriation of cash held by foreign subsidiaries and state income taxes.

Our effective tax rate for 2012 was lower than the statutory federal rate of 35% primarily due to tax benefits from foreign income taxed at lower rates and a decrease in valuation allowances related to deferred tax assets, partially offset by state income taxes and non-deductible stock based compensation.

Our effective tax rate for 2011 was lower than the statutory federal rate of 35% primarily due to tax benefits from foreign income taxed at lower rates, partially offset by an increase in the accrual for uncertain tax positions, tax expense related to a foreign currency transaction gain realized on the distribution of previously taxed income, state income taxes and non-deductible stock based compensation.

As of December 31, 2013, we had deferred tax assets arising from deductible temporary differences, tax losses, and tax credits of $424.7 million, net of valuation allowances, but before the offset of certain deferred tax liabilities. With the exception of deferred tax assets related to capital loss carryforwards, book and tax basis differences of certain investments and certain foreign net operating loss carryforwards, we believe it is more likely than not that the tax effects of the deferred tax liabilities, together with future taxable income, will be sufficient to fully recover the remaining deferred tax assets. Our deferred tax assets related to net operating loss carryforwards increased in 2013 primarily due to the worthless stock deduction.

We qualify for two tax holidays in Switzerland. The tax holidays provide reduced rates of taxation on certain types of income and also require certain thresholds of investment and employment. One of the tax holidays is effective through December 31, 2015, the other is effective through December 31, 2014. Upon expiration the tax holidays may be extended if certain additional requirements are satisfied. These tax holidays increased the Company's earnings per share by $0.18 in 2013, $0.11 in 2012, and $0.06 in 2011.

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,	
	2013	2012
	(In thousands)	
Cash and cash equivalents	$ 339,223	$ 130,736
Marketable securities	1,384,062	1,425,700
Total	$ 1,723,285	$ 1,556,436

As of December 31, 2013, our principal source of liquidity was $339.2 million of cash and cash equivalents and $1.4 billion of marketable securities. The marketable securities consist of debt securities issued by the U.S. Treasury meeting the criteria of our investment policy, which is focused on the preservation of our capital through investment in investment grade securities. The cash equivalents consist mainly of amounts invested in money market funds and U.S. Treasury bills purchased with original maturities of less than 90 days. As of December 31, 2013, all of our marketable securities have contractual maturities of less than one year. Our cash and cash equivalents are readily accessible. For additional information on our investment portfolio, see Note 2, "Cash, Cash Equivalents, and Marketable Securities," of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

As of December 31, 2013, the amount of cash and cash equivalents and marketable securities held by foreign subsidiaries was $1.5 billion. During the second or third quarter of 2014 we intend to repatriate approximately $700.0 million to $800.0 million of cash held by foreign subsidiaries in a tax efficient manner by using the tax benefits resulting from the worthless stock deduction to offset the taxable income generated in the U.S. as a result of the repatriation. The repatriation amount is expected to utilize substantially all of the projected available distributable capital reserves of our foreign subsidiaries under applicable foreign statutes. For any funds remaining in the foreign subsidiaries after the repatriation that have not been previously taxed in the U.S., our intent remains to indefinitely reinvest those funds outside of the U.S. and accordingly, we have not provided deferred U.S. taxes for such funds. In the event funds from foreign operations are needed to fund operations in the U.S. and if U.S. tax has not already been provided, we would be required to accrue and pay additional U.S. taxes in order to repatriate these funds. As of December 31, 2013, the amount of undistributed earnings of foreign subsidiaries for which deferred income taxes have not been provided was $153.3 million.

On April 16, 2013, we issued $750.0 million aggregate principal amount of 4.625% senior unsecured notes due 2023 in a private offering. The Senior Notes will mature in May 2023. We used a portion of the net proceeds to repay the $100.0 million of outstanding indebtedness under our Unsecured Credit Facility. The remaining portion of the proceeds were used for general corporate purposes including the repurchase of shares under the 2013 Share Buyback Program. The Unsecured Credit Facility remains available with a borrowing capacity of $200.0 million.

In 2013, proceeds from sales and maturities of marketable securities were $59.0 million, net of purchases, compared with $1.4 billion of purchases in 2012, net of sales and maturities. In 2011, proceeds from maturities and sales of marketable securities were $467.0 million, net of purchases.

In 2013, we repurchased 21.0 million shares of our common stock at an average stock price of $48.65 for an aggregate cost of $1.0 billion. In 2012, we repurchased approximately 7.7 million shares of our common stock at an average stock price of $40.90 for an aggregate cost of $314.6 million. 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. As of December 31, 2013, $472.4 million remained available for further repurchases under the 2013 Share Buyback Program. On January 31, 2014, the Board of Directors authorized the repurchase of up to $527.6 million of common stock, which brings the total amount to $1.0 billion authorized and available under the 2014 Share Buyback Program.

In 2011 we declared and 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 Subordinated Convertible Debentures.

As of December 31, 2013, we had $1.25 billion principal amount outstanding of 3.25% Subordinated Convertible Debentures due 2037 (See Note 7 "Debt and Interest Expense" of the accompanying consolidated financial statements).

The price of our common stock exceeded the conversion price threshold trigger during the fourth quarter of 2013. Accordingly, the Subordinated Convertible Debentures are convertible at the option of each holder through March 31, 2014. We do not expect a material amount of the Subordinated Convertible Debentures to be converted in the near term as the trading price of the debentures exceeds the value that is likely to be received upon conversion. However, we cannot provide any assurance that the trading price of the debentures will continue to exceed the value that would be derived upon conversion or that the holders will not elect to convert the Subordinated Convertible Debentures.

If a holder elects to convert its Subordinated Convertible Debentures, we are permitted under the Indenture to pursue an exchange in lieu of conversion or to settle the conversion value (as defined in the Indenture) in cash, stock, or a combination thereof. If we choose not to pursue or cannot complete an exchange in lieu of conversion, we currently have the intent and the ability (based on current facts and circumstances) to settle the principal amount of the Subordinated Convertible Debentures in cash. However, if the principal amount of the Subordinated Convertible Debentures that holders actually elect to convert exceeds our cash on hand and cash from operations, we will need to draw cash from existing financing or pursue additional sources of financing to settle the Subordinated Convertible Debentures in cash. We cannot provide any assurances that we will be able to obtain new sources of financing on terms acceptable to us or at all, nor can we assure that we will be able to obtain such financing in time to settle the Subordinated Convertible Debentures that holders elect to convert.

We believe existing cash, cash equivalents and marketable securities, and funds generated from operations, together with our ability to arrange for additional financing 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 2013, 2012, and 2011 were as follows:

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Net cash provided by operating activities	$ 579,397	$ 537,630	$ 335,901
Net cash (used in) provided by investing activities	(11,062)	(1,442,353)	273,242
Net cash used in financing activities	(357,333)	(277,752)	(852,198)
Effect of exchange rate changes on cash and cash equivalents	(2,515)	(138)	(3,224)
Net increase (decrease) in cash and cash equivalents	$ 208,487	$ (1,182,613)	$ (246,279)

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, interest and facilities.

2013 compared to 2012: Cash provided by operating activities increased in 2013 primarily due to an increase in cash received from customers, and decreases in cash paid to employees and vendors offset by an increase in interest paid and income taxes paid. Cash received from customers increased primarily due to an increase in new and renewed domain name registrations during 2013. Payments to employees and vendors decreased primarily due to the timing of payments to vendors. Interest paid increased in 2013 as a result of the issuance of our Senior Notes in April 2013. Income taxes paid increased primarily due to federal income tax payments made during 2013 based on estimated taxable income before we determined that we would claim a worthless stock deduction that ultimately resulted in a tax loss for the year.

2012 compared to 2011: Cash provided by operating activities increased in 2012 primarily due to an increase in cash received from customers, the payment of $100.0 million of contingent interest to the holders of our Subordinated Convertible Debentures during 2011, and a decrease in cash paid to employees and vendors, partially offset by an increase in cash paid for income taxes during 2012. Cash received from customers increased as the result of growth in sales during 2012, while cash paid to employees and vendors decreased due to a reduction in operating expenses in 2012. The increase in income taxes paid in 2012 was due primarily to an increase in income tax payments made by our foreign subsidiaries.

Net cash (used in) provided by investing activities

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

2013 compared to 2012: Cash used in investing activities decreased in 2013 primarily due to $1.4 billion of purchases of marketable securities, net of sales and maturities, during 2012 compared to $58.5 million of sales and maturities of marketable securities, net of purchases, in 2013, partially offset by an increase in purchases of property and equipment as we continue to invest in our infrastructure.

2012 compared to 2011: The change in cash (used in) provided by investing activities is primarily due to $1.4 billion of purchases of marketable securities, net of sales and maturities, during 2012 compared to $467.0 million of sales and maturities of marketable securities, net of purchases, in 2011 and a decrease in purchases of property and equipment primarily due to the purchase of our corporate headquarters in Reston, Virginia for $118.5 million in 2011.

Net cash used in financing activities

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

2013 compared to 2012: Net cash used in financing activities increased primarily due to an increase in share repurchases during 2013 and repayment of the outstanding indebtedness under our Unsecured Credit Facility in 2013, partially offset by proceeds received from the issuance of Senior Notes in 2013.

2012 compared to 2011: Net cash used in financing activities decreased primarily due to the payment of a special cash dividend in 2011, a decrease in the amount of share repurchases made during 2012, and an increase in excess tax benefits from exercises of stock options and vesting of RSUs in 2012, partially offset by $100.0 million borrowed under our Unsecured Credit Facility in 2011, and a decrease in proceeds from stock option exercises and the ESPP.

Impact of Inflation

We believe that inflation has not had a significant impact on our operations during 2013, 2012 and 2011.

Income taxes

We expect the amount of cash paid for domestic income taxes to increase in future years, after the remaining U.S. federal net operating loss carryforwards, primarily resulting from the worthless stock deduction, are used to offset against future domestic income and the repatriation of funds held by foreign subsidiaries. However, this increase is expected to be partially offset by the increasing benefit from the interest deduction related to our Subordinated Convertible Debentures. The interest expense deducted for income tax purposes is based on the adjusted issue price of the Subordinated Convertible Debentures which grows over the term due to the difference between the interest deduction taken for income tax purposes, using a comparable yield of 8.5%, and the coupon rate of 3.25%, compounded annually. As a result, the amount of interest deducted is expected to grow each year, while the interest recognized in accordance with GAAP, will grow at a slower rate. This difference will result in a continuing increase in the long-term deferred tax liability on our Consolidated Balance Sheet.

We expect the amount of cash paid for foreign income taxes to be higher in 2014 primarily related to international withholding taxes on our intended repatriation.

If the amount paid (in cash or stock) to settle the Subordinated Convertible Debentures (i.e., the Settlement Amount) is less than the adjusted issue price, under the Internal Revenue Code and the regulations thereunder, the difference is included in taxable income as recapture of previous interest deductions. The Settlement Amount will vary based on the stock price at settlement date. Depending on the Settlement Amount for the Subordinated Convertible Debentures at the settlement date, the amount included in taxable income as a result of this recapture could be substantial, which could adversely impact our cash flow.

Property and Equipment Expenditures

Our planned property and equipment expenditures for 2014 are anticipated to be between $60 million and $80 million and will primarily be focused on infrastructure upgrades and enhancements to our product portfolio.

Contractual Obligations

See Note 14, “Commitments and Contingencies, ”*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 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, 2013, 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.

Dilution from Subordinated Convertible Debentures, RSUs and Stock Options

The conversion of our Subordinated Convertible Debentures may dilute the holdings of existing shareholders due to the potential number of shares that could be required to settle the Subordinated Convertible Debentures. We have the intent and ability to settle the principal amount of the Subordinated Convertible Debentures in cash, but the excess of the conversion value over the principal amount (“the conversion spread”) may be settled in shares of common stock. As of December 31, 2013, there are 36.4 million shares of common stock reserved for issuance upon conversion or repurchase of the Subordinated Convertible Debentures. Based on the if-converted value of the Subordinated Convertible Debentures as of December 31, 2013, the conversion spread could have required us to issue up to 15.5 million shares of common stock. See Item 1A. “Risk Factors—We may not have the ability to repurchase the Subordinated Convertible Debentures in cash upon the occurrence of a fundamental change, or to pay cash upon the conversion of Subordinated Convertible Debentures; Occurrence of certain events related to our Subordinated Convertible Debentures might have significant adverse accounting, disclosure, tax, and liquidity implications,” of this Form 10-K.

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, 2013, there are a total of 2.6 million unvested RSUs and outstanding stock options which represent potential dilution of 1.9%. This maximum potential dilution will only result if all outstanding options vest and are exercised and all RSUs vest and are settled. There were no stock options granted in the last three years. 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

Our marketable securities consist of fixed income securities which are subject to interest rate risk. As of December 31, 2013, we had $1.4 billion of fixed income securities, which consisted of U.S. Treasury bills with maturities of less than one year. A hypothetical change in interest rates by 100 basis points 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 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, 2013, we held foreign currency forward contracts in notional amounts totaling $27.0 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 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 values of our Subordinated Convertible Debentures and the Senior Notes are subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The Subordinated Convertible Debentures are subject to market risk due to the convertible feature of the debentures, the fair market value will increase as the market price of our common 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 Subordinated Convertible Debentures and the Senior Notes but do not impact our financial condition, cash flows or results of operations. As of December 31, 2013, the fair value of the Subordinated Convertible Debentures was approximately $2.2 billion and the fair value of the Senior Notes was $723.3 million, based on available market information from public data sources.

The fair market value of the contingent interest derivative on Subordinated 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 Subordinated 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, 2013. 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.

	2013				
	Quarter Ended				Year Ended
	March 31	June 30	September 30 (2)	December 31 (3)	December 31,
	(In thousands, except per share data)				
Revenues	$ 236,447	$ 239,332	$ 243,678	$ 245,630	$ 965,087
Gross Profit	$ 189,193	$ 192,702	$ 197,124	$ 199,055	$ 778,074
Operating Income	$ 133,264	$ 132,081	$ 132,713	$ 130,174	$ 528,232
Net income	$ 84,513	$ 86,890	$ 80,898	$ 292,149	$ 544,450
Net income per share (1):					
Basic	$ 0.55	$ 0.58	$ 0.57	$ 2.15	$ 3.77
Diluted	$ 0.52	$ 0.55	$ 0.53	$ 1.94	$ 3.49

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

(2) Net income for the quarter ended September 30, 2013 was reduced by $5.3 million pre-tax unrealized loss due to an increase in the fair value of the embedded contingent interest derivative related to our Subordinated Convertible Debentures.

(3) Net income for the quarter ended December 31, 2013 includes a $375.3 million income tax benefit related to a worthless stock deduction net of valuation allowances and accrual for uncertain tax positions, and $15.8 million pre-tax gain on sale of certain cost method investments, partially offset by $167.1 million income tax expense related to an intended repatriation of cash held by foreign subsidiaries in 2014, and $8.1 million pre-tax unrealized loss due to an increase in the fair value of the embedded contingent interest derivative related to our Subordinated Convertible Debentures. Income tax benefit related to the worthless stock deduction and income tax expense related to the intended repatriation of cash held by foreign subsidiaries is further described in Note 13, "Income Taxes," of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

	2012				
	Quarter Ended				Year Ended
	March 31	June 30	September 30	December 31 (2)	December 31,
	(In thousands, except per share data)				
Revenues	$ 205,726	$ 214,142	$ 223,528	$ 230,196	$ 873,592
Gross Profit	$ 164,470	$ 171,298	$ 182,068	$ 188,156	$ 705,992
Operating Income	$ 98,930	$ 106,980	$ 116,062	$ 135,355	$ 457,327
Net income	$ 68,009	$ 68,472	$ 77,910	$ 105,641	$ 320,032
Net income per share (1):					
Basic	$ 0.43	$ 0.43	$ 0.50	$ 0.68	$ 2.04
Diluted	$ 0.42	$ 0.42	$ 0.47	$ 0.65	$ 1.95

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

(2) Net income for the quarter ended December 31, 2012 includes pre-tax benefits of $13.6 million primarily related to reimbursements of litigation and defense costs, received upon settlement with the selling shareholders of a previously acquired business, $5.5 million related to a reduction in the estimated bonus payout, and a $7.6 million unrealized gain due to a decrease in the fair value of the embedded contingent interest derivative related to our Subordinated Convertible Debentures.

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" of this Form 10-K.

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 Chief Financial Officer (our principal financial officer), as of December 31, 2013, 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 SEC rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

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 Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2013 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, 2013. 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, 2013 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 Exchange Act, 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 2014 Annual Meeting of Stockholders and is incorporated herein by reference (“2014 Proxy Statement”).

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 *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 “investors,” 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 required by this item is incorporated herein by reference to our 2014 Proxy Statement from the discussions under the captions “Compensation of Directors,” “Non-Employee Director Retainer Fees and Equity Compensation Information” and “Non-Employee Director Compensation Table for Fiscal 2013,” and “Executive Compensation.”

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 discussions under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in our 2014 Proxy Statement.

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

Information required by this item is incorporated herein by reference to our 2014 Proxy Statement from the discussions under the captions “Policies and Procedures with Respect to Transactions with Related Persons,” “Certain Relationships and Related Transactions” and “Independence of Directors.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated herein by reference to our 2014 Proxy Statement from the discussions under the captions “Principal Accountant Fees and Services” and “Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors.”

PART IV

ITEM 15. EXHIBITS AND 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, 2013 and 2012
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2013, 2012 and 2011
- Consolidated Statements of Stockholders' Equity (Deficit) for the Years Ended December 31, 2013, 2012 and 2011
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2013, 2012 and 2011
- 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.

		Incorporated by Reference			
Exhibit Number	**Exhibit Description**	**Form**	**Date**	**Number**	**Filed Herewith**
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	
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	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
3.01	Fourth Amended and Restated Certificate of Incorporation of the Registrant.	S-1	11/5/07	3.01	
3.02	Sixth Amended and Restated Bylaws of VeriSign, Inc.	8-K	7/31/12	3.01	
4.01	Indenture dated as of August 20, 2007 between the Registrant and U.S. Bank National Association.	8-K/A	9/6/07	4.1	
4.02	Registration Rights Agreement dated as of August 20, 2007 between the Registrant and J.P. Morgan Securities, Inc. Indenture, dated as of April 16, 2013, between VeriSign, Inc., each of the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee.	8-K/A	9/6/07	4.2	
	Form of Note (included in Exhibit 4.03).				
4.03	Indenture, dated as of April 16, 2013, between VeriSign, Inc., each of the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee.	8-K	4/17/13	4.1	
4.04	Form of Note (included in Exhibit 4.03).	8-K	4/17/13	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	409A Options Election Form and related documentation. +	8-K	1/4/07	99.01	
10.03	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	
10.04	Registrant's 2001 Stock Incentive Plan, as amended through November 22, 2002. +	10-K	3/31/03	10.08	
10.05	Registrant's 2006 Equity Incentive Plan, as adopted May 26, 2006. +	10-Q	7/12/07	10.02	
10.06	Registrant's 2006 Equity Incentive Plan, form of Stock Option Agreement. +	10-Q	7/12/07	10.03	
10.07	Registrant's 2006 Equity Incentive Plan, form of Directors Nonqualified Stock Option Grant. +	10-Q	8/9/07	10.01	
10.08	Nonqualified Registrant's 2006 Equity Incentive Plan, amended form of Nonqualified Directors Stock Option Grant. +	S-1	11/5/07	10.15	
10.09	Registrant's 2006 Equity Incentive Plan, form of Employee Restricted Stock Unit Agreement. +	10-Q	7/12/07	10.04	
10.10	Registrant's 2006 Equity Incentive Plan, form of Non-Employee Director Restricted Stock Unit Agreement. +	10-Q	7/12/07	10.05	
10.11	Registrant's 2006 Equity Incentive Plan, form of Performance-Based Restricted Stock Unit Agreement. +	8-K	8/30/07	99.1	
10.12	Registrant's 2007 Employee Stock Purchase Plan, as adopted August 30, 2007. +	S-1	11/5/07	10.19	
10.13	Assignment Agreement, dated as of April 18, 1995 between the Registrant and RSA Data Security, Inc.	S-1	1/29/98	10.15	
10.14	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	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.15	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	
10.16	Non-Compete and Non-Solicitation Agreement, dated April 18, 1995, between the Registrant and RSA Security, Inc.	S-1	1/29/98	10.17	
10.17	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	
10.18	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	
10.19	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	
10.20	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	
10.21	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	
10.22	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	
10.23	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	
10.24	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	
10.25	Release and Waiver of Age Discrimination Claims by William A. Roper, Jr., dated June 30, 2008. +	10-Q	8/8/08	10.03	
10.26	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	
10.27	Assignment of Invention, Nondisclosure and Nonsolicitation Agreement between VeriSign, Inc. and Roger Moore, dated October 1, 2008.	10-Q	11/7/08	10.05	
10.28	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	
10.29	VeriSign, Inc. 2006 Equity Incentive Plan, adopted May 26, 2006, as amended August 5, 2008. +	10-Q	11/7/08	10.07	
10.30	Form of VeriSign, Inc. 2006 Equity Incentive Plan Stock Option Agreement. +	10-Q	11/7/08	10.08	
10.31	Form of VeriSign, Inc. 2006 Equity Incentive Plan Employee Restricted Stock Unit Agreement. +	10-Q	11/7/08	10.09	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
10.32	Form of VeriSign, Inc. 2006 Equity Incentive Plan Performance Based Restricted Stock Unit Agreement. +	10-Q	11/7/08	10.10	
10.33	Arrangement Agreement dated as of January 23, 2009 between VeriSign, Inc. and Certicom Corp.	10-K	3/3/09	10.59	
10.34	Asset Purchase Agreement between VeriSign, Inc. and Transaction Network Services, dated March 2, 2009.	10-Q	5/8/09	10.03	
10.35	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	
10.36	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	
10.37	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	
10.38	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	
10.39	Form of Indemnity Agreement entered into by the Registrant with each of its directors and executive officers. +	10-Q	4/28/10	10.01	
10.40	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	
10.41	VeriSign, Inc. 2006 Equity Incentive Plan Form of Stock Option Agreement. +	10-Q	8/3/10	10.02	
10.42	VeriSign, Inc. 2006 Equity Incentive Plan Form of Employee Restricted Stock Unit Agreement. +	10-Q	8/3/10	10.03	
10.43	VeriSign, Inc. 2006 Equity Incentive Plan Form of Directors Nonqualified Stock Option Grant Agreement. +	10-Q	8/3/10	10.04	
10.44	VeriSign, Inc. 2006 Equity Incentive Plan Form of Non-Employee Director Restricted Stock Unit Agreement. +	10-Q	8/3/10	10.05	
10.45	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	
10.46	VeriSign, Inc. Annual Incentive Compensation Plan. +	10-K	2/24/11	10.64	
10.47	VeriSign, Inc. 2006 Equity Incentive Plan Form of Performance-Based Restricted Stock Unit Agreement. +	10-K	2/24/11	10.65	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
10.48	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	
10.49	Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan, as amended and restated May 26, 2011. +	10-Q	7/29/11	10.02	
10.50	Form of Amended and Restated Change-in-Control and Retention Agreement. +	10-Q	7/29/11	10.03	
10.51	Amended and Restated Change-in-Control and Retention Agreement [CEO Form of Agreement]. +	10-Q	7/29/11	10.04	
10.52	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	
10.53	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	
10.54	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	
10.55	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	
10.56	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	
10.57	VeriSign, Inc. 2006 Equity Incentive Plan Form of Performance-Based Restricted Stock Unit Agreement. +	10-K	2/24/12	10.75	
10.58	Employment Offer Letter between the Registrant and George E. Kilguss, III dated April 20, 2012+	10-Q	7/27/12	10.01	
10.59	Letter Agreement between the Registrant and George E. Kilguss, III dated June 28, 2012. +	10-Q	7/27/12	10.02	
10.60	VeriSign, Inc. 2006 Equity Incentive Plan Form of Non-Employee Director Restricted Stock Unit Agreement. +	10-Q	7/27/12	10.03	
10.61	Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on November 29, 2012.	8-K	11/30/12	10.1	
10.62	Amendment Number Thirty-Two (32) to the Cooperative Agreement between VeriSign, Inc. and Department of Commerce, entered into on November 29, 2012.	8-K	11/30/12	10.2	
10.63	VeriSign, Inc. 2006 Equity Incentive Plan Employee Restricted Stock Unit Agreement. +	10-Q	4/25/13	10.02	
10.64	VeriSign, Inc. 2006 Equity Incentive Plan Performance-Based Restricted Stock Unit Agreement. +	10-Q	4/25/13	10.03	
10.65	VeriSign, Inc. 2006 Equity Incentive Plan Performance-Based Restricted Stock Unit Agreement. +	10-Q	4/25/13	10.04	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
10.66	Registration Rights Agreement, dated April 16, 2013, by and among VeriSign, Inc., VeriSign Information Services, Inc. and J.P. Morgan Securities LLC, as representative of the several initial purchasers.	8-K	4/17/13	10.01	
12.01	Computation in support of ratios of earnings to fixed charges with respect to the years ended December 31, 2009 through 2013.				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
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

* 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 21st day of February 2014.

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, George E. Kilguss, III, 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 21st day of February 2014.

Signature	Title
/S/ D. JAMES BIDZOS D. JAMES BIDZOS	President, Chief Executive Officer, Executive Chairman and Director (Principal Executive Officer)
/S/ GEORGE E. KILGUSS, III GEORGE E. KILGUSS, III	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, 2013, 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, 2013, 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, 2013 and 2012, and the related consolidated statements of comprehensive income, stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2013, and our report dated February 21, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

McLean, Virginia
February 21, 2014

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, 2013 and 2012, and the related consolidated statements of comprehensive income, stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2013. 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, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, 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, 2013, 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 21, 2014 expressed an unqualified opinion on the effectiveness of VeriSign, Inc.'s internal control over financial reporting.

/s/ KPMG LLP

McLean, Virginia
February 21, 2014

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

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 339,223	$ 130,736
Marketable securities	1,384,062	1,425,700
Accounts receivable, net	13,631	11,477
Deferred tax assets	1,743	44,756
Prepaid expenses and other current assets	64,540	30,795
Total current assets	1,803,199	1,643,464
Property and equipment, net	339,653	333,861
Goodwill	52,527	52,527
Long-term deferred tax assets	437,643	7,299
Other long-term assets	27,745	25,325
Total long-term assets	857,568	419,012
Total assets	$ 2,660,767	$ 2,062,476
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 149,276	$ 130,391
Subordinated convertible debentures, including contingent interest derivative	624,056	—
Deferred revenues	595,221	564,627
Deferred tax liabilities	660,633	—
Total current liabilities	2,029,186	695,018
Long-term deferred revenues	260,615	247,955
Senior notes	750,000	—
Subordinated convertible debentures, including contingent interest derivative	—	597,614
Credit facility	—	100,000
Long-term deferred tax liabilities	—	386,914
Other long-term tax liabilities	44,524	44,298
Total long-term liabilities	1,055,139	1,376,781
Total liabilities	3,084,325	2,071,799
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock—par value $.001 per share; Authorized shares: 5,000; Issued and outstanding shares: none	—	—
Common stock—par value $.001 per share; Authorized shares: 1,000,000; Issued shares: 320,358 at December 31, 2013 and 318,722 at December 31, 2012; Outstanding shares: 133,724 at December 31, 2013 and 153,392 at December 31, 2012	320	319
Additional paid-in capital	18,935,302	19,891,291
Accumulated deficit	(19,356,095)	(19,900,545)
Accumulated other comprehensive loss	(3,085)	(388)
Total stockholders' deficit	(423,558)	(9,323)
Total liabilities and stockholders' deficit	$ 2,660,767	$ 2,062,476

See accompanying Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2013	2012	2011
Revenues	$ 965,087	$ 873,592	$ 771,978
Costs and expenses:			
Cost of revenues	187,013	167,600	165,246
Sales and marketing	89,337	97,809	97,432
Research and development	70,297	61,694	53,277
General and administrative	90,208	89,927	111,122
Restructuring charges	—	(765)	15,512
Total costs and expenses	436,855	416,265	442,589
Operating income	528,232	457,327	329,389
Interest expense	(74,761)	(50,196)	(147,332)
Non-operating income, net	3,300	5,564	11,530
Income from continuing operations before income taxes	456,771	412,695	193,587
Income tax benefit (expense)	87,679	(100,210)	(55,031)
Income from continuing operations, net of tax	544,450	312,485	138,556
Income from discontinued operations, net of tax	—	7,547	4,335
Net income	544,450	320,032	142,891
Foreign currency translation adjustments	—	—	110
Realized foreign currency translation adjustments, included in net income	81	—	—
Unrealized (loss) gain on investments, net of tax	(369)	2,757	688
Realized gain on investments, net of tax, included in net income	(2,409)	(61)	(2,548)
Other comprehensive (loss) income	(2,697)	2,696	(1,750)
Comprehensive income	$ 541,753	$ 322,728	$ 141,141
Basic income per share:			
Continuing operations	$ 3.77	$ 1.99	$ 0.84
Discontinued operations	—	0.05	0.03
Net income	$ 3.77	$ 2.04	$ 0.87
Diluted income per share:			
Continuing operations	$ 3.49	$ 1.91	$ 0.83
Discontinued operations	—	0.04	0.03
Net income	$ 3.49	$ 1.95	$ 0.86
Shares used to compute net income per share			
Basic	144,591	156,953	165,408
Diluted	155,786	163,909	166,887

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2010	172,736	$ 313	$ 21,040,919	$ (20,363,468)	$ (1,334)	$ 676,430
Net income	—	—	—	142,891	—	142,891
Other comprehensive loss	—	—	—	—	(1,750)	(1,750)
Issuance of common stock under stock plans	3,469	4	49,979	—	—	49,983
Stock-based compensation	—	—	46,438	—	—	46,438
Special dividend paid	—	—	(463,498)	—	—	(463,498)
Net excess income tax benefits associated with stock-based compensation	—	—	11,496	—	—	11,496
Repurchase of common stock	(16,783)	—	(550,097)	—	—	(550,097)
Balance at December 31, 2011	159,422	317	20,135,237	(20,220,577)	(3,084)	(88,107)
Net income	—	—	—	320,032	—	320,032
Other comprehensive loss	—	—	—	—	2,696	2,696
Issuance of common stock under stock plans	1,941	2	29,301	—	—	29,303
Stock-based compensation	—	—	36,199	—	—	36,199
Net excess income tax benefits associated with stock-based compensation	—	—	16,045	—	—	16,045
Repurchase of common stock	(7,971)	—	(325,680)	—	—	(325,680)
Other	—	—	189	—	—	189
Balance at December 31, 2012	153,392	319	19,891,291	(19,900,545)	(388)	(9,323)
Net income	—	—	—	544,450	—	544,450
Other comprehensive income	—	—	—	—	(2,697)	(2,697)
Issuance of common stock under stock plans	1,636	1	20,666	—	—	20,667
Stock-based compensation	—	—	39,642	—	—	39,642
Net excess income tax benefits associated with stock-based compensation	—	—	19,320	—	—	19,320
Repurchase of common stock	(21,304)	—	(1,035,617)	—	—	(1,035,617)
Balance at December 31, 2013	133,724	$ 320	$ 18,935,302	$ (19,356,095)	$ (3,085)	$ (423,558)

See accompanying Notes to Consolidated Financial Statements

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

	Year Ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net income	$ 544,450	$ 320,032	$ 142,891
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment and amortization of other intangible assets	60,655	54,819	55,706
Stock-based compensation	36,649	33,362	43,272
Excess tax benefit associated with stock-based compensation	(19,320)	(18,436)	(13,420)
Deferred income taxes	(112,688)	71,800	24,779
Unrealized loss (gain) on contingent interest derivative on Subordinated Convertible Debentures	17,801	(422)	1,125
Gain on sale of investments	(18,861)	(102)	(4,246)
Other, net	13,360	11,505	16,086
Changes in operating assets and liabilities			
Accounts receivable	(2,500)	3,327	(251)
Prepaid expenses and other assets	(2,694)	(9,344)	7,895
Accounts payable and accrued liabilities	19,291	(12,922)	(3,469)
Deferred revenues	43,254	84,011	65,533
Net cash provided by operating activities	579,397	537,630	335,901
Cash flows from investing activities:			
Proceeds from maturities and sales of marketable securities and investments	3,508,569	1,234,156	546,006
Purchases of marketable securities	(3,450,068)	(2,622,898)	(78,975)
Purchases of property and equipment	(65,594)	(53,023)	(192,660)
Other investing activities	(3,969)	(588)	(1,129)
Net cash (used in) provided by investing activities	(11,062)	(1,442,353)	273,242
Cash flows from financing activities:			
Proceeds from issuance of common stock from option exercises and employee stock purchase plans	20,667	29,303	49,983
Repurchases of common stock	(1,035,617)	(325,680)	(550,097)
Payment of dividends to stockholders	—	—	(463,498)
Proceeds from senior notes, net of issuance costs	738,297	—	—
Proceeds received from borrowings	—	—	100,000
Repayment of borrowings	(100,000)	—	(1,067)
Excess tax benefit associated with stock-based compensation	19,320	18,436	13,420
Other financing activities	—	189	(939)
Net cash used in financing activities	(357,333)	(277,752)	(852,198)
Effect of exchange rate changes on cash and cash equivalents	(2,515)	(138)	(3,224)
Net increase (decrease) in cash and cash equivalents	208,487	(1,182,613)	(246,279)
Cash and cash equivalents at beginning of period	130,736	1,313,349	1,559,628
Cash and cash equivalents at end of period	$ 339,223	$ 130,736	$ 1,313,349
Supplemental cash flow disclosures:			
Cash paid for interest, net of capitalized interest	$ 58,928	$ 41,276	$ 140,193
Cash paid for income taxes, net of refunds received	$ 26,133	$ 19,436	$ 6,567

See accompanying Notes to Consolidated Financial Statements.

VERISIGN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013, 2012 AND 2011

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. The Company has one reportable segment, which consists of Registry Services and Network Intelligence and Availability (“NIA”) Services. Registry Services provides domain name registry services which power the navigation of the Internet by operating a global infrastructure for a portfolio of top-level domains (“TLDs”) that includes *.com*, *.net*, *.tv*, *.edu*, *.gov*, *.jobs*, *.name* and *.cc* as well as two of the world’s 13 Internet root servers (“Registry Services”). NIA Services provides infrastructure assurance services consisting of Distributed Denial of Services (“DDoS”) Protection Services, Verisign iDefense Security Intelligence Services (“iDefense”) and Managed Domain Name System (“Managed DNS”).

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, and equity securities of a public company. 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 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. Beginning in 2012, the Company changed its estimate of the useful life of its computer equipment and hardware assets from 3 years to 4 years. The impact of this change was not material to any period presented. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or associated lease terms. The Company capitalizes interest on facility assets under construction and on significant software development projects.

Capitalized Software

Software included in property and equipment includes amounts paid for purchased software and development costs for software used internally that have 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.

	Year Ended December 31,	
	2013	2012
	(In thousands)	
Third-party implementation and consulting services	$ 6,361	$ 3,172
Internally developed software	$ 22,138	$ 21,733

Goodwill and Other Long-lived Assets

Goodwill represents the excess of purchase consideration over fair value of net assets of businesses acquired. Goodwill is 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 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.

3.25% Junior Subordinated Convertible Debentures Due 2037 ("Subordinated Convertible Debentures")

Verisign separately accounts for the liability (debt) and equity (conversion option) components of the Subordinated 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 Subordinated 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 Subordinated Convertible Debentures as a non-cash charge to interest expense. The Subordinated 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 Subordinated 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 Remeasurement

Verisign conducts business throughout the world and transacts in multiple currencies. The functional currency for all 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 $3.1 million in 2013, $0.9 million in 2012, and $3.4 million in 2011.

Verisign maintains a foreign currency risk management program designed to mitigate foreign exchange risks associated with the monetary assets and liabilities 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 in Non-operating income, net. The Company recorded net gains of $1.5 million in 2013, and $0.8 million in 2012, and a net loss of $1.4 million in 2011, related to foreign currency forward contracts.

As of December 31, 2013, Verisign held foreign currency forward contracts in notional amounts totaling $27.0 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 condition 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. If Verisign obtains an identifiable benefit separate from the services it provides to the registrars, then amounts payable up to the fair value of the benefit received are recorded as advertising expenses and the excess, if any, is recorded as a reduction of revenue.

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 $13.2 million, $10.2 million, and $17.2 million in 2013, 2012, and 2011, 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. The Company allocates valuation allowances between current deferred tax assets and long-term deferred tax assets in proportion to the related classification of gross deferred tax assets for each tax jurisdiction.

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. If the income tax benefit at exercise or vesting date is less than the income tax benefit recorded based on the grant date fair value of the stock options or RSUs, the shortfall is recognized as a reduction of Additional paid-in capital to the extent of previously recognized excess tax benefits.

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 condition and results of operations.

Stock-based Compensation

During 2013, the Company's stock-based compensation was primarily related to RSUs granted to employees. There were no stock options granted in 2013, 2012 or 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 its 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 RSUs which include performance conditions, and in some cases market conditions, 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, The expense recognized for awards with market conditions is based on the grant date fair value of the awards including the impact of the market conditions.

Earnings per Share

The Company computes basic net income per share by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted net income per share gives effect to dilutive potential common shares, including outstanding stock options, unvested RSUs, ESPP offerings and the conversion spread related to the Subordinated 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. Subsequent to the divestitures, the Company has resolved certain contingent liabilities that related to the operations of the divested businesses. The effects of these items are presented in discontinued operations.

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, marketable debt and equity securities, foreign currency forward contracts, and the contingent interest derivative associated with the Subordinated Convertible Debentures.

Note 2. Cash, Cash Equivalents, and Marketable Securities

The following table summarizes the Company's cash, cash equivalents, and marketable securities:

	As of December 31,	
	2013	2012
	(In thousands)	
Cash	$ 72,232	$ 63,578
Money market funds	246,492	38,054
Time deposits	3,978	3,614
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,409,062	1,452,358
Equity securities of a public company	—	3,341
Total	$ 1,731,764	$ 1,560,945
Included in Cash and cash equivalents	$ 339,223	$ 130,736
Included in Marketable securities	$ 1,384,062	$ 1,425,700
Included in Other long-term assets (Restricted cash)	$ 8,479	$ 4,509

The fair value of the debt securities held as of December 31, 2013 was $1.4 billion, including less than $0.1 million of gross and net unrealized gains. All of the debt securities held as of December 31, 2013 have contractual maturities of less than one year.

Note 3. Fair Value of Financial Instruments

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and December 31, 2012:

	Total Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
	(In thousands)			
As of December 31, 2013:				
Assets:				
Investments in money market funds	$ 246,492	$ 246,492	$ —	$ —
Debt securities issued by the U.S. Treasury	1,409,062	1,409,062	—	—
Foreign currency forward contracts (1)	141	—	141	—
Total	$ 1,655,695	$ 1,655,554	$ 141	$ —
Liabilities:				
Contingent interest derivative on Subordinated Convertible Debentures	$ 29,004	$ —	$ —	$ 29,004
Foreign currency forward contracts (2)	131	—	131	—
Total	$ 29,135	$ —	$ 131	$ 29,004
As of December 31, 2012:				
Assets:				
Investments in money market funds	$ 38,054	$ 38,054	$ —	$ —
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,452,358	1,419,280	33,078	—
Equity securities of public company	3,341	—	3,341	—
Foreign currency forward contracts (1)	71	—	71	—
Total	$ 1,493,824	$ 1,457,334	$ 36,490	$ —
Liabilities:				
Contingent interest derivative on Subordinated Convertible Debentures	$ 11,203	$ —	$ —	$ 11,203
Foreign currency forward contracts (2)	765	—	765	—
Total	$ 11,968	$ —	$ 765	$ 11,203

(1) Included in Prepaid expenses and other current assets
(2) 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 debt securities consisting of U.S. Treasury bills is based on their quoted market prices and are classified as Level 1. The fair value of the Company's investments in other debt 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 and are classified as Level 2. Debt securities purchased with original maturities in excess of three months are included in Marketable securities.

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 Subordinated 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 volatility and credit spread assumptions used in the calculation are the most significant unobservable inputs. As of December 31, 2013, the valuation of the contingent interest derivative assumed a volatility rate of approximately 25%. A hypothetical 5% increase or decrease in the volatility rate would not significantly change the fair value of the contingent interest derivative. The credit spread assumed in the valuation was approximately 4% at December 31, 2013. A hypothetical 1% increase or decrease in the credit spread would not significantly change the fair value of the contingent interest derivative.

The following table summarizes the change in the fair value of the Company's contingent interest derivative on Subordinated Convertible Debentures during the year ended December 31, 2013 and 2012:

	Year Ended December 31,	
	2013	2012
	(In thousands)	
Beginning balance	$ 11,203	$ 11,625
Unrealized loss (gain) on contingent interest derivative on Subordinated Convertible Debentures	17,801	(422)
Ending balance	$ 29,004	$ 11,203

Other

As of December 31, 2013, the Company's other financial instruments include cash, accounts receivable, restricted cash, and accounts payable whose carrying values approximated their fair values. The fair values of the Company's Subordinated Convertible Debentures and the Company's senior notes due 2023 (the "Senior Notes") as of December 31, 2013, were $2.2 billion and $723.3 million, respectively, and are based on available market information from public data sources. These fair value measurements are classified as Level 2.

Note 4. Discontinued Operations

In 2011, the Company completed a four-year restructuring plan which included the divesting or winding down of the Company's non-core businesses and the sale of the Authentication Services business. Income from discontinued operations in 2012 is primarily related to the reimbursement of previously incurred litigation and legal defense costs received upon the settlement of indemnification claims with selling shareholders of a previously acquired business that was later divested. Income from discontinued operations in 2012 also represents the reversal of certain retained liabilities and the reversal of certain accruals for retained litigation related to the prior operations of a divested business. Loss from discontinued operations before income taxes for 2011 represents the effects of certain retained litigation of the divested businesses. Income tax benefit for discontinued operations for 2011 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.

Note 5. Other Balance Sheet Items

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	As of December 31,	
	2013	2012
	(In thousands)	
Prepaid expenses	$ 13,502	$ 15,413
Income tax and other receivables	39,884	15,056
Debt issuance costs	10,705	—
Other	449	326
Total prepaid expenses and other current assets	$ 64,540	$ 30,795

Income tax and other receivables as of December 31, 2013, includes a federal income tax receivable recognized in connection with a worthless stock deduction for the Company's 2013 federal income tax return as discussed in Note 13, "Income Taxes." Debt issuance costs related to the Company's Subordinated Convertible Debentures were reclassified to Prepaid expenses and other current assets from Other long-term assets during 2013, as the related Subordinated Convertible

Debentures were reclassified from long-term liabilities to current liabilities due to the fact that they are convertible at the option of each holder. Refer to Note 7, "Debt and Interest Expense" for further discussion of the Senior Notes and Subordinated Convertible Debentures.

Property and Equipment, Net

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

	As of December 31,	
	2013	2012
	(In thousands)	
Land	$ 31,141	$ 31,141
Buildings and building improvements	240,572	236,171
Computer equipment and software	359,331	315,654
Capital work in progress	16,213	11,393
Office equipment and furniture	6,305	6,420
Leasehold improvements	2,189	2,223
Total cost	655,751	603,002
Less: accumulated depreciation	(316,098)	(269,141)
Total property and equipment, net	$ 339,653	$ 333,861

Goodwill

The following table presents the detail of goodwill:

	As of December 31,	
	2013	2012
	(In thousands)	
Goodwill, gross	$ 1,537,843	$ 1,537,843
Accumulated goodwill impairment	(1,485,316)	(1,485,316)
Total goodwill	$ 52,527	$ 52,527

There was no impairment of goodwill or other long-lived assets recognized in any of the periods presented.

Other Long-Term Assets

Other long-term assets consist of the following:

	As of December 31,	
	2013	2012
	(In thousands)	
Other tax receivable	$ 5,811	$ 5,811
Long-term investments	—	413
Debt issuance costs	11,521	11,516
Long-term restricted cash	8,479	4,509
Long-term prepaid expenses and other assets	1,934	3,076
Total other long-term assets	$ 27,745	$ 25,325

Debt issuance costs included in Other long-term assets at December 31, 2013 relate primarily to the Senior Notes which were issued in April 2013.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	As of December 31,	
	2013	2012
	(In thousands)	
Accounts payable	$ 24,843	$ 23,519
Accrued employee compensation	49,974	38,778
Customer deposits, net	20,869	19,321
Taxes payable and other tax liabilities	19,853	21,918
Other accrued liabilities	33,737	26,855
Total accounts payable and accrued liabilities	$ 149,276	$ 130,391

Accrued employee compensation primarily consists of liabilities for employee leave, salaries, payroll taxes, employee contributions to the employee stock purchase plan, and incentive compensation. Other accrued liabilities include miscellaneous vendor payables, interest on the Subordinated Convertible Debentures which is paid semi-annually in arrears on August 15 and February 15, and interest on the Senior Notes which is paid semi-annually in arrears on May 1 and November 1.

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”). Under the 2010 Restructuring Plan, the Company incurred pre-tax cash severance charges of $21.3 million, stock-based compensation expenses of $16.2 million upon acceleration of stock-based awards, and excess facility exit costs of $8.0 million, inclusive of amounts reported in discontinued operations. The 2010 Restructuring Plan was completed in 2011 and all expenses incurred under the plan have been paid or settled.

Note 7. Debt and Interest Expense

Senior Notes due 2023

On April 16, 2013, the Company issued $750.0 million principal amount of 4.625% senior notes due May 1, 2023 at an issue price of 100%. The Senior Notes were issued pursuant to an indenture, dated as of April 16, 2013 (the “Indenture”), among the Company, each of the subsidiary guarantors party thereto and U.S. Bank National Association. The Indenture provides that the Senior Notes are general unsecured obligations of the Company. VeriSign Information Services, Inc. which was previously the sole guarantor of the Senior Notes at the time of issuance, was merged with VeriSign Inc. during the third quarter of 2013. The Company’s Restricted Subsidiaries (as defined in the Indenture) may be required to guarantee the Senior Notes if they incur or guarantee certain indebtedness. The Company used a portion of the net proceeds from the sale of the Senior Notes to repay in full the $100.0 million of outstanding indebtedness under its unsecured credit facility (“Unsecured Credit Facility”) and to pay accrued and unpaid interest thereunder. The Company has used the remaining amount of the net proceeds for general corporate purposes, including, but not limited to, the repurchase of shares under its share repurchase program. In connection with the offering the Company incurred $12.0 million of issuance costs which were deferred and included in Other long-term assets. The issuance costs are being amortized to Interest expense over the 10 year term of the Senior Notes.

The Company will pay interest on the Senior Notes at 4.625% per annum, semi-annually on May 1 and November 1, commencing on November 1, 2013. The Company may redeem all or a portion of the Senior Notes at any time prior to May 1, 2018 at a price equal to 100% of the principal amount of the Senior Notes plus a make-whole premium, plus accrued and unpaid interest, if any, to the redemption date. In addition, on or before May 1, 2018, the Company may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net proceeds of certain equity offerings at a redemption price of 104.625% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, subject to compliance with certain conditions. The Company may redeem all or a portion of the Senior Notes at any time on or after May 1, 2018 at the applicable redemption prices set forth in the Indenture plus accrued and unpaid interest, if any, to the redemption date. If the Company experiences specific kinds of changes in control and if the Senior Notes are rated below investment grade by both rating agencies that rate the Senior Notes, the Company will be required to make an offer to purchase the Senior Notes at a price equal to 101% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to the date of purchase.

The Indenture contains covenants that limit the ability of the Company and/or its Restricted Subsidiaries, under certain circumstances, to, among other things: (i) pay dividends or make distributions on, or redeem or repurchase, its capital stock; (ii) make certain investments; (iii) create liens on assets; (iv) enter into sale/leaseback transactions and (v) merge or consolidate or sell all or substantially all of its assets. These covenants are subject to a number of important limitations and exceptions. The Indenture also provides for events of default, which, if any of them occurs, may permit or, in certain circumstances, require the principal, premium, if any, accrued and unpaid interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately.

On April 16, 2013, the Company, and VeriSign Information Services, Inc., which was previously the sole guarantor of the Senior Notes at the time of issuance, entered into a registration rights agreement (the "Registration Rights Agreement") with the Initial Purchasers that provided holders of the Senior Notes certain rights relating to registration of the Senior Notes under the Securities Act of 1933, as amended (the "Securities Act").

In October 2013, the Company completed an exchange offer for all of its outstanding 4.625% Senior Notes due May 1, 2023, which were not registered under the Securities Act, for an equal principal amount of its 4.625% Senior Notes due May 1, 2023, which have been registered under the Securities Act on an effective exchange offer registration statement filed by the Company pursuant to the Registration Rights Agreement.

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, under which Verisign and certain designated subsidiaries may be borrowers. Loans under the 2011 Facility may be denominated in U.S. dollars and certain other currencies. The Company has the option under the Unsecured Credit 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.

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. In April 2013, the company repaid the $100.0 million of borrowings that were outstanding under the Unsecured Credit Facility using proceeds from the issuance of the Senior Notes. The Unsecured Credit Facility remains open with a borrowing capacity of $200.0 million available to the Company.

The Company is required to pay a commitment fee between 0.2% and 0.3% per year of the 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 Subordinated 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, 2013, the Company was in compliance with the financial covenants of the Unsecured Credit 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 Unsecured Credit Facility.

Subordinated Convertible Debentures

In August 2007, Verisign issued $1.25 billion principal amount of 3.25% subordinated convertible debentures due August 15, 2037, in a private offering. The Subordinated 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 Subordinated 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 Subordinated Convertible Debentures but will not be adjusted for accrued interest. As of December 31, 2013, approximately 36.4 million shares of common stock were reserved for issuance upon conversion or repurchase of the Subordinated Convertible Debentures.

On or after August 15, 2017, the Company may redeem all or part of the Subordinated 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.

Holders of the debentures may convert their Subordinated 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 in effect on the last trading day of such preceding fiscal quarter (the "Conversion Price Threshold Trigger"). The Conversion Price Threshold Trigger is currently $44.68;
- during the five business-day period after any 10 consecutive trading-day period in which the trading price per $1,000 principal amount of Subordinated 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 Subordinated Convertible Debentures for redemption pursuant to the terms of the Indenture, at any time prior to the close of business on the trading day immediately preceding the redemption date;
- upon the occurrence of any of several specified corporate transactions as specified in the Indenture governing the Subordinated Convertible Debentures; or
- at any time on or after May 15, 2037, and prior to the maturity date.

The Company's common stock price exceeded the Conversion Price Threshold Trigger during the fourth quarter of 2013. Accordingly, the Subordinated Convertible Debentures were convertible at the option of each holder during the first quarter of 2014. Further, in the event of conversion, the Company intends, and has the ability, to settle the principal amount of the Subordinated Convertible Debentures in cash, and therefore, classified the debt component of the Subordinated Convertible Debentures, the embedded contingent interest derivative and the related deferred tax liability as current liabilities, and also classified the related debt issuance costs as a current asset as of December 31, 2013. The determination of whether or not the Subordinated Convertible Debentures are convertible, and accordingly, the classification of the related liabilities and assets as long-term or current, must continue to be performed quarterly. As of December 31, 2013, the if-converted value of the Subordinated Convertible Debentures exceeded its principal amount. Based on the if-converted value of the Subordinated Convertible Debentures as of December 31, 2013, the conversion spread could have required the Company to issue up to an additional 15.5 million shares of common stock.

In addition, holders of the Subordinated Convertible Debentures who convert their Subordinated 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 Subordinated Convertible Debentures may require Verisign to purchase all or a portion of their Subordinated Convertible Debentures at a purchase price equal to 100% of the principal amount of Subordinated Convertible Debentures, plus accrued and unpaid interest, if any.

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 Subordinated Convertible Debentures. The debt discount is being amortized using the Company's effective interest rate of 8.39% over the term of the Subordinated Convertible Debentures as a non-cash charge included in Interest expense. As of December 31, 2013, the remaining term of the Subordinated Convertible Debentures is 23.6 years. Interest is payable semiannually in arrears on August 15 and February 15.

Proceeds upon issuance of the Subordinated Convertible Debentures were as follows (in thousands):

Principal value of Subordinated Convertible Debentures	$ 1,250,000
Less: Issuance costs	(25,777)
Net proceeds, Subordinated Convertible Debentures	$ 1,224,223
Amounts recognized at issuance:	
Subordinated Convertible Debentures, including contingent interest derivative	$ 558,243
Additional paid-in capital	418,996
Long-term deferred tax liabilities	267,225
Other long-term assets	(11,328)
Non-operating loss	(8,913)
Net proceeds, Subordinated Convertible Debentures	$ 1,224,223

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

	As of December 31,	
	2013	2012
	(In thousands)	
Debt discount upon issuance (net of issuance costs of $14,449)	$ 686,221	$ 686,221
Deferred taxes associated with the debt discount upon issuance	(267,225)	(267,225)
Carrying amount of equity component	$ 418,996	$ 418,996
Principal amount of Subordinated Convertible Debentures	$ 1,250,000	$ 1,250,000
Unamortized discount of liability component	(654,948)	(663,589)
Carrying amount of liability component	595,052	586,411
Contingent interest derivative	29,004	11,203
Subordinated Convertible Debentures, including contingent interest derivative	$ 624,056	$ 597,614

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

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Contractual interest on Subordinated Convertible Debentures	$ 40,625	$ 40,625	$ 40,625
Contractual interest on Senior Notes	24,570	—	—
Amortization of debt discount on the Subordinated Convertible Debentures	8,670	7,986	7,355
Contingent interest to holders of Subordinated Convertible Debentures	—	—	100,020
Interest capitalized to Property and equipment, net	(1,218)	(934)	(980)
Credit facility and other interest expense	2,114	2,519	312
Total interest expense	$ 74,761	$ 50,196	$ 147,332

The Indenture governing the Subordinated Convertible Debentures requires the payment of contingent interest to the holders of the Subordinated 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 Subordinated

Convertible Debentures. The Board declared an extraordinary dividend in April 2011, and consequently, the Company paid contingent interest of $100.0 million to holders of the Subordinated Convertible Debentures.

Note 8. Stockholders' Deficit

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 24, 2013, the Board authorized the repurchase of up to $518.7 million of the Company's common stock, in addition to $481.3 million remaining available under the previous 2012 Share Buyback Program for a total repurchase authorization of $1.0 billion of the Company's common stock (collectively "the 2013 Share Buyback Program"). The 2013 Share Buyback Program has no expiration date. Purchases made under the 2013 Share Buyback Program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions.

On January 31, 2014, the Board authorized the repurchase of up to $527.6 million of common stock, in addition to the $472.4 million of our common stock remaining available for repurchase under the 2013 Share Buyback Program, for a total repurchase authorization of up to $1.0 billion of our common stock (collectively "the 2014 Share Buyback Program"). The 2014 Share Buyback Program has no expiration date. Purchases made under the 2014 Share Buyback Program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions.

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 tax authorities to cover the applicable withholding taxes.

The summary of the Company's common stock repurchases for 2013, 2012 and 2011 are as follows:

	2013		2012		2011	
	Shares	Average Price	Shares	Average Price	Shares	Average Price
	(In thousands, except average price amounts)					
Total repurchases under the repurchase plans	21,006	$ 48.65	7,692	$ 40.90	16,318	$ 32.76
Total repurchases for tax witholdings	298	$ 46.16	279	$ 39.63	465	$ 33.37
Total repurchases	21,304	$ 48.61	7,971	$ 40.86	16,783	$ 32.78
Total costs	$1,035,617		$ 325,680		$ 550,097	

Since inception, the Company has repurchased 186.6 million shares of its common stock for an aggregate cost of $6.0 billion, which is recorded as a reduction of Additional paid-in capital.

Special Dividends

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. The special dividend was accounted for as a reduction of Additional paid-in capital. The Company did not pay any dividends during 2012 and 2013.

Accumulated Other Comprehensive Loss

The following table summarizes the changes in the components of Accumulated other comprehensive loss for 2013 and 2012:

	Foreign Currency Translation Adjustments Loss	Unrealized Gain On Investments, net of tax	Total Accumulated Other Comprehensive Loss
		(In thousands)	
Balance, December 31, 2011	$ (3,241)	$ 157	$ (3,084)
Changes	—	2,696	2,696
Balance, December 31, 2012	(3,241)	2,853	(388)
Changes	81	(2,778)	(2,697)
Balance, December 31, 2013	$ (3,160)	$ 75	$ (3,085)

The change in the unrealized gain on investments, net of tax during 2013 was due primarily to the sale of the Company's investment in the equity securities of a public company and the reclassification of the related gain out of Accumulated other comprehensive loss and into net income. This gain is included in Non-operating income, net as discussed in Note 12, "Non-Operating Income, net".

Note 9. Calculation of Net Income per Share

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

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Weighted-average shares of common stock outstanding	144,591	156,953	165,408
Weighted-average potential shares of common stock outstanding:			
Conversion spread related to Subordinated Convertible Debentures	10,361	5,944	416
Unvested RSUs	709	763	736
Stock Options	92	174	309
Employee stock purchase plan	33	75	18
Shares used to compute diluted net income per share	155,786	163,909	166,887

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,		
	2013	2012	2011
		(In thousands, except per share data)	
Weighted-average stock options outstanding	—	30	366
Weighted-average exercise price	$ —	$ 40.81	$ 35.70
Weighted-average RSUs outstanding	76	17	35
Employee stock purchase plan	148	96	434

Performance based RSUs granted by the Company are excluded from the above calculation of diluted weighted average shares outstanding until the relevant performance criteria are achieved. There were less than 0.2 million shares excluded from the calculation for 2013.

Note 10. Geographic and Customer Information

The Company generates revenue in the U.S.; Europe, the Middle East and Africa ("EMEA"); Australia, China, India, and other Asia Pacific countries ("APAC"); and certain other countries, including Canada and Latin American countries.

The following table presents a comparison of the Company's geographic revenues:

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
U.S	$ 585,201	$ 530,111	$ 472,700
EMEA	169,767	135,084	109,680
APAC	129,664	130,648	116,999
Other	80,455	77,749	72,599
Total revenues	$ 965,087	$ 873,592	$ 771,978

Revenues for our Registry Services business are generally attributed to the country of domicile and the respective regions in which the Company's registrars are located, however, this may differ from the regions where the registrars operate or where registrants are located.

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

	As of December 31,	
	2013	2012
	(In thousands)	
U.S	$ 325,636	$ 323,564
EMEA	13,317	9,450
APAC	700	847
Total property and equipment, net	$ 339,653	$ 333,861

Major Customers

One customer accounted for approximately 30% of revenues in each of the last three years. 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 50% of their pre-tax salary, subject to the Internal Revenue Service (“IRS”) annual contribution limits. In 2013, 2012 and 2011, the Company matched 50% of the employee’s contribution up to a total of 6% of the employee’s annual salary. The Company contributed $3.1 million in 2013, $2.8 million in 2012, and $2.9 million in 2011 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, 2013, a total of 14.3 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. 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 advisers. 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. 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. Certain performance-based RSUs, granted to the Company’s executives, vest over two and three year terms. Additionally, the Company has granted fully vested RSUs to members of its Board of Directors in each of the last two years. 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 May 2011 special dividend. The modification of the plan did not result in any additional stock-based compensation.

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, 2013, 2.1 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 Consolidated Statements of Comprehensive Income in the same expense line items as cash compensation. The following table presents the classification of stock-based compensation:

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Stock-based compensation:			
Cost of revenues	$ 6,156	$ 5,754	$ 6,655
Sales and marketing	6,252	6,091	6,062
Research and development	7,199	6,023	4,926
General and administrative	17,042	15,494	19,928
Restructuring charges	—	—	5,701
Total stock-based compensation	$ 36,649	$ 33,362	$ 43,272

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

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
RSUs	$ 29,123	$ 28,874	$ 32,501
Performance-based RSUs	5,033	1,933	804
ESPP	5,307	4,436	3,904
Stock options	179	956	3,528
RSUs/Stock options acceleration	—	—	5,701
Capitalization (Included in Property and equipment, net)	(2,993)	(2,837)	(3,166)
Total stock-based compensation expense	$ 36,649	$ 33,362	$ 43,272

The income tax benefit recognized on stock-based compensation within Income tax expense for 2013, 2012, and 2011 was $11.9 million, $9.4 million, and $13.1 million, respectively.

The following table sets forth the weighted-average assumptions used to estimate the fair value of ESPP awards:

	Year Ended December 31,		
	2013	2012	2011
Volatility	26%	26%	26%
Risk-free interest rate	0.14%	0.16%	0.30%
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. 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 forfeitures and records stock-based compensation only for those awards that are expected to vest.

RSUs Information

The following table summarizes unvested RSUs activity:

	Year Ended December 31,					
	2013		2012		2011	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
	(Shares in thousands)					
Unvested at beginning of period	2,478	$ 32.07	2,345	$ 27.33	2,719	$ 23.50
Granted	1,132	45.08	1,341	38.20	1,860	34.29
Vested and settled	(900)	30.73	(881)	27.57	(1,411)	27.00
Forfeited	(268)	36.09	(327)	32.34	(1,025)	24.94
Dividend equivalents	—	—	—	—	202	—
	2,442	$ 38.00	2,478	$ 32.07	2,345	$ 27.33

The RSUs in the table above include certain RSUs granted to the Company's executives that are subject to performance conditions, and in some cases, market conditions. The unvested RSUs as of December 31, 2013 include approximately 0.2 million RSUs subject to performance and/or market conditions. The number of RSUs that ultimately vest may range from zero to a maximum of 0.4 million RSUs depending on the level of performance achieved and whether any market conditions are satisfied.

All RSU agreements have anti-dilution provisions, in the event a dividend is declared, that require 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 May 2011 special dividend was 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.

The closing price of Verisign's stock was $59.78 on December 31, 2013. As of December 31, 2013, the aggregate intrinsic value of unvested RSUs was $145.9 million. The fair values of RSUs that vested during 2013, 2012, and 2011 were $41.5 million, $31.7 million, and $44.2 million, respectively. As of December 31, 2013, total unrecognized compensation cost related to unvested RSUs was $56.9 million which is expected to be recognized over a weighted-average period of 2.3 years.

Stock Options Information

The Company has not granted any stock options in each of the last three years. The number of remaining options outstanding is not material. As of December 31, 2013, all of the compensation cost related to the Company's stock options has been recognized.

Modifications

In 2011, 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 employees were affected by these modifications and the Company recognized $5.7 million of acceleration cost in Restructuring charges during 2011.

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. Modification expenses for the ESPP were not material in any period presented.

Note 12. Non-operating Income, Net

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

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Realized net gain on investments	$ 18,861	$ 102	$ 4,246
Unrealized (loss) gain on contingent interest derivative on Subordinated Convertible Debentures	(17,801)	422	(1,125)
Interest and dividend income	1,897	2,957	5,017
Income from transition services agreements	—	2,541	8,083
Other, net	343	(458)	(4,691)
Total non-operating income, net	$ 3,300	$ 5,564	$ 11,530

The realized net gain on investments in 2013 included gains of $15.8 million from the sale of certain cost method investments, and $3.0 million from the sale of the Company's investment in the equity securities of a public company. The unrealized losses and gains on the contingent interest derivative on the Subordinated Convertible Debentures reflects the change in value of the derivative that results primarily from the changes in the Company's stock price. Interest and dividend income is earned principally from the Company's surplus cash balances and marketable securities. Income from transition services agreements includes fees generated from services provided to the purchasers of divested businesses for a certain period of time to facilitate the transfer of business operations. All transition services were completed in 2012. Other, net, in 2011, includes a $3.9 million out-of-period adjustment recorded for certain non-income taxes related to investments.

Note 13. Income Taxes

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

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
United States	$ 250,041	$ 245,745	$ 62,287
Foreign	206,730	166,950	131,300
Total income from continuing operations before income taxes	$ 456,771	$ 412,695	$ 193,587

The provision for income taxes consisted of the following:

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Continuing Operations:			
Current (expense) benefit:			
Federal	$ (1,104)	$ (13,553)	$ (30,325)
State	(8,150)	(7,960)	(1,963)
Foreign, including foreign witholding tax	(13,613)	(8,498)	(1,146)
	(22,867)	(30,011)	(33,434)
Deferred (expense) benefit:			
Federal	53,629	(67,700)	(17,047)
State	66,701	(6,760)	(1,501)
Foreign	(9,784)	4,261	(3,049)
	110,546	(70,199)	(21,597)
Total income tax expense from continuing operations	$ 87,679	$ (100,210)	$ (55,031)
Income tax (expense) benefit from discontinued operations	$ —	$ (3,594)	$ 4,422

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,		
	2013	2012	2011
		(In thousands)	
Income tax expense at federal statutory rate	$ (159,870)	$ (144,443)	$ (67,755)
State taxes, net of federal benefit	(13,821)	(10,003)	(2,280)
Differences between statutory rate and foreign effective tax rate	51,016	51,780	43,591
Tax benefit from worthless stock deduction	1,717,466	—	—
Change in valuation allowance	(1,195,303)	5,760	(350)
Deferred taxes on unremitted foreign earnings	(167,115)	—	—
Accrual for uncertain tax positions	(140,596)	(306)	(23,265)
Other	(4,098)	(2,998)	(4,972)
	$ 87,679	$ (100,210)	$ (55,031)

During 2013, the Company liquidated for tax purposes one of its domestic subsidiaries, which will allow the Company to claim a worthless stock deduction on its 2013 federal income tax return. During the fourth quarter of 2013 the Company recorded an income tax benefit of $375.3 million related to the worthless stock deduction, net of valuation allowances and accrual for uncertain tax positions. The financial statement carrying value of this subsidiary was not material. The worthless stock deduction may be subject to audit and adjustment by the IRS, which could result in reversal of all, part or none of the income tax benefit, or could result in a benefit higher than the net amount recorded. If the IRS rejects or reduces the amount of the income tax benefit related to the worthless stock deduction, the Company may have to pay additional cash income taxes, which could adversely affect the Company's results of operations, financial condition and cash flows. The Company cannot guarantee what the ultimate outcome or amount of benefit it receives, if any, will be.

During 2014 the Company intends to repatriate approximately $700.0 million to $800.0 million of cash held by foreign subsidiaries, in a tax efficient manner by using the tax benefits resulting from the worthless stock deduction to offset the taxable income generated in the U.S. as a result of the intended repatriation. The repatriation amount is expected to utilize substantially all of the projected available distributable capital reserves of the Company's foreign subsidiaries under applicable foreign statutes. During the fourth quarter of 2013, the Company recorded income tax expense of $167.1 million related to taxable income generated in the U.S. as a result of the intended repatriation. For funds remaining in the foreign subsidiaries after the repatriation that have not been previously taxed in the U.S., the Company's intention remains to indefinitely reinvest those funds outside of the U.S. and accordingly deferred U.S. taxes have not been provided. As of December 31, 2013, the amount of undistributed earnings of foreign subsidiaries for which deferred income taxes have not been provided was $153.3 million.

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.

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,	
	2013	2012
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 260,253	$ 34,422
Deductible goodwill and intangible assets	48,365	7,761
Tax credit carryforwards	4,432	—
Deferred revenue, accruals and reserves	99,934	87,235
Capital loss carryforwards and book impairment of investments	1,210,529	3,400
Other	5,060	5,234
Total deferred tax assets	1,628,573	138,052
Valuation allowance	(1,203,870)	(20,815)
Net deferred tax assets	424,703	117,237
Deferred tax liabilities:		
Property and equipment	(19,354)	(21,522)
Unremitted foreign earnings	(167,115)	—
Subordinated Convertible debentures	(453,825)	(424,488)
Other	(5,656)	(5,984)
Total deferred tax liabilities	(645,950)	(451,994)
Total net deferred tax liabilities	$ (221,247)	$ (334,757)

With the exception of deferred tax assets related to capital loss carryforwards, book and tax basis differences of certain investments and certain foreign net operating loss carryforwards, management believes it is more likely than not that the tax effects of the deferred tax liabilities together with future taxable income, will be sufficient to fully recover the remaining deferred tax assets.

As of December 31, 2013, the Company had federal, state and foreign net operating loss carryforwards of approximately $986.5 million, $1.6 billion, and $37.8 million, respectively, before applying tax rates for the respective jurisdictions. As of December 31, 2013, the Company had federal and state research tax credits of $41.3 million and $2.0 million, respectively, and alternative minimum tax credits of $12.7 million available for future years. 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 $70.1 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 2014 through 2033. The majority of the foreign net operating loss carryforwards will expire in 2015 through 2017.

The deferred tax liability related to the Subordinated 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 adjusted issue price of the Subordinated Convertible Debentures, while the interest expense recognized in accordance with GAAP is based only on the liability portion of the Subordinated Convertible Debentures. The adjusted issue price of the Subordinated Convertible Debentures grows over the term due to the difference between the interest deduction taken for income tax, using a comparable yield of 8.5%, and the coupon rate of 3.25%, compounded annually.

The Company qualifies for two tax holidays in Switzerland. The tax holidays provide reduced rates of taxation on certain types of income and also require certain thresholds of investment and employment. One of the tax holidays is effective through December 31, 2015, the other is effective through December 31, 2014. Upon expiration the tax holidays may be extended if certain additional requirements are satisfied. These tax holidays increased the Company's earnings per share by $0.18 in 2013, $0.11 in 2012, and $0.06 in 2011.

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,	
	2013	2012
	(In thousands)	
Gross unrecognized tax benefits at January 1	$ 56,593	$ 55,933
Increases in tax positions for prior years	83	420
Increases in tax positions for current year	140,513	240
Gross unrecognized tax benefits at December 31	$ 197,189	$ 56,593

As of December 31, 2013, approximately $187.2 million of unrecognized tax benefits, including penalties and interest, could affect the Company's tax provision and effective tax rate. The gross unrecognized tax benefit amount 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. These accruals were not material in any period presented.

The Company's major taxing jurisdictions are the U.S., the state of Virginia, and Switzerland. The Company's federal income tax returns are currently under examination by the Internal Revenue Service for the years ended December 31, 2010, 2011 and 2012. The Company's other tax returns are not currently under examination by their respective 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. 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 2012 tax year and forward.

Note 14. Commitments and Contingencies

Purchase Obligations and Contractual Agreements

The following table represents the minimum payments required by Verisign under certain purchase obligations, leases, the *.tv* Agreement with the Government of Tuvalu, and the interest payments and principal on the Subordinated Convertible Debentures and the Senior Notes:

	Purchase Obligations	Leases	.tv Agreement	Senior Notes	Subordinated Convertible Debentures	Total
			(In thousands)			
2014	$ 33,256	$ 1,766	$ 4,500	$ 34,688	$ 40,625	$ 114,835
2015	6,705	1,525	5,000	34,688	40,625	88,543
2016	3,612	1,369	5,000	34,688	40,625	85,294
2017	393	249	5,000	34,688	40,625	80,955
2018	—	—	5,000	34,688	40,625	80,313
Thereafter	—	—	15,000	923,435	2,006,641	2,945,076
Total	$ 43,966	$ 4,909	$ 39,500	$ 1,096,875	$ 2,209,766	$ 3,395,016

The amounts in the table above exclude $187.2 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 2017.

Verisign leases a portion of its facilities under operating leases that extend through 2017. Rental expenses under operating leases were $1.9 million in 2013, $3.0 million in 2012, and $10.6 million in 2011.

On November 29, 2012, the Company renewed its agreement with Internet Corporation for Assigned Name and Numbers ("ICANN") to be the sole registry operator for domain names in the *.com* TLD through November 30, 2018. Under this agreement, the Company pays ICANN on a quarterly basis, $0.25 for each annual increment of a domain name registered or renewed during such quarter. As of December 31, 2013, there were 112.0 million domain names in the *.com* TLD. However, the number of domain names registered and renewed each quarter may vary significantly. The Company incurred registry fees for the *.com* TLD of $27.9 million in 2013, $18.7 million in 2012, and $18.0 million in 2011. Registry fees for other generic TLDs 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. Registry fees were $4.5 million in 2013, $4.0 million in 2012, and $2.5 million in 2011.

In April 2013, the Company issued $750 million principal amount of Senior Notes. The Company will pay cash interest at an annual rate of 4.625% payable semi-annually on May 1 and November 1 of each year until maturity on May 1, 2023.

In August 2007, the Company issued $1.25 billion principal amount of Subordinated Convertible Debentures. The Company will pay cash interest at an annual rate of 3.25% payable semi-annually on February 15 and August 15 of each year, until maturity on August 15, 2037.

Legal Proceedings

On March 5, 2012, a complaint entitled *Warhanek v. Bidzos, et al.,* No. 12-263-RGA, 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 "Prior Proxy Statements"), respectively. The complaint alleges that the Prior 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 Prior 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 Prior 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 Prior 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 Prior Proxy Statements, and an order requiring equitable accounting, with disgorgement, in favor of the Company for the purported losses it has and will sustain. On May 25, 2012, the defendants filed motions to dismiss this action in its entirety. Oral arguments on the motions to dismiss took place on November 16, 2012. On September 18, 2013, the Magistrate Judge issued a Report and Recommendation recommending that the motions to dismiss be granted and that the plaintiff be permitted leave to amend the complaint. Thereafter, on October 17, 2013, the plaintiff filed a Notice of Voluntary Dismissal. On October 22, 2013, the Court issued an order holding the dismissal in abeyance and stating that the dismissal would be granted (without prejudice) twenty-one days after notice is made public if no shareholder intervenes. On January 15, 2014, the court entered an order dismissing the case.

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 is capped at $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, results of operations, or cash flows.

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, results of operations, or cash flows. The Company cannot assure you that it will prevail in any litigation. Regardless of the outcome, any litigation may require the Company to incur significant litigation expense and may result in significant diversion of management attention.

Off-Balance Sheet Arrangements

As of December 31, 2013 and 2012, 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
12.01	Computation in support of ratios of earnings to fixed charges with respect to the years ended December 31, 2009 through 2013.
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 SEC and are not incorporated by reference in any filing of VeriSign, Inc. under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in such filings.

VeriSign, Inc.
12061 Bluemont Way
Reston, Virginia 20190

April 9, 2014

To Our Stockholders:

You are cordially invited to attend the 2014 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 22, 2014, 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 2014 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, 2013 (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 2014 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™

VERISIGN, INC.
12061 Bluemont Way
Reston, Virginia 20190

Notice of the 2014 Annual Meeting of Stockholders

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2014 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 22, 2014, at 10:00 a.m., Eastern Time. The 2014 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 an amendment to the Company's Fourth Amended and Restated Certificate of Incorporation and Sixth Amended and Restated Bylaws to permit stockholders to call special meetings.

3. To approve, on a non-binding, advisory basis, VeriSign, Inc.'s executive compensation.

4. To ratify the selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2014.

5. To transact such other business as may properly come before the 2014 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 28, 2014, are entitled to notice of and to vote at the 2014 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 9, 2014

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 2014 ANNUAL MEETING OF STOCKHOLDERS

April 9, 2014

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 2014 Annual Meeting of Stockholders (the "Meeting") to be held at our corporate offices located at 12061 Bluemont Way, Reston, Virginia 20190 on Thursday, May 22, 2014 at 10:00 a.m., Eastern Time. Only holders of record of our common stock at the close of business on March 28, 2014, which is the record date, will be entitled to vote at the Meeting. At the close of business on the record date, we had 132,063,920 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 9, 2014. Our annual report to security holders, which includes our Annual Report on Form 10-K for the year ended December 31, 2013 (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 *www.edocumentview.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 approval of an amendment to the Company's Fourth Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and Sixth Amended and Restated Bylaws (the "Bylaws") to permit stockholders to call special meetings. (3) **FOR** the non-binding, advisory resolution to approve Verisign's executive compensation; (4) **FOR** the ratification of the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014 ("fiscal 2014"); and (5) 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 Sixth Amended and Restated Bylaws provide for a majority of votes cast standard in uncontested director elections. A majority of the votes cast means, with respect to a nominee for director, that the number of shares voted "for" the election of that nominee must exceed the number of votes cast as "withheld" for that nominee. 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 uncontested elections where a nominee who already serves as a director is not re-elected, such director shall tender his or her resignation, subject to acceptance by the Board. The Corporate Governance and Nominating Committee shall make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board shall act on the Corporate Governance and Nominating Committee's recommendation and publicly disclose its decision and the rationale therefor 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 Corporate Governance and Nominating Committee's or 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 shares of common stock outstanding and entitled to vote 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, the approval of an amendment to the Company's Certificate of Incorporation and Bylaws to permit stockholders to call special meetings 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 in which directors are elected by a majority of votes cast will be elected as a director if the votes cast "for" the election of the nominee exceed the number of 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.

The approval of an amendment to the Company's Certificate of Incorporation and Bylaws to permit stockholders to call special meetings requires the affirmative vote of the majority of the shares of common stock entitled to vote on the proposal. Under this voting standard, abstentions, broker non-votes and shares not present or represented by proxy at the Meeting will have the effect of votes cast against the proposal.

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 2014; 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, the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn 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 Georgeson Inc. for various services related to the solicitation of proxies, which we anticipate will cost between $9,000 and $16,000, 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 1-800-652-VOTE (8683) or on the Internet at *www.envisionreports.com/vrsn* twenty-four hours a day, seven days a week. Telephone and Internet voting are available through 12:00 a.m. Eastern Time the day of 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

A number of brokerage firms have instituted a procedure called "householding," which has been approved by the Securities and Exchange Commission (the "SEC"). Under this procedure, the firm delivers 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 it has received contrary instructions from an affected stockholder. 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 2015 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 2015:		
D. James Bidzos	59	Chairman of the Board, Executive Chairman, President and Chief Executive Officer
William L. Chenevich(1)(2)	70	Lead Independent Director
Kathleen A. Cote(1)(2)	65	Director
Roger H. Moore(1)(2)	72	Director
John D. Roach(1)(3)	70	Director
Louis A. Simpson(2)(3)	77	Director
Timothy Tomlinson(2)(3)	64	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 and Consolidated Communications Holdings, Inc. 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's financial and accounting skills qualify him as an audit committee financial expert. 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 Ply Gem Holdings, Inc., 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 public corporation 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 was a corporate lawyer employed as General Counsel of Portola Minerals Company, a producer and seller of limestone products, from May 2011 through December 2013. 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 Tomlinson Zisko LLP 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, a Ph.D. 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 2013. 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. Mr. Bidzos' compensation is described in "Executive Compensation" elsewhere in this Proxy Statement.

Non-Employee Director Retainer Fees and Equity Compensation Information

On July 23, 2013, 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 to maintain the amount of the annual cash retainer fees at current levels and maintain the value of the annual equity award grant to each director at $240,000 (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. Directors are subject to the Company's Stock Retention Policy as described in "Executive Compensation—Compensation Discussion and Analysis."

Directors also receive annual cash retainer fees, which in fiscal 2013 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 2013, 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 2013

The following table sets forth a summary of compensation information for our non-employee directors for fiscal 2013. As an executive officer of the Company during fiscal 2013, Mr. Bidzos received no additional compensation for services provided as a director. Information regarding Mr. Bidzos' compensation may be found under "Executive Compensation."

DIRECTOR COMPENSATION FOR FISCAL 2013

Non-Employee Director Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Total ($)
William L. Chenevich	115,000	239,962	354,962
Kathleen A. Cote(3)	80,000	239,962	319,962
Roger H. Moore	75,000	239,962	314,962
John D. Roach(4)	85,000	239,962	324,962
Louis A. Simpson	80,000	239,962	319,962
Timothy Tomlinson(5)	70,000	239,962	309,962

(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 2013. The grant date fair value of each Stock Award granted to each non-employee director on July 23, 2013 was $ 239,962 (5,296 RSUs at $45.31 per share closing price on the grant date).
(3) As of December 31, 2013, Ms. Cote held outstanding options to purchase 12,430 shares of the Company's common stock.
(4) As of December 31, 2013, Mr. Roach held outstanding options to purchase 19,432 shares of the Company's common stock.
(5) As of December 31, 2013, Mr. Tomlinson held outstanding options to purchase 8,884 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 in 2013 vested immediately upon 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 20, 2014 that the majority of our Board is comprised of independent directors. Our independent directors are: Mr. Chenevich, Ms. Cote, Mr. Moore, 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.

Board Leadership Structure

The Board regularly considers the appropriate leadership structure for the Company and has concluded that the Company and its stockholders 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 William L. Chenevich as Lead Independent Director. The Lead Independent Director presides at all meetings of the Board at which the Chairman of the Board is not present. Six 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 of Verisign on an interim basis 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. 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. All of our Board members have experience with enterprise risk management.

Board and Committee Meetings

The Board met six times and its committees collectively met fourteen times during 2013. During fiscal 2013, 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. One member of the Board attended our 2013 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, Moore, 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 2013.

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 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 registered public accounting firm, and the performance of the Company's internal audit department and the independent registered public accounting firm. The independent registered public accounting firm 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 registered public accounting firm. 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), Moore 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 2013.

Audit Committee Financial Expert

Our Board has determined that William L. Chenevich, Kathleen A. Cote, Roger H. Moore 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, Moore 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 four 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), Moore and Roach, and Ms. Cote. The Audit Committee met five times during fiscal 2013.

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 independent 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 2013, 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, 2013 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 Public Company Accounting Oversight Board Auditing Standard No. 16, *Communications with Audit Committees*. 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, 2013, for filing with the SEC.

This report is submitted by the Audit Committee

William L. Chenevich (Chairperson)	Kathleen A. Cote
Roger H. Moore	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 for compensation committee members, 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 five times during fiscal 2013. 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.

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 "Investors," 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.

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 28, 2014, 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 133,537,204 shares of common stock outstanding at February 28, 2014. Shares of common stock that are (i) covered by RSUs vesting or (ii) subject to options currently exercisable or becoming exercisable, each within 60 days of February 28, 2014, 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)	Shares Beneficially Owned Percent(1)
Greater Than 5% Stockholders		
Capital World Investors(2) 333 South Hope Street Los Angeles, CA 90071	13,052,044	9.77%
Warren Buffett(3) Berkshire Hathaway, Inc. 3555 Farnam Street Omaha, NE 68131	10,961,520	8.21%
T. Rowe Price Associates, Inc.(4) 100 E. Pratt Street Baltimore, MD 21202	10,177,542	7.62%
BlackRock, Inc. (5) 40 East 52nd Street New York, NY 10022	9,947,814	7.45%
Macquarie Group Limited(6) No. 1 Martin Place Sydney, New South Wales Australia	9,748,460	7.30%
Capital Group International, Inc.(7) 11100 Santa Monica Boulevard Los Angeles, CA 90025	9,536,689	7.14%
The Vanguard Group(8) 100 Vanguard Boulevard Malvern, PA 19355	9,080,182	6.80%
Directors and Named Executive Officers		
D. James Bidzos	395,505	*
William L. Chenevich	21,507	*
Kathleen A. Cote(9)	34,351	*
Roger H. Moore	21,464	*
John D. Roach(10)	21,111	*
Louis A. Simpson	199,134	*
Timothy Tomlinson(11)	18,184	*
George E. Kilguss	16,687	*
Richard H. Goshorn(12)	58,990	*
Patrick S. Kane(13)	85,134	*
All current directors and executive officers as a group (10 persons)(14)	872,067	*

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

(1) The percentages are calculated using 133,537,204 outstanding shares of the Company's common stock on February 28, 2014 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 28, 2014, as applicable.

(2) Based on Schedule 13G filed on February 13, 2014 with the SEC by Capital World Investors, with respect to beneficial ownership of 13,052,044 shares. Capital World Investors has sole voting power over 13,052,044 of these shares and sole dispositive power over 13,052,044 of these shares.

(3) Based on Schedule 13G filed on February 14, 2014 with the SEC by Berkshire Hathaway, Inc., with respect to beneficial ownership of 10,961,520 shares. Berkshire Hathaway, Inc., is a diversified holding company which Mr. Buffett may be deemed to control. Mr. Buffett and Berkshire Hathaway share voting and dispositive power over 10,961,520 of these shares, which include shares beneficially owned by certain subsidiaries of Berkshire Hathaway.

(4) Based on Schedule 13G filed on February 13, 2014 with the SEC by T. Rowe Price Associates, Inc. with respect to beneficial ownership of 10,177,542 shares. T. Rowe Price Associates, Inc. has sole voting power over 2,454,712 of these shares and sole dispositive power over 10,177,542 of these shares.

(5) Based on Schedule 13G filed on February 10, 2014 with the SEC by BlackRock, Inc. with respect to beneficial ownership of 9,947,814 shares. BlackRock has sole voting power over 7,930,792 of these shares and sole dispositive power over 9,947,814 of these shares.

(6) Based on Schedule 13G filed jointly on February 14, 2014 with the SEC, with respect to beneficial ownership of 9,748,460 shares by Macquarie Group Limited, Macquarie Bank Limited, Macquarie Investment Management Limited, Delaware Management Holdings Inc. and Delaware Management Business Trust. Macquarie Group Limited and Macquarie Bank Limited have no voting or dispositive power over these shares; Macquarie Investment Management Limited has sole voting and dispositive power over 48,674 of these shares; and Delaware Management Holdings Inc. and Delaware Management Business Trust have sole voting and dispositive power over 9,699,786 of these shares.

(7) Based on Schedule 13G filed on February 13, 2014 with the SEC by Capital Group International, Inc. with respect to beneficial ownership of 9,536,689 shares. Capital Group International, Inc. has sole voting power over 8,144,226 of these shares and sole dispositive power over 9,536,689 of these shares.

(8) Based on Schedule 13G filed on February 12, 2014 with the SEC by The Vanguard Group with respect to beneficial ownership of 9,080,182 shares. The Vanguard Group has sole voting power over 216,753 of these shares and sole dispositive power over 8,877,850 of these shares.

(9) Includes 12,430 shares subject to options held directly by Ms. Cote.

(10) Includes 8,432 shares subject to options held directly by Mr. Roach.

(11) Includes 9,300 shares held indirectly by the Tomlinson Family Trust, under which Mr. Tomlinson and his spouse are co-trustees. Includes 8,884 shares subject to options held directly by Mr. Tomlinson.

(12) Includes 6,187 shares subject to options held directly by Mr. Goshorn.

(13) Includes 40,360 shares subject to options held directly by Mr. Kane.

(14) Includes the shares described in footnotes (9)-(13).

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 2013. However, one transaction was not reported on a timely basis with respect to fiscal 2010 for Richard H. Goshorn. On February 21, 2014, a Form 4 was amended and filed to reflect the forfeiture of 11,188 shares on August 7, 2010 (based on non-achievement of performance criterion under a previously granted performance-based RSU) and to correct the inadvertent inclusion of these shares in the total of securities beneficially owned by Mr. Goshorn in the Form 4 filed on August 8, 2011 and all subsequently filed Forms 4.

PROPOSAL NO. 2
TO APPROVE AN AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION AND BYLAWS TO PERMIT STOCKHOLDERS TO CALL SPECIAL MEETINGS

The Board is proposing, subject to approval by our stockholders, an amendment to the Certificate of Incorporation and the Bylaws to expand the right to call a special meeting of stockholders. Under the proposal, such a meeting could be called by a stockholder or group of stockholders owning at least thirty-five percent (35%) in the aggregate of the capital stock issued, outstanding and entitled to vote, and who held that amount in a net long position continuously for at least one year. Under our current Bylaws, only a majority of our Board of Directors, the Chairman of the Board, or the President may call a special meeting of stockholders. The proposed amendments to the Certificate of Incorporation and Bylaws are set forth in Appendix A and Appendix B, respectively, hereto.

The Board believes stockholders should have the right to call a special meeting in circumstances that balance competing stockholder interests. One such interest is the ability to be heard on extraordinary events that are of interest to a broad stockholder base and that need immediate attention prior to the next annual meeting. A competing interest is to assure that meetings are proposed by stockholders who have a true economic interest in a significant percentage of our shares and therefore are motivated to use the Company's resources prudently. Organizing and preparing for a meeting, especially one that involves issues of urgency that would necessitate a special meeting, requires significant attention of our directors and management, which could divert their attention from performing their primary functions of overseeing and operating our business in the best interests of our stockholders. In addition, for every special meeting, the Company incurs significant expenses, including legal, printing and mailing expenses, as well as other costs normally associated with holding a stockholder meeting.

The Board believes establishing an ownership threshold of at least thirty-five percent (35%) in order for a stockholder (or group of stockholders) to call a special meeting strikes an appropriate balance between enhancing stockholder rights and avoiding situations that could arise if the threshold were set so low that a small minority of stockholders could force the Company to incur the time and expense of convening a special meeting to consider a matter of little or no interest to other stockholders. The Board believes the one-year holding and net long position requirements will encourage stockholders with a true economic and non-transitory interest in the Company to utilize the special meeting mechanism while discouraging stockholders whose interests are transitory or are otherwise not aligned with other stockholders' interests in the long-term economic prospects of the Company. A stockholder's "net long position" is generally defined as the amount of common stock in which the stockholder holds a positive (also known as "long") economic interest, reduced by the amount of common stock in which the stockholder holds a negative (also known as "short") economic interest.

The proposed amendment to the Bylaws contains procedural and informational requirements for stockholders to call a special meeting that will further protect the majority of stockholders from incurring time and expense to consider issues of little or no interest, including, without limitation, that the Secretary shall not call a special meeting in response to a special meeting request if (i) an identical or substantially similar item (as determined by the Board, a "Similar Item") is included or will be included in the Company's notice of meeting as an item of business to be brought before a meeting of stockholders that will be held not later than ninety (90) days after the delivery date of the special meeting request (the "Delivery Date"); (ii) the Delivery Date is during the period commencing ninety (90) days prior to the date of the next annual meeting of stockholders and ending on the date of the next annual meeting of stockholders; (iii) a Similar Item was presented at any meeting of stockholders held within one hundred and eighty (180) days prior to the Delivery Date; (iv) the special meeting request relates to an item of business that is not a proper subject for stockholder action under applicable law; or (v) such special meeting request was made in a manner that involved a violation of Regulation 14A under the Exchange Act or other applicable law. The election of directors shall be deemed to be a Similar Item with respect to all items of business involving the election or removal of directors. In addition, representatives of stockholders proposing a special meeting will be required to establish their eligibility by submitting specified information to the Secretary of the Company.

The Board is committed to good governance practices and believes the proposed amendment to our Certificate of Incorporation and Bylaws is in the best interests of the Company and our stockholders.

If this proposal is approved, the Certificate of Incorporation and Bylaws will be amended and restated to incorporate the proposed amendment.

The Board Recommends a Vote FOR the Approval of the Amendment to the Company's Certificate of Incorporation and Bylaws Permitting Stockholders to Call Special Meetings.

PROPOSAL NO. 3
TO APPROVE, ON A NON-BINDING 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 2013 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 2015 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 2013 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");
- George E. Kilguss, III, Senior Vice President and Chief Financial Officer ("CFO");
- Richard H. Goshorn, Senior Vice President, General Counsel and Secretary; and
- Patrick S. Kane, Senior Vice President, Naming Services.

In the sections below, we will describe the material elements of our executive compensation program for 2013, including how we set compensation and tied pay to performance, and our executive compensation governance practices. Our executive compensation program encompassed our NEOs and other senior vice presidents. We refer to our NEOs and other senior vice presidents, who are not NEOs, collectively as our "senior officers."

Executive Summary

In fiscal 2013, we continued to meet our long term objective of profitable growth while maintaining and protecting the critical internet infrastructure we operate. From a financial perspective, we generated 10% revenue growth and a record $528 million of operating income. During the year we filed numerous patent applications to help us not only protect our existing operations but also to support innovation and strategic opportunities. We also continued our focus on our customers by delivering another year of *.com* and *.net* continuous resolution system availability, and on our shareholders by returning excess capital through share repurchases.

2013 Company Performance Highlights: The table below illustrates the results of our core operations in 2013:

Key Financial Measure	Result	2013 vs. 2012 Performance
Revenues	$ 965.1 million	10% increase
Operating Income	$ 528.2 million	16% increase
Net Cash provided by Operating Activities	$ 579.4 million	8% increase

2013 Executive Compensation Program Highlights: In 2013, we continued to focus on aligning pay and performance. The following table provides highlights of our 2013 compensation program and changes we made in 2013:

Item	Action or Change	Rationale
Annual base salary increases	We provided a base salary increase to only one of our NEOs. Our CFO's salary was adjusted from $375,000 to $410,000	To more closely position the base salary with that of our peer group
Annual incentive bonus	Funded bonus pool at 127.7% of target.	Achievement of key financial metrics well above target. The pre-established formula for determining the size of the bonus pool yielded a pool equal to 127.7% of target.
Long-term incentive compensation	Granted equity awards comprised of 50% time-vesting Restricted Stock Units ("RSUs") and 50% performance-based RSUs, as well as a special one- time performance-based RSU grant.	To provide immediate retentive value, tie long-term incentive compensation to Company performance, and create strong alignment with driving stockholder value.
Stock retention policy	Maintained ownership guidelines of: • 6x base salary for CEO; • 3x annual retainer for Directors; and, • 2x base salary for SVP level and above. These guidelines remain in place until six months after separation of service from the company.	To ensure alignment of our CEO's and Senior Vice Presidents' interests with interests of stockholders.
Peer group	Conducted annual review of companies to be included in our peer group. Methodology remained consistent with previous year in which we included companies in the Software & Services Industry Group of the Global Industry Classification that are within 1/3 to 3x our annual revenue and market capitalization.	To ensure our peer group reflects competitive market for talent and companies similar to us in industry, size and complexity.

Results of Shareholder Advisory Votes on Executive Compensation: When the Compensation Committee set compensation amounts for 2014, it took into account the results of the stockholder advisory vote on executive compensation that took place in May 2013. 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 2013 Proxy Statement (130,042,245 votes were in favor, 510,482 abstained and 526,962 voted against, with 9,422,290 broker non-votes). 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.

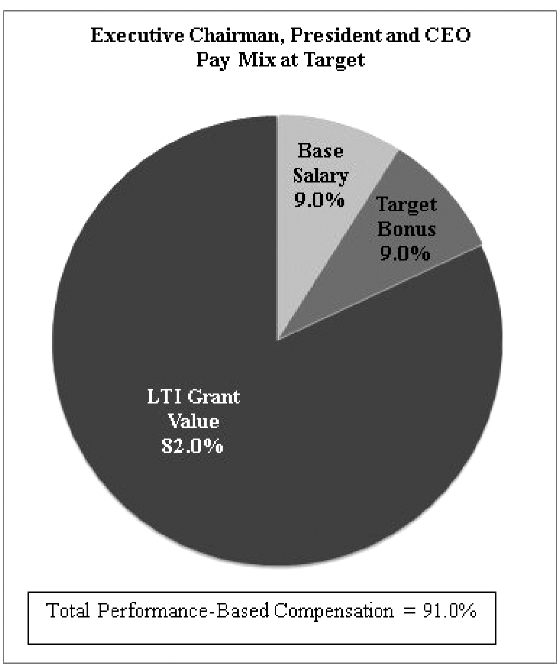
Compensation Philosophy and Objectives

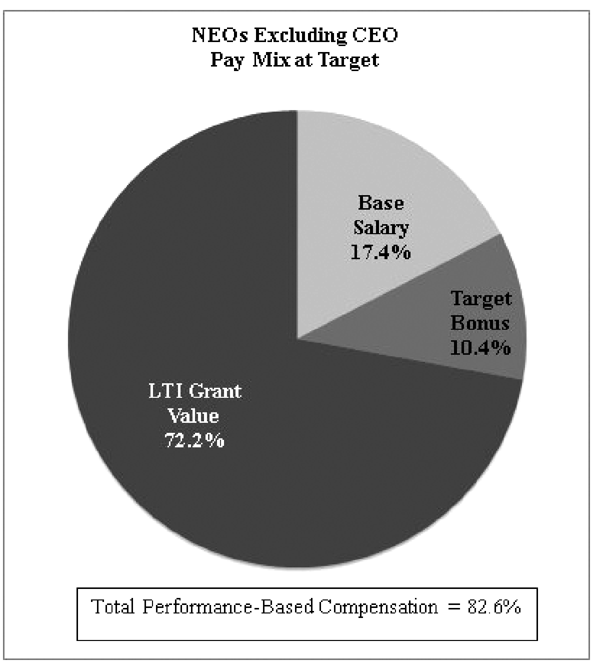
Verisign's reputation as an industry leader in the secure and reliable operation of critical internet infrastructure is built on the executive talent we are able to attract and retain. Our executive compensation program is designed to ensure we have the talent we need to maintain our current high performance 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, which in turn will create 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). • Provide a significant amount of executive compensation in the form of time-vesting RSUs that have retentive value as they vest over a multi-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 and includes performance-vesting RSUs. Performance objectives are tied to stockholder value creation and other financial and strategic goals. • Under the annual incentive program, awards based on Company performance may be modified up or down based on individual performance to closely align executives' personal accomplishments with their compensation.
Align the interests of our executives with our stockholders	• Provide annual equity grants that vest over a multi-year period and are comprised of 50% time-vesting RSUs and 50% performance-based RSUs. • Require executives to meet stock ownership guidelines and retain their required ownership 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 two performance-based compensation elements—annual incentive bonus and long-term incentive (LTI) compensation, which has been valued as of the date of grant.





Our Process for Setting Compensation

Role of the Compensation Committee: The Compensation Committee of our Board of Directors (the "Compensation Committee" or "Committee") oversees our compensation and benefit programs and sets the policies that govern compensation of our senior officers, including NEOs, and other employees. As part of its role in approving senior officers' compensation, the Compensation Committee annually:

- Reviews and makes changes as appropriate to the peer group used to benchmark competitive compensation levels for our senior officers;
- Reviews and approves design elements of senior 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 the CEO's base salary, and annual incentive and equity awards based on this assessment; and
- Reviews the CEO's assessment of individual performance of each senior 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 senior officer, other than the CEO (whose performance is reviewed by the Board), and makes recommendations to the Committee for base salary adjustments, incentive bonus payouts and equity awards based on this assessment.

Role of External Compensation Consultant: The Compensation Committee has engaged FW Cook as its independent consultant to assist it in evaluating and analyzing the Company's executive compensation program and principles. FW Cook also reviews compensation design recommendations by the Company's management and provides recommendations to the Compensation Committee for any changes to the CEO's compensation. FW Cook provides the following services to the Compensation Committee:

- Analyzes the senior officers' annual compensation based on comparisons to the Company's peer group, including comparing 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;
- Reviews the draft CD&A; and
- Reviews non-employee director compensation.

At its meeting in December 2013, the Committee reviewed FW Cook's performance and assessed FW Cook's independence against the six independence factors set forth in the NASDAQ rules. FW Cook provided the Committee with a written statement addressing the six independence factors and presented information which addressed all factors. Upon review of FW Cook's responses, the Committee determined to engage FW Cook for fiscal year 2014. 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 a peer group of 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 review broader publicly-available survey data for high technology companies that are comparable to us in annual revenues.

The Compensation Committee carefully considers our peer group and survey data, when determining total compensation for its NEOs. The Compensation Committee also considers a senior officer's individual performance, future potential, and scope of responsibilities and experience when approving compensation.

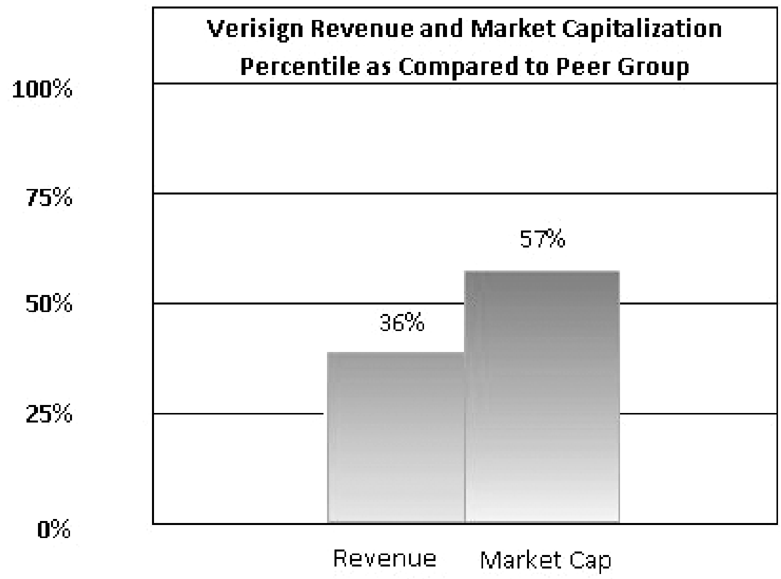
Each year, the Compensation Committee reviews the peer group with the assistance of its independent consultant and makes changes as appropriate in order to ensure it continues to appropriately reflect the competitive market for executive talent.

For 2013, our peer group was made up of the following 14 companies:

Akamai Technologies	Equinix	Rackspace Hosting
ANSYS	FactSet Research Systems	Red Hat
Autodesk	Informatica	Rovi
BMC Software	MICROS Systems	TIBCO Software
Citrix Systems	Nuance Communications	

Following its annual review of the peer group, which took place during its regularly scheduled meeting in October 2013, the Compensation Committee determined to make no changes to the group for 2014 with the exception of removing BMC Software which was taken private in 2013. The peer group includes companies in the Global Industry Classification (GIC) Industry Group of Software and Services only, and within that GIC generally includes those with revenue and market capitalization 1/3x to 3x that of Verisign.

The chart below illustrates Verisign's revenue and market capitalization percentile rank as compared to its 2013 peer group as of September 30, 2013 with revenue reflecting the most recently reported four quarters prior to October 2013.



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 our objectives for 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	We review peer group and relevant survey data and pay particular attention to the 50th percentile in both data sets. We adjust for individual factors.
Annual Incentive Bonus	Provide a target reward for achieving financial and strategic operational goals, and a greater than target award for exceeding goals.	• Company performance measures • Individual performance	We review peer group and relevant survey data and pay particular attention to the 50th percentile in both data sets. We adjust for individual factors.
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	We review peer group and relevant survey data and pay particular attention to the 50th percentile in both data sets. We adjust for individual factors.

Base Salary: For 2013, the Compensation Committee reviewed competitive benchmark data provided by FW Cook and recommendations from our CEO regarding each senior officer's individual performance. Based on that review, the Compensation Committee adjusted NEOs' salaries as summarized in the chart below.

Name	Position	2012 Base Salary	2013 Base Salary	Rationale for Adjustment
D. James Bidzos	Executive Chairman, President and CEO	$750,000	$750,000	Mr. Bidzos' salary was increased to $750,000 when he assumed the CEO role in August 2011. He did not receive a salary increase in 2013.
George E. Kilguss, III	Senior Vice President and CFO	$375,000	$410,000	Mr. Kilguss' salary was increased by the Committee in accordance with the factors described in this section to align more closely with the 50th percentile of the peer group.
Richard H. Goshorn	Senior Vice President, General Counsel and Secretary	$408,000	$408,000	Mr. Goshorn's base salary was not increased in 2013 based on a review of peer group market data.
Patrick S. Kane	Senior Vice President, Naming Services	$325,500	$325,500	Mr. Kane's base salary was not increased in 2013 based on a review of peer group market data.

Annual Incentive Bonus: We provide annual cash bonuses to our employees, including our NEOs, 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 NEOs is determined based on a comparison to our peer group and information obtained from relevant survey data. Each of the target bonuses for our NEOs was at the or slightly below the 50th percentile of our peer group. For 2013, the Compensation Committee approved the following bonus targets as a percent of base salary for our NEOs:

NEOs	2013 Bonus Target as a % of Base Salary
CEO	100%
Senior Vice Presidents (3)	60%

At its February 19, 2014 meeting, the Compensation Committee approved increasing the CFO's bonus target to 70% to better align with the peer group 50th percentile with respect to fiscal 2014.

The Compensation Committee approves actual annual incentive award payments for our senior officers, including NEOs, taking into account the Company's performance and individual performance. The Company's performance determines the initial level of funding for the annual incentive bonus pool. 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 maximum individual bonus payments described below for NEOs under *Tax Treatment of Executive Compensation*.

The Company performance goals for the fiscal 2013 VPP were approved by the Compensation Committee in February 2013 and were based on two financial measures: Revenue and Non-GAAP Operating Margin, both weighted equally at 50%.

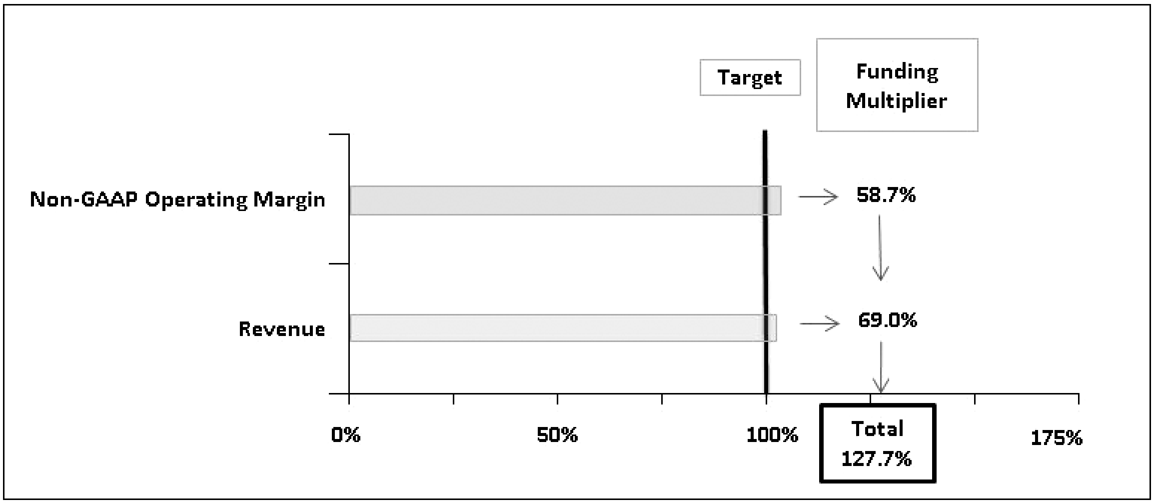
For purposes of determining the bonus pool, we calculate the Non-GAAP Operating Margin by taking the Consolidated Non-GAAP Operating Income as a percentage of revenue. We determine the Consolidated Non-GAAP Operating Income by excluding from the Company's consolidated operating income the following items that are included under GAAP: discontinued operations, stock-based compensation, amortization of other intangible assets, impairments of goodwill and other intangible assets, and restructuring costs. We used this non-GAAP performance measure because we believe it presented a clearer picture of the performance of the Company's core operations than GAAP performance measures.

A description of the performance measures and funding established for each of the goals pertaining to the 2013 VPP are set forth below:

- **Revenue**: Weighted at 50% of the total bonus pool, this component would be funded when the actual results met a threshold level of achievement greater than 97% of the established target of $953M. Based on a weighting of 50%, revenue achievement between 97% and 100% would result in a funding level of 0% to 50% of the targeted total pool; revenue achievement between 100% and 103.3% would result in funding from 50% to 100%.

- **Non-GAAP Operating Margin**: Weighted at 50% of the total bonus pool, this component would be funded when the actual results met a threshold level of achievement greater than 94% of the established target of 57.5%. Based on a weighting of 50% Non-GAAP Operating Margin achievement between 94% and 100% would result in a funding level of 0% to 50% of the targeted total pool; Non-GAAP Operating Margin achievement between 100% and 110% would result in funding from 50% to 100%.

For 2013, the Compensation Committee determined that Verisign achieved 101.3%, or $965.1M of the revenue goal. Based on a weighting of 50%, this resulted in a funding multiplier of 69.0% of the total bonus pool for this goal. The Committee also determined that Verisign achieved 58.5% which was 101.5% of the Non-GAAP Operating Margin goal. Based on a weighting of 50%, this resulted in a funding multiplier of 58.7% for this goal. The chart below illustrates how each goal component and its respective performance achievement resulted in a final funding multiplier of 127.7% (the "Funding Multiplier") for the VPP bonus plan.



In order to establish actual award amounts under the VPP bonus plan, the Compensation Committee also reviewed the CEO's assessment of individual performance of the NEOs and considered the Board's assessment of the CEO's individual performance. The chart below indicates the Compensation Committee's approved annual incentive bonus award for each NEO under the 2013 VPP bonus plan.

				2013 Actual Bonus Payment				
Name	**Position**	**2013 Base Salary**	**Bonus Target as a % of Base Salary**	**Actual Payout as a % of Base Salary**	**Funding Multiplier as a % of Target**	**Actual Payout as a % of Target**	**Actual Payout Amount**	**Notes**
D. James Bidzos	Executive Chairman, President and CEO	$750,000	100%	127.7%	127.7%	127.7%	$957,750	Mr. Bidzos' bonus payment was made at the funding multiplier level of 127.7% of his target bonus.
George E. Kilguss, III	Senior Vice President and CFO	$410,000	60%	91.5%	127.7%	152.4%	$375,000	Mr. Kilguss' bonus payout was made at 152.4%. The adjustment over the funding multiplier was made due to exceptional performance.
Richard H. Goshorn	Senior Vice President, General Counsel and Secretary	$408,000	60%	76.6%	127.7%	127.7%	$312,610	Mr. Goshorn's bonus payout was made at the VPP funding multiplier level of 127.7%.
Patrick S. Kane	Senior Vice President, Naming Services	$325,500	60%	70.7%	127.7%	117.8%	$230,000	Mr. Kane's bonus payout was made at 117.8%.

Long-Term Incentive Compensation: Equity-based grants are a key element of our total compensation program. Consistent with our compensation philosophy, we believe it is important that these awards have a performance component and that they are aligned with total shareholder return. The target 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 of the executive.

In 2013, the Compensation Committee granted long-term equity compensation to our senior officers consisting of 50% performance-based RSUs and 50% time-vesting RSUs. The time-vesting RSUs provide strong retentive value for our executive talent as they vest over four years. They 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 are linked to long-term Company financial performance as well as increases in stockholder value. The performance-based RSUs multi-year vesting period also provides a retention incentive.

The 2013 performance-based RSUs are based on two financial measures – average annualized growth in fully diluted GAAP Earnings Per Share from Continuing Operations ("GAAP EPS") and Total Shareholder Return compared to the S&P 500 index. The number of RSUs earned may range from 0 to 200% of the target award based on GAAP EPS growth for the relevant performance periods, but no more than 100% of target may be earned unless Verisign equals or outperforms the Total Shareholder Return of the S&P 500 index for the relevant performance periods. The 2013 performance-based RSU awards contain two performance periods, such that 50% of each award is eligible to be earned based on performance from January 1, 2013 through December 31, 2014, and January 1, 2013 through December 31, 2015. Average annualized growth in GAAP EPS for the performance period will be determined by growth in GAAP EPS in one year over the previous year, averaged by the number of years in the performance period. We believe that the performance metrics coincide with shareholder interests, create a long term performance focus and compliment the performance metrics in the Company's short term annual incentive plan.

In addition, and as previously disclosed, the Committee granted a one-time special performance-based RSU to our NEOs in 2013. The Committee did not grant partial credit for the *.com* renewal in connection with the vesting of the 2012 performance-based RSUs, but, recognizing that most of the subcomponents of that goal had been met, decided to make this special grant of performance-based RSUs in respect of 2013 as follows: 18,090 RSUs awarded to Mr. Bidzos, 12,000 RSUs awarded to Mr. Kilguss, 3,750 RSUs awarded to Mr. Goshorn and 3,000 RSUs awarded to Mr. Kane. Vesting of these awards was subject to achievement of the 2013 Annual Incentive Compensation Plan ("AICP") performance goal. The goal was achieved, and as such, 100% of the awards were earned as of February 21, 2014. One-third of the awards vested on February 21, 2014, another one-third is eligible to vest on the second anniversary of the grant date, and the remaining one-third is eligible to vest on the third anniversary of the grant date, subject to certain employment conditions.

The chart below illustrates the vesting schedule and performance metrics for the 2013 equity grants.

2013	2014	2015	2016	2017
Grant of Time-Vesting RSUs 50% of LTI Grant (1)	25% vested on February 26, 2014	25% vesting on February 26, 2015	25% vesting on February 26, 2016	25% vesting on February 26, 2017
Grant of Performance-Based RSUs 50% of LTI Grant (1)	N/A	Number of RSUs earned for 50% of the grant to be based on EPS growth and Total Shareholder Return in 2013 and 2014. Earned RSUs will vest in February 2015 (2)	Number of RSUs earned for 50% of the grant to be based on EPS growth and Total Shareholder Return in 2013, 2014 and 2015. Earned RSUs will vest in February 2016 (2)	N/A
Special Grant of Performance-Based RSU Awards	100% earned based on Non GAAP Operating Income 33.3% vested on February 21, 2014	33.3% vesting on February 26, 2015	33.3% vesting on February 26, 2016	

(1) Except for the CEO, whose grant of Time-Vesting RSUs was 42% of LTI Grant and Performance-Based RSUs was 58% of LTI Grant.
(2) Vesting will be on the later of the date the achievement of the performance goal is certified and the date the Company receives an unqualified signed opinion of the Company's financial statements from its independent registered public accounting firm.

Equity awards for NEOs were granted on February 26, 2013 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 approved by the Compensation Committee was based on the factors discussed above. The chart below shows the number of RSUs granted to each NEO in 2013 and the number of performance-based RSUs that were earned in 2014 based on 2013 performance of the special grant at 100% of target.

				2013 Equity Grant		2013 Award	
Name	Position	Total Market Value of Equity Grant	FMV at Grant per RSU	Time-Vesting RSUs granted (1)	Performance-Based RSUs granted (2)(3)	Performance-Based RSUs Earned in 2014(3)	Notes
D. James Bidzos	Executive Chairman, President and CEO	$6,810,008	$ 44.78	55,828	96,249	18,090	Mr. Bidzos' equity grant was positioned at the 50th percentile for CEOs in our peer group.
George E. Kilguss, III	Senior Vice President and CFO	$2,237,298	$ 44.78	18,981	30,981	12,000	Mr. Kilguss' equity award value was determined taking into account individual factors such as job responsibilities, experience, individual contributions, future potential, internal equity and alignment with market LTI values.
Richard H. Goshorn	Senior Vice President, General Counsel and Secretary	$1,367,850	$ 44.78	13,398	17,148	3,750	The equity awarded to Mr. Goshorn was determined taking into account individual factors such as job responsibilities, experience, individual contributions, future potential, internal equity and alignment with market LTI values.
Patrick S. Kane	Senior Vice President, Naming Services	$1,134,277	$ 44.78	11,165	14,165	3,000	The equity awarded to Mr. Kane was determined taking into account individual factors such as job responsibilities, experience, individual contributions, future potential, internal equity and alignment with market LTI values.

(1) 25% vested on February 26, 2014, and the remainder vests as to 25% at each annual anniversary of the grant date.
(2) Includes performance-based RSUs granted as part of the LTI grant and the special performance-based RSU grant described in footnote 3 of this table below. Number of shares for the performance-based RSUs granted as part of the LTI grant is based on achievement against EPS growth and Total Shareholder Return metrics at target. Actual RSUs earned may vary between 0 and 200% of target based on actual achievement against those metrics. FMV at grant per RSU and the total market value of the grant may also vary depending on the actual achievement level. Earned RSUs for 50% of the grant vest after two years and earned RSUs for the other 50% of the grant vest after three years on the later of the date the achievement of the performance goal is certified and the date the Company receives an unqualified signed opinion of the Company's financial statements from its independent registered public accounting firm.

(3) The special grant of performance-based RSUs vested one-third on February 21, 2014 and will vest one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date, subject to certain employment conditions.

At its meeting on February 19, 2014, the Committee approved the 2014 Equity Program for its senior officers at the Senior Vice President level and above. The program includes a mix of time-based RSUs and performance-based RSUs. Performance measures and goals associated with the performance-based RSUs include specific Verisign GAAP Operating Income and Total Shareholder Return goals over a three year period.

CEO Compensation:

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. Bidzos' 2013 compensation was determined by the Compensation Committee as part of its annual review of executive compensation in February 2013. The components of his compensation are summarized below:

- Mr. Bidzos' annual base salary was $750,000 in 2012 and was not adjusted in 2013. Based on data provided by FW Cook for CEOs in our peer group, the Committee determined that Mr. Bidzos' salary aligned with the market 50^{th} percentile of our peer group and was appropriately set at its current level.
- Mr. Bidzos' bonus target was set at 100% of his base salary. Prior to 2012, Mr. Bidzos did not participate in the VPP, or have an established bonus target, as he was initially in the role of CEO on a temporary basis. His bonus target aligns with the market 50^{th} percentile of bonus target data provided by FW Cook for CEOs in our peer group. In February 2014, the Committee awarded Mr. Bidzos a bonus of $957,750. The Committee determined this amount as it reflected the performance achievement as approved by the Committee for the 2013 VPP (127.7%), as discussed above.
- Mr. Bidzos received an equity award for 2013 with an aggregate value of $5,999,938 consisting of 55,828 time-vested RSUs and performance-based RSUs of 78,159 shares of the Company's common stock (at target achievement level) with a fair market value of $44.78 on the date of the grant. The value of the equity granted was above the 50^{th} percentile and below the 75^{th} percentile for CEOs in our peer group. The time-based RSUs vest at 25% per year on each anniversary of the grant date. The performance-based RSUs vest 50% based on performance achievement between January 1, 2013 and December 31, 2014 and 50% based on performance achievement between January 1, 2013 and December 31, 2015. In addition to the equity awards outlined above, Mr. Bidzos received a special one time performance-based grant of 18,090 RSUs valued at $810,070, based on the fair market value of $44.78 per share on the date of the grant. This special performance-based RSU vests over three years. The Committee approved achievement of the vesting goals underlying the special performance-based RSUs at 100% (as described above under *Long-Term Incentive Compensation*), which resulted in Mr. Bidzos earning 18,090 performance-based RSUs of which one-third vested on February 21, 2014 (the date of receipt of an unqualified signed opinion by the Company's independent accounting firm regarding the financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013), the remaining shares vest one-third on each of the next two anniversaries of the grant date.
- 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 a severance payment of two times his base salary and a bonus payment of two times target bonus plus equivalent to two years of continuation of health benefits if he participates in the Company's health plans at the date of his termination. The other terms of his change-in-control agreement are the same as other senior officers as described below.

Features of our Executive Compensation Program

Stock Retention Policy: Our stock retention policy applies to our employees at the Senior Vice President level and above, officers who are subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended ("Section 16 Officers"), and board members.

At its meeting in July 2012, the Compensation Committee amended the Stock Retention Policy to specify minimum ownership levels required for participants under the policy. Ownership levels are set as a multiple of base salary or annual retainer and are as follows:

- CEO: 6x Base Salary
- Directors: 3x Annual Retainer
- Section 16 Officers and Senior Vice Presidents, other than the CEO: 2x Base Salary

The policy also requires participants to retain 50% of their net shares until they reach their minimum ownership level and that shares at specified ownership targets must be held until six months after the participant ceases employment or board service with the Company. We believe requiring senior employees and board members to continue to retain stock after their service with the Company ceases is important to align our senior officers' interests with the long-term interests of our stockholders. Our Stock Retention Policy can be found on our website at *https://investor.verisign.com/documents.cfm*.

Securities Trading Policy: Our Securities Trading Policy prohibits employees, including our senior 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 senior officers and stockholders. The Policy also prohibits employees from entering into agreements or purchasing instruments designed to hedge or offset decreases in the market value of the Company's securities. Additionally, under our Policy, our senior officers may only purchase and sell our common stock during approved trading windows. These windows are related to the time of our earnings releases.

Recoupment of Incentive Compensation: The Compensation Committee adopted an executive compensation recoupment policy in March 2010 that applies to annual and long-term incentive awards. If there is an inaccurate financial statement, and, as a result, certain senior officers received materially more incentive compensation than they would have had the correct financial statement been prepared at the time of the compensation award, 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 senior officer. 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 our senior officers, the aggregate annual equity pool, 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 senior 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 senior officers, 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 or for other business considerations.

Risk Assessment: In 2013, we performed a comprehensive assessment of our compensation policies and programs 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 our compensation programs and policies in 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 senior officers. These agreements provide for change-in-control severance benefits and payments in the event the senior officer's employment is terminated in connection with a change in control of the Company. They are "double trigger" agreements which means the senior officers will only be eligible for payments under the agreements if both a change-in-control of the Company occurs and the senior officer's employment is terminated without cause (or by the senior officer 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 potentially beneficial corporate transactions. Each year, the Compensation Committee reviews the provisions of the change-in-control agreements with FW Cook and makes adjustments as necessary to ensure alignment of senior officers' interests with stockholders' interests. No changes were made to the existing agreements in 2013 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 base salary and target bonus 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, 2013" 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 certain senior officers are fully deductible for tax purposes under Section 162 (m), the Company adopted the Annual Incentive Compensation Plan ("AICP"). The AICP was approved by stockholders at the Annual Meeting of Stockholders of VeriSign, Inc. held on May 27, 2010 and is the vehicle under which certain of our senior officers' bonuses, determined as described above, are paid.

For 2013, assuming the performance goal was met, each such senior 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 of 127.7%.

The performance goal for the AICP was approved by the Compensation Committee at its February 26, 2013 meeting and provided that the Company must achieve Non-GAAP Operating Income in excess of $50 million before a bonus could be paid. For 2013, Non-GAAP Operating Income was $564.9 million.

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 2013 were independent directors, and none of the members of the Compensation Committee during 2013 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 2013; 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 2013.

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 2013 and the two other most highly compensated executive officers as of the end of fiscal 2013. 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 ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
D. James Bidzos(5)	2013	752,885	—	6,810,008	—	957,750	20,484(6)(7)	8,541,127
Executive Chairman, President and CEO	2012	752,885	—	4,500,792	—	593,550	9,650(7)	5,856,877
	2011	326,730(8)	340,625(9)	3,999,978	—	—	20,180(10)	4,687,513
George E. Kilguss, III(11)	2013	406,192	—	2,237,298	—	375,000	36,067(12)	3,054,557
Senior Vice President and CFO	2012	232,212	—	3,180,800	—	112,872	30,629(12)	3,556,513
Richard H. Goshorn	2013	409,570	—	1,367,850	—	312,610	8,385	2,098,415
Senior Vice President, General Counsel and Secretary	2012	408,339	—	933,000	—	193,735	8,235	1,543,309
	2011	400,000	—	2,134,397	—	288,000	10,698	2,833,095
Patrick S. Kane	2013	326,752	—	1,134,277	—	230,000	7,101	1,698,130
Senior Vice President, Naming	2012	324,367	—	746,400	—	154,560	7,894	1,233,221
	2011	307,634	—	1,260,511	—	206,102	8,430	1,782,677

(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 2013, 2012, and 2011, 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 2013 Annual Report on Form 10-K. Stock Awards consist of RSUs granted in 2013, 2012, and 2011, respectively. Amounts shown in "Stock Awards" include the value of awards subject to performance conditions based upon the probable outcome (target achievement level) 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. Bidzos, $3,499,960 (2013), $2,250,396 (2012); Mr. Kilguss, $849,969 (2013), $1,590,400 (2012); Mr. Goshorn, $599,962 (2013), $466,500 (2012), $449,280 (2011); and Mr. Kane, $499,969 (2013), $373,200 (2012), $351,000 (2011). Grant date fair value for performance-based RSUs granted in 2013 at the maximum achievement level (i.e. 200% payout) would be 171% of the amounts for each executive, calculated using a Monte Carlo simulation model. For performance-based RSUs granted in 2012 and 2011, the maximum potential payout and grant date fair value was 150% of the 2012 and 2011 amounts for each executive, and actual achievement and grant date fair value was 49% and 109%, respectively. The value specific to the one-time special performance-based RSUs granted in 2013 and included in "Stock Awards" were as follows: Mr. Bidzos, $810,070; Mr. Kilguss, $537,360; Mr. Goshorn, $167,925; and Mr. Kane, $134,340. Vesting of these awards was subject to achievement of the 2013 AICP performance goal. The goal was achieved, and as such, 100% of the awards were earned as of February 21, 2014.

(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 2013, fiscal 2012 and fiscal 2011 include, where applicable, matching contributions made by the Company to the VeriSign, Inc. 401(k) Plan and life insurance payments.

(5) On August 17, 2009, Mr. Bidzos was appointed Executive Chairman of Verisign. On July 27, 2011 Mr. Bidzos was elected President and Chief Executive Officer, effective August 1, 2011.

(6) Includes $1,607 in relocation payments for Mr. Bidzos.

(7) Includes $8,750 (2012) and $17,997 (2013) in payments for a leased automobile.

(8) 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.

(9) 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.

(10) Includes $15,553 for the use of the Company's corporate apartment, utilities and cleaning services and lease payments for a leased automobile.

(11) Mr. Kilguss was appointed Senior Vice President and CFO as of May 14, 2012.

(12) Includes $24,554 (2012) and $27,688 (2013) in relocation payments for Mr. Kilguss.

Grants of Plan-Based Awards for Fiscal 2013

The following table shows all plan-based awards granted to the Named Executive Officers during fiscal 2013 under annual and long term plans.

GRANTS OF PLAN-BASED AWARDS FOR FISCAL 2013(1)

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards ($)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards ($)
Named Executive Officer	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
D. James Bidzos................	2/26/2013	0	750,000	2,250,000				55,828(4)	2,499,978
	2/26/2013				0	18,090(2)			810,070
	2/26/2013				0	78,159(3)	156,318(3)		3,499,960
George E. Kilguss, III	2/26/2013	0	246,000	738,000				18,981(4)	849,969
	2/26/2013				0	12,000(2)			537,360
	2/26/2013				0	18,981(3)	37,962(3)		849,969
Richard H. Goshorn	2/26/2013	0	244,800	734,400				13,398(4)	599,962
	2/26/2013				0	3,750(2)			167,925
	2/26/2013				0	13,398(3)	26,796(3)		599,962
Patrick S. Kane.................	2/26/2013	0	195,300	585,900				11,165(4)	499,969
	2/26/2013				0	3,000(2)			134,340
	2/26/2013				0	11,165(3)	22,330(3)		499,969

(1) Named Executive Officers are eligible to receive an annual cash bonus under the annual plans and long-term incentive compensation under our 2006 Plan as described in "Compensation Discussion and Analysis" elsewhere in this Proxy Statement.

(2) The Named Executive Officers were awarded special performance-based RSUs. On February 19, 2014, actual performance against goals was determined and Mr. Bidzos, Mr. Kilguss, Mr. Goshorn and Mr. Kane vested one-third of the RSUs granted to them in February 2013. One third of the grant vested on February 21, 2014, and will vest thereafter as to an additional one third of the grant on each of February 26, 2015, and February 26, 2016.

(3) The Named Executive Officers were awarded performance-based RSUs with 50% eligible to be earned based on Company performance in fiscal years 2013 and 2014 and 50% eligible to be earned based on Company performance in fiscal years 2013, 2014 and 2015.

(4) The RSU award vests as to 25% of the total award on each anniversary of the date of grant until fully vested.

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.

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 2013 Fiscal Year-End

The following table shows all outstanding equity awards held by the Named Executive Officers at the end of fiscal 2013 granted under the 2006 Plan.

OUTSTANDING EQUITY AWARDS AT 2013 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 (#)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(1)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(3)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)(1)**
D. James Bidzos	02/21/2012						45,225(2)	2,703,551		
	02/21/2012						22,224(6)	1,328,371		
	02/26/2013						55,828(2)	3,337,398		
	02/26/2013								156,318	9,344,690
	02/26/2013						18,090(4)	1,081,420		
George E. Kilguss, III	05/14/2012						30,000(2)	1,793,400		
	05/14/2012						14,742(6)	881,277		
	02/26/2013						18,981(2)	1,134,684		
	02/26/2013								37,962	2,269,368
	02/26/2013						12,000(4)	717,360		
Richard H. Goshorn...	02/22/2010	3,093(5)	3,094		24.32	02/22/2017				
	02/22/2010						4,832(2)	288,857		
	02/22/2011						6,871(2)	410,748		
	02/22/2011						6,976(7)	417,025		
	02/21/2012						9,375(2)	560,438		
	02/21/2012						4,607(6)	275,406		
	02/26/2013						13,398(2)	800,932		
	02/26/2013								26,796	1,601,865
	02/26/2013						3,750(4)	224,175		
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	7,374(5)			32.28	08/04/2015				
	02/23/2009	4,819(5)			18.64	02/23/2016				
	02/22/2010						3,573(2)	213,594		
	01/10/2011						5,368(2)	320,899		
	02/22/2011						5,368(2)	320,899		
	02/22/2011						5,450(7)	325,801		
	02/21/2012						7,500(2)	448,350		
	02/21/2012						3,686(6)	220,349		
	02/26/2013						11,165(2)	667,444		
	02/26/2013								22,330	1,334,887
	02/26/2013						3,000(4)	179,340		

(1) The market value is calculated by multiplying the number of shares by the closing price of our common stock on December 31, 2013, which was $59.78.
(2) The RSU award vests as to 25% of the total award on each anniversary of the date of grant until fully vested.
(3) Awards of performance-based RSUs were granted on February 26, 2013, with 50% eligible to be earned based on Company performance in fiscal years 2013 and 2014 and 50% eligible to be earned based on Company performance in fiscal years 2013, 2014 and 2015. The number of shares shown is based on achievement of maximum performance as the Company's 2013 performance exceeded the maximum performance level.
(4) Awards of performance-based RSUs were granted on February 26, 2013. As previously specified, performance criteria was achieved with respect to fiscal year 2013, the performance-based RSUs earned vested 33% upon certification of results on February 21, 2014 and thereafter will vest 33% on each of the next two anniversaries of the date of grant, subject to certain employment conditions.
(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) Performance-based RSUs earned based on performance in fiscal year 2012 will vest 25% on each anniversary of the grant date, subject to certain employment conditions, until fully vested on February 21, 2016 except for Mr. Kilguss who was appointed Senior Vice President and CFO effective as of May 14, 2012 and his remaining performance-based RSUs will fully vest on May 14, 2016.
(7) Performance-based RSUs earned based on performance in fiscal year 2011 will vest 25% on each anniversary of the grant date until fully vested on February 22, 2015, subject to certain employment conditions.

Option Exercises and Stock Vested for Fiscal 2013

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 2013.

OPTION EXERCISES AND STOCK VESTED FOR FISCAL 2013

	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	—	—	21,105(1)	1,044,698
George E. Kilguss, III	—	—	14,000(1)	729,700
Richard H. Goshorn	41,563	1,119,415	34,071(1)	1,533,961
Patrick S. Kane	—	—	18,427(1)	831,796

(1) Awards of performance-based RSUs were granted on February 26, 2013 to the Named Executive Officers. If specified performance criteria were achieved, the RSUs earned vest as to 33% on the date of the Compensation Committee's certification of the 2013 Verisign Performance Plan funding percentage and thereafter as to 33% on each anniversary of the date of grant. Based on the achieved performance as certified by the Compensation Committee effective February 19, 2014, RSUs were awarded. Includes 6,030, 4,000, 1,250 and 1,000 shares issued to Messrs. Bidzos, Kilguss, Goshorn and Kane, respectively, which represent 33% of the RSUs which vested on February 21, 2014.

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 pay the equivalent of 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.

On February 26, 2013, the Compensation Committee approved modifications to the form of Employee Restricted Stock Unit Agreements to allow for full acceleration of unvested equity for grants made on or after February 26, 2013 in the event of termination due to death or disability as follows:

- Time-Based RSUs – unvested RSUs shall accelerate in full according to the terms in the "Employee Restricted Stock Unit Agreement;" and
- Performance-Based RSUs – If termination occurs during the applicable performance period and before the conclusion of such performance period, then such RSUs will accelerate based on the target performance achievement; if termination occurs after the conclusion of the applicable performance period but before the award for such performance period has been paid, then the RSUs will fully accelerate based upon the actual performance achievement.

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.

Under the CIC Agreements, "*incumbent director*" means: directors who either (i) are directors as of the date hereof, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the incumbent directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company.

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 excess parachute payments 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, 2013, 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 31, 2013, which was $59.78.

Change-in-Control Benefit Estimates as of December 31, 2013

	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)(3)	Change-in-Control Only	Change-in-Control plus Qualifying Termination(2)
D. James Bidzos	—	3,750,000	—	13,123,264	—	—
George E. Kilguss, III	—	915,171	—	5,661,405	—	—
Richard H. Goshorn	—	915,836	—	3,778,514	—	109,713
Patrick S. Kane	—	694,299	—	3,364,179	—	—

(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.

(3) Value of accelerated stock and/or option awards in the case of death or disability.

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, 2013.

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)...	2,602,491(4)	$ 32.30	11,624,674
Equity compensation plans not approved by stockholders .	—	$ —	—
Total	2,602,491	$ 32.30	11,624,674

(1) Includes 2,441,663 shares subject to RSUs outstanding as of December 31, 2013 that were issued under the 2006 Plan.
(2) Does not include any price for outstanding RSUs.
(3) Includes 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 Plan was discontinued and new equity awards are granted under the 2006 Plan. Remaining authorized shares under the 1998 Plan that were not subject to outstanding awards as of May 26, 2006 were cancelled on May 26, 2006.
(4) Excludes purchase rights accruing under the 2007 Purchase Plan, which has a remaining stockholder-approved reserve of 2,088,994 shares as of December 31, 2013.
(5) Consists of shares available for future issuance under the 2006 Plan and the 2007 Purchase Plan. As of December 31, 2013, an aggregate of 11,624,674 shares and 2,088,994 shares of common stock were available for issuance under the 2006 Plan and the 2007 Purchase Plan, respectively, including 196,743 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.

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 more 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 2013.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since January 1, 2013, 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. 4
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 consolidated financial statements for the year ending December 31, 2014, 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, 2013 and December 31, 2012, and fees billed for other services provided by KPMG LLP, in each of the last two completed fiscal years.

	2013 Fees	2012 Fees
Audit Fees (including quarterly reviews):		
Consolidated Integrated Audit	$ 1,612,000	$ 1,469,000
Statutory Audits	200,927	224,370
Comfort Letters and Consent on SEC filing	287,500	—
Total Audit Fees	2,100,427	1,693,370
Audit-Related Fees(1)	490,244	590,849
Tax Fees(2)	150,000	250,000
All Other Fees		
Total Fees	$ 2,740,671	$ 2,534,219

(1) Audit-Related Fees consist principally of reporting on Service Organization Controls (SOC 2 and 3 reports).
(2) Tax Fees consist principally of 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 2015 Annual Meeting of Stockholders

Proposals of stockholders intended to be presented at our 2015 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 10, 2014.

In accordance with our Bylaws, we have 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 Company 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 Stockholders is business that is brought before the meeting by or at the direction of the chairman of the meeting and is consistent with rules and regulations that the Board may adopt for the conduct of the meeting or by any stockholder entitled to vote who has delivered timely written notice to the Secretary of the Company no later than ninety (90) days and no earlier than one hundred twenty (120) days prior to the first anniversary of the date of the Company's proxy statement released to stockholders in connection with the previous year's Annual Meeting (such date, the "Proxy Anniversary Date"). In the event that the date of the Annual Meeting is more than thirty (30) days before or more than sixty (60) days after the Proxy Anniversary Date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120^{th}) day prior to the Annual Meeting and not later than the close of business on the later of the ninetieth (90^{th}) day prior to the Annual Meeting or the close of business on the tenth (10^{th}) day following the day on which public announcement of the date of such meeting is first made by the Company. Additionally, if the number of directors to be elected to the board is increased and the Company does not publicly announce either all of the director nominees or the size of the increased board at least seventy (70) days prior to the Proxy Anniversary Date (or, if the Annual Meeting is held more than thirty (30) days before or more than sixty (60) days after the Proxy Anniversary Date, at least seventy (70) days prior to such meeting), a stockholder's notice with respect to nominees for any new positions will be considered timely if delivered no later than the close of business on the tenth (10^{th}) day following such public announcement by the Company. In no event shall the public announcement of an adjournment or postponement of an annual meeting or a new record date for an annual meeting commence a new time period for the giving of a stockholder's notice as described above.

The stockholder's notice must contain information specified in the Bylaws concerning the matters to be brought before the meeting and concerning the stockholder proposing those matters and certain other parties. If a stockholder who has notified us of his or her intention to present a proposal at an Annual Meeting does not appear or send a qualified representative to present the stockholder's proposal at the meeting, the Company need not present the proposal for a vote at the meeting. The Company reserves 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.

To be eligible to be a nominee for election or re-election by the stockholders as a director of the Company or to serve as a director of the Company, a person must deliver to the Secretary a written questionnaire with respect to the background and qualification of such person and, if applicable, the background of any other person on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person: (i) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person as to how such person, if elected as a director, will act or vote on any issue or question that has not been disclosed in such questionnaire; (ii) is not and will not become a party to any agreement, arrangement or understanding with any person other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed in such questionnaire; and (iii) in such person's individual capacity and on behalf of any person on whose behalf the nomination is being made, would be in compliance, if elected as a director, and will comply with, applicable law and all conflict of interest, confidentiality and other policies and guidelines of the Company (including the Company's Corporate Governance Principles) applicable to directors generally and publicly available (whether on the Company's website or otherwise) as of the date of such representation and agreement.

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/documents.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 (U.S.) or 1-703-948-3447 (international).
    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. The information available on, or accessible through, this website is not incorporated herein by reference.
- 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 Inc. at 1-877-255-1918. Foreign stockholders please call 1-201-680-6578. You may also visit their website at *http://www.computershare.com/investor* for step-by-step transfer instructions.

~~FOURTH~~ FIFTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF VERISIGN, INC.

a Delaware corporation

ONE: The name of the corporation is VeriSign, Inc. (hereinafter sometimes referred to as the "***Corporation***").

TWO: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, in the County of New Castle. The registered agent in charge thereof is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

THREE: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOUR: A. The Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Corporation is authorized to issue is One Billion Five Million (1,005,000,000) shares. One Billion (1,000,000,000) shares shall be Common Stock, $0.001 par value per share, and Five Million (5,000,000) shares shall be Preferred Stock, $0.001 par value per share.

B. The Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

FIVE: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Fourth Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

B. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

C. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual meeting or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

D. Special meetings of stockholders of the Corporation may be called only by either the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption), the ~~Chief Executive Officer or the President~~ Chairman of the Board of Directors, the President or the Secretary (in the case of the Secretary, acting as a representative of the stockholders), in each case, in accordance with the Bylaws.

SIX: A. The term of office of each director who is in office immediately prior to the closing of the polls for the election of directors at the 2007 Annual Meeting of Stockholders shall remain unchanged. Other than those who may be elected by the holders of Preferred Stock under specified circumstances, commencing with the 2007 Annual Meeting of Stockholders, each director whose term of office expires immediately prior to the closing of the polls for the election of directors at the 2007 Annual Meeting of Stockholders or whose term of office expires thereafter shall be subject to election annually at the annual meeting of stockholders and each director shall hold office until the next succeeding annual meeting of stockholders and until such director's successor is elected and qualified, except in the case of the death, resignation or removal of any director.

B. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation or other cause may be filled (a) by the stockholders at any meeting, (b) by a majority of the directors, although less than a quorum, or (c) by a sole remaining director, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office to which they have been elected expires, and until their respective successors are elected, except in the case of the death, resignation or removal of any director. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

SEVEN: The Corporation shall have a perpetual existence.

EIGHT: A. Exculpation. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is hereafter amended to further reduce or authorize, with approval of the Corporation's stockholders, further reductions in the liability of the Corporation's directors for breach of fiduciary duty, then a director of the Corporation shall not be liable for any such breach to the fullest extent permitted by the Delaware General Corporation Law as so amended.

B. Indemnification. To the extent permitted by applicable law, this Corporation is also authorized to provide indemnification of (and advancement of expenses to) agents (and any other persons to which Delaware law permits this Corporation to provide indemnification) through bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the Delaware General Corporation Law, subject only to limits created by applicable Delaware law (statutory or non-statutory), with respect to actions for breach of duty to the Company, its stockholders, and others.

C. Effect of Repeal or Modification. Any repeal or modification of any of the foregoing provisions of this Article Eight shall not adversely affect any right or protection of a director, officer, agent or other person existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

~~SIXTH~~ SEVENTH AMENDED AND RESTATED
BYLAWS
OF
VERISIGN, INC.
(A Delaware Corporation)
(effective [_______]~~July 25, 2012~~)

ARTICLE I

Stockholders

Section 1. Annual Meeting. An annual meeting of the stockholders of the corporation, for the election of the directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date and at such time as the Board of Directors shall by resolution each year fix.

Section 2. Special Meetings.

(a) Special meetings of the stockholders, for any purpose or purposes prescribed in the notice of the meeting, shall be held at such place, on such date, and at such time as determined by the Board of Directors and may be called only by (i) the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors authorized by resolutions (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption), (ii) the Chairman of the Board of Directors ~~or (iii) the President and shall be held at such place, on such date, and at such time as they shall fix~~, (iii) the President or (iv) the Secretary whenever a stockholder or group of stockholders owning at least thirty-five percent (35%) in the aggregate of the capital stock issued, outstanding and entitled to vote, and who held that amount in a net long position continuously for at least one year (the “Eligibility Criteria”), so request in writing. Business transacted at special meetings shall be confined to the purpose or purposes stated in the notice of the meeting.

In the case of clause (iv) of the immediately preceding sentence, each such written request must be signed by each stockholder making the request and delivered to the Secretary at the principal executive office of the corporation and shall set forth (a) a brief description of the business desired to be brought before the special meeting of the stockholders, including the complete text of any resolutions to be presented at the special meeting of the stockholders with respect to such business, and the reasons for conducting such business at the meeting; (b) the date of request; (c)(i) if any stockholder making the request is a registered holder of the corporation’s stock, the name, address and ownership information, as they appear on the corporation’s books, of each such stockholder and (ii) if any stockholder making the request is not a registered holder of the corporation’s stock, proof of satisfaction by each such stockholder of the Eligibility Criteria which shall be substantially similar to the proof specified by Rule 14a-8(b)(2)(i) or (ii) under the Exchange Act, in each case, including a written agreement to update and supplement such information upon the occurrence of any changes thereto; (d) a representation that each requesting stockholder intends to appear in person or by proxy at the special meeting of the stockholders to transact the business specified; and (e) a representation that each requesting stockholder intends to hold the shares of the corporation’s stock set forth in the written request through the date of the special meeting of the stockholders; provided that, if any such requesting stockholder (x) fails to satisfy the Eligibility Criteria or to follow one of the procedural requirements described in clauses (a) through (e) of this sentence (the “Procedural Requirements”), the corporation shall not be obligated to call a special meeting unless the remaining requesting stockholders continue to satisfy the Eligibility Criteria and the Procedural Requirements or (y) fails to hold the required number of shares through the date of the special meeting (a “Non Performing Holder”), the corporation may cancel the special meeting (if previously called but not yet held) unless the remaining requesting stockholders have not failed to hold such shares through such date and continue to satisfy the Eligibility Criteria; provided, further, that the corporation may disregard future requests to call special meetings from each Non Performing Holder for the following two calendar years. Following receipt by the Secretary of a written request of stockholders that complies with the requirements set forth in this Section 2 (a “Special Meeting Request”), the Secretary shall call a special meeting of the stockholders.

(b) Revocation of Special Meeting Request. A stockholder may revoke a Special Meeting Request at any time by written revocation. Following such revocation, the Board of Directors, in its discretion, may cancel the special meeting unless, in the case of a Special Meeting Request , any remaining requesting stockholders continue to satisfy the Eligibility Criteria and the Procedural Requirements. For purposes of this Section 2, written revocation shall mean delivering a notice of revocation to the Secretary.

(c) Limitations. The Secretary shall not call a special meeting in response to a Special Meeting Request if (i) an identical or substantially similar item (as determined by the Board of Directors, a "Similar Item") is included or will be included in the corporation's notice of meeting as an item of business to be brought before a meeting of stockholders that will be held not later than ninety (90) days after the delivery date of the Special Meeting Request (the "Delivery Date"); (ii) the Delivery Date is during the period commencing ninety (90) days prior to the date of the next annual meeting of stockholders and ending on the date of the next annual meeting of stockholders; (iii) a Similar Item was presented at any meeting of stockholders held within one hundred and eighty (180) days prior to the Delivery Date; (iv) the Special Meeting Request relates to an item of business that is not a proper subject for stockholder action under applicable law; or (v) such Special Meeting Request was made in a manner that involved a violation of Regulation 14A under the Exchange Act or other applicable law. For purposes of this Section 2, the election of directors shall be deemed to be a Similar Item with respect to all items of business involving the election or removal of directors.

For the purposes of this Section 2, "net long position" shall be determined with respect to each stockholder requesting a special meeting and each beneficial owner who is directing a stockholder to act on such owner's behalf (each stockholder and owner, a "requesting party") in accordance with the definition thereof set forth in Rule 14e-4 under the Securities Exchange Act of 1934, as amended from time to time, provided that (x) for purposes of such definition, in determining such requesting party's "short position," the reference in Rule 14e-4 to "the date that a tender offer is first publicly announced or otherwise made known by the bidder to holders of the security to be acquired" shall be the record date fixed to determine the stockholders entitled to deliver a written request for a special meeting, and the reference to the "highest tender offer price or stated amount of the consideration offered for the subject security" shall refer to the closing sales price of the corporation's capital stock on the NASDAQ (or such other securities exchange designated by the Board of Directors if the corporation's capital stock is not listed for trading on the NASDAQ) on such record date (or, if such date is not a trading day, the next succeeding trading day) and (y) the net long position of such requesting party shall be reduced by the number of shares as to which the Board of Directors determines that such requesting party does not, or will not, have the right to vote or direct the vote at the special meeting or as to which the Board of Directors determines that such requesting party has entered into any derivative or other agreement, arrangement or understanding that hedges or transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of such shares.

Section 3. Place of Meetings. All meetings of stockholders shall be held at the principal office of the corporation unless a different place is fixed by the person or persons calling the meeting and stated in the notice of the meeting, or shall not be held at any place but instead shall be held solely by means of remote communication as the Board of Directors, in its sole discretion, may determine.

Section 4. Notices of Meetings and Adjourned Meetings. (a) A notice in writing or by electronic transmission of each annual or special meeting of the stockholders stating the place, date, and hour thereof, shall be given by the Secretary (or the person or persons calling the meeting), not less than 10 days nor more than 60 days before the date of the meeting, to each stockholder entitled to vote thereat as of the record date for determining the stockholders entitled to notice of the meeting, by leaving such notice with him or her or at his or her residence or usual place of business, by depositing it postage prepaid in the United States mail, or by sending it by prepaid telegram, telex, overnight express courier, facsimile, electronic mail or other form of electronic transmission, directed to each stockholder at his or her address as it appears on the records of the corporation. Notices of all meetings of stockholders shall state the purpose or purposes for which the meeting is called. An affidavit of the Secretary, Assistant Secretary, or transfer agent of the corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. No notice need be given to any person with whom communication is unlawful or to any person who has waived such notice either (i) in writing (which writing need not specify the business to be transacted at, or the purpose of, the meeting) signed by such person before or after the time of the meeting, (ii) by electronic transmission (which electronic transmission need not specify the business to be transacted at, or the purpose of, the meeting) sent by him or her before or after the time of the meeting or (iii) by attending the meeting except for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken except that, if the adjournment is for more than 30 days or if, after the adjournment, a new record date for determining the stockholders entitled to notice of such adjourned meeting is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in the manner provided in this Section 4.

(b) Without limiting the manner by which notice otherwise may be given effectively to the stockholders, any notice to stockholders given by the corporation under any provision of the Delaware General Corporation Law, the Certificate of Incorporation of the corporation (as currently in effect, the "***Certificate of Incorporation***"), or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation. Any such consent shall be deemed revoked if (i) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or Assistant Secretary of the corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however , the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 4(b) shall be deemed given: (A) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (B) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (C) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (D) if by any other form of electronic transmission, when directed to the stockholder.

Section 5. Quorum. At any meeting of the stockholders, a quorum for the transaction of business shall consist of one or more individuals appearing in person or represented by proxy and owning or representing a majority of the shares of the corporation then outstanding and entitled to vote thereat, unless or except to the extent that the presence of a larger number may be required by law (including as required from time to time by the Delaware General Corporation Law) or the Certificate of Incorporation. Where a separate vote by a class or classes is required, a majority of the shares of such class or classes then outstanding and entitled to vote present in person or by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter. If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote thereat who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

Section 6. Organization. Such person as the Board of Directors may have designated or, in the absence of such a person, the President of the corporation shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the corporation, the secretary of the meeting shall be such person as the chairman appoints.

Section 7. Conduct of Business.

(a) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of any meeting of stockholders as it shall deem appropriate, provided they are not inconsistent with any other provision of these Bylaws. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of the meeting shall have the right and authority to convene the meeting; to determine the order of business and the procedure at the meeting, including such rules and regulation of the manner of voting and the conduct of discussion as seems to him or her in order, and to do all such acts as, in the judgment of such chairman of the meeting, are appropriate for the proper conduct of the meeting.

(b) Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants.

Section 8. Voting. Unless otherwise provided in the Certificate of Incorporation and subject to the provisions of Article IV, Section 6 hereof, each stockholder shall have one vote for each share of stock entitled to vote held by him or her of record according to the records of the corporation. The corporation shall be protected in assuming that the persons in whose names shares of capital stock stand on the ledger of the corporation are entitled to vote such shares. Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held. Persons whose stock is pledged shall be entitled to vote unless the pledgor in a transfer on the books of the corporation has expressly empowered the pledgee to vote the pledged shares, in which case only the pledgee or his or her proxy shall be entitled to vote. If shares stand of record in the names of two or more persons or if two or more persons have the same fiduciary relationship respecting the shares then, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided to the contrary: (a) if only one votes, his or her act binds all; (b) if more than one votes, the act of the majority so voting binds all; and (c) if more than one votes and the vote is evenly split, the effect shall be as provided by law.

Section 9. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or any group of persons to act for him or her by a written or electronic proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A written proxy shall be deemed executed if the stockholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission or otherwise) by the stockholder or the stockholder's attorney-in-fact. An electronic proxy (which may be transmitted via telephone, electronic mail, the Internet or such other electronic means as the Board of Directors may determine from time to time) shall be deemed executed if the corporation receives an appropriate electronic transmission from the stockholder or the stockholder's attorney-in-fact along with a pass code or other identifier which reasonably establishes the stockholder or the stockholder's attorney-in-fact as the sender of such transmission. The validity and enforceability of any proxy shall be determined in accordance with Section 212 of the Delaware General Corporation Law. 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 corporation.

Section 10. Action at Meeting.

(a) Voting - General. When a quorum is present at any meeting, action of the stockholders on any matter properly brought before such meeting, other than the election of directors, shall require, and may be effected by, the affirmative vote of the holders of a majority in interest of the stock present or represented by proxy and entitled to vote on the subject matter, except where a different vote is expressly required by law, the Certificate of Incorporation or these Bylaws, in which case such express provision shall govern and control.

(b) Voting - Directors.

(i) Except as provided in Article II, Section 7 of these Bylaws, each director shall be elected by the affirmative vote of the Majority of the Votes Cast (as defined herein) with respect to that director at any meeting for the election of directors at which a quorum is present, provided that if as of a date that is fourteen (14) days in advance of the date the corporation files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission the number of nominees exceeds the number of directors to be elected (a "***Contested Election***"), the directors shall be elected by the vote of a plurality of the votes cast at such meeting.

(ii) If a nominee for director in an election in which directors are elected by a Majority of the Votes Cast is not elected and the nominee is an incumbent director, the director shall promptly tender his or her resignation to the Board of Directors, subject to acceptance by the Board of Directors. The Corporate Governance and Nominating Committee shall make a recommendation to the Board of Directors as to whether to accept or reject the tendered resignation. The Board of Directors shall act on the Committee's recommendation and publicly disclose its decision and the rationale therefor within 90 days following the date of the certification of the relevant election results.

(iii) If the Certificate of Incorporation so provides, no written ballot or, if authorized by the Board of Directors, ballot submitted by electronic transmission in the manner provided by law, shall be required for the election of directors unless requested by a stockholder present or represented at the meeting and entitled to vote in the election.

(c) Definition. For purposes of paragraph (b) of this Section, the term "***Majority of the Votes Cast***" means, with respect to a nominee for director, that the number of shares voted "for" the election of that nominee must exceed the number of votes cast as "withheld" for that nominee.

Section 11. Stockholder Lists. The officer who has charge of the stock ledger of the corporation shall prepare and make available, at least 10 days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place of inspection within the city where the meeting is to be held (which place of inspection shall be specified in the notice of the meeting) or, if not so specified, at the place where the meeting is to be held, or on a reasonably accessible electronic network as permitted by law (provided that the information required to gain access to the list is provided with the notice of the meeting). Such list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 12. Inspectors of Elections.

(a) Applicability. Unless otherwise provided in the Certificate of Incorporation or required by the Delaware General Corporation Law, the following provisions of this Section 12 shall apply only if and when the corporation has a class of voting stock that is: (i) listed on a national securities exchange; (ii) authorized for quotation on an interdealer quotation system of a registered national securities association; or (iii) held of record by more than 2,000 stockholders; in all other cases, observance of the provisions of this Section 12 shall be optional, and at the discretion of the corporation.

(b) Appointment. The corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of elections to act at the meeting and make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. No person who is a candidate for office at an election may serve as an inspector at such election.

(c) Inspector's Oath. Each inspector of elections, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

(d) Duties of Inspectors. At a meeting of stockholders, the inspectors of elections shall (i) ascertain the number of shares outstanding and the voting power of each share, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(e) Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

(f) Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies in accordance with Section 212(c)(2) of the Delaware General Corporation Law, ballots and the regular books and records of the corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 12 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 13. Notice of Stockholder Business; Nominations.

(a) Annual Meeting of Stockholders.

(i) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders shall be made at an annual meeting of stockholders (A) pursuant to the corporation's notice of such meeting, (B) by or at the direction of the Board of Directors or (C) by any stockholder of the corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 13, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 13 (this clause (C) being the exclusive means for a stockholder to bring nominations or other business before an annual meeting of stockholders, other than business properly included in the corporation's proxy materials pursuant to Rule 14a-8 under the Exchange Act). The provisions of this Section 13 apply to all nominations of persons for election to the Board of Directors.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of subparagraph (a)(i) of this Section 13 (whether such nominations or other business are proposed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), or otherwise), the stockholder must have given timely notice thereof in writing to the Secretary of the corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the date of the corporation's proxy statement released to stockholders in connection with the previous year's annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) 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 one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the corporation. In no event shall the public announcement of an adjournment or postponement of an annual meeting of or a new record date for an annual meeting commence a new time period for the giving of a stockholder's notice as described above.

(iii) Such stockholder's notice shall set forth the following information (and, if such notice relates to the nomination of any person for election or re-election as a director of the corporation, the questionnaire, representation and agreement required by Section 13(c)(2) must also be delivered with and at the same time as such notice):

(A) as to each person whom the stockholder proposes to nominate for election as a director:

(1) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case in accordance with Regulation 14A under the Exchange Act and such other information as may be required by the corporation pursuant to any policy of the corporation governing the selection of directors publicly available (whether on the corporation's website or otherwise) as of the date of such notice;

(2) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; and

(3) a description of all arrangements or understandings between the stockholder or any beneficial owner on whose behalf such nomination is made, or their respective affiliates, and each nominee or any other person or persons (naming such person or persons) in connection with the making of such nomination or nominations;

(B) as to any business the stockholder proposes to bring before the meeting:

(1) a brief description of such business;

(2) the text of the proposal to be voted on by stockholders (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment);

(3) the reasons for conducting such business at the meeting; and

(4) a description of any direct or indirect material interest of the stockholder or of any beneficial owner on whose behalf the proposal is made, or their respective affiliates, in such business (whether by holdings of securities, or by virtue of being a creditor or contractual counterparty of the corporation or of a third party, or otherwise), and all agreements, arrangements and understandings between such stockholder or any such beneficial owner or their respective affiliates and any other person or persons (naming such person or persons) in connection with the proposal of such business;

(C) as to the stockholder giving the notice, each beneficial owner, if any, on whose behalf the business is proposed or nomination is made, and any other person with whom such stockholder or beneficial owner (or any of their respective affiliates or associates) is acting in concert with (each, a "Party"):

(1) the name and address of such Party (in the case of each stockholder, as they appear on the corporation's books);

(2) the class or series and number of shares of the corporation that are owned, directly or indirectly, beneficially or held of record by such Party or any of its affiliates (naming such affiliates);

(3) a description of any agreement, arrangement or understanding (including any swap or other derivative or short position, profit interest, option, warrant, convertible security, stock appreciation or similar right with exercise or conversion privileges, hedging transactions, and securities lending or borrowing arrangement) to which such Party or any of its affiliates is, directly or indirectly, a party as of the date of such notice (x) with respect to shares of stock of the corporation; or (y) the effect or intent of which is to mitigate loss to, manage the potential risk or benefit of security price changes (increases or decreases) for, or increase or decrease the voting power of such Party or any of its affiliates with respect to securities of the corporation or which has a value derived in whole or

in part, directly or indirectly, from the value (or change in value) of any securities of the corporation, in each case whether or not subject to settlement in the underlying security of the corporation (each such agreement, arrangement or understanding, a "Disclosable Arrangement") (specifying in each case (I) the effect of such Disclosable Arrangement on voting or economic rights in securities in the corporation, as of the date of the notice; and (II) any changes in such voting or economic rights which may arise pursuant to the terms of such Disclosable Arrangement);

(4) any proxy, agreement, arrangement, understanding or relationship pursuant to which such Party has a right to vote, directly or indirectly, any shares of any security of the corporation;

(5) any rights to dividends on the shares of the corporation owned, directly or indirectly, beneficially by such Party that are separated or separable from the underlying shares of the corporation;

(6) any proportionate interest in shares of the corporation or Disclosable Arrangements held, directly or indirectly, by a general or limited partnership in which such Party is a general partner or, directly or indirectly, beneficially owns an interest in a general partner;

(7) any performance-related fees (other than an asset-based fee) that such Party is directly or indirectly entitled to based on any increase or decrease in the value of shares of the corporation or Disclosable Arrangements, if any, as of the date of such notice, including any such interests held by members of such Party's immediate family sharing the same household;

(8) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination; and

(9) a representation whether such Party intends, or is part of a group which intends, (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding shares of capital stock required to approve or adopt the proposal or elect the nominee; and/or (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination; and

(D) an undertaking by each Party to notify the corporation in writing of any change in the information previously disclosed pursuant to clauses (A)(1), A(3), B(4) and C of this Section 13 as of the record date for determining stockholders entitled to receive notice of such meeting, by notice received by the Secretary not later than the 10th day following such record date, and thereafter by notice so given and received within two business days of any change in such information (and, in any event, by the close of business on the day preceding the meeting date). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee. In addition, any stockholder seeking to nominate a director candidate or bring another item of business before the annual meeting shall promptly provide any other information reasonably requested by the corporation.

(iv) Notwithstanding anything in the second sentence of subparagraph (a)(ii) of this Section 13 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement by the corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least seventy (70) days prior to the first anniversary of the date of the corporation's proxy statement release to stockholders in connection with the previous year's annual meeting of stockholders (or, if the annual meeting is held more than thirty (30) days before or sixty (60) days after such anniversary date, at least seventy (70) days prior to such annual meeting), a stockholder's notice required by this Section 13 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the corporation at the principal executive office of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of such meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation's notice of such meeting (i) by or at the direction of the Board of Directors or (ii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 13(b). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if the stockholder's notice required by subparagraph (a)(ii) of this Section 13 shall be delivered to the Secretary of the corporation at the principal executive offices of the corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(c) General.

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 13 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 13. Except as otherwise provided by law or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 13 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded.

(ii) To be eligible to be a nominee for election or re-election by the stockholders as a director of the corporation or to serve as a director of the corporation, a person must deliver (not later than the deadline prescribed for delivery of notice under clause (a) or (b), as applicable, of this Section 13) to the Secretary a written questionnaire with respect to the background and qualification of such person and, if applicable, the background of any other person on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person: (i) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person as to how such person, if elected as a director, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed in such questionnaire; (ii) is not and will not become a party to any agreement, arrangement or understanding with any person other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed in such questionnaire; and (iii) in such person's individual capacity and on behalf of any person on whose behalf the nomination is being made, would be in compliance, if elected as a director, and will comply with, applicable law and all conflict of interest, confidentiality and other policies and guidelines of the corporation (including the corporation's Corporate Governance Principles) applicable to directors generally and publicly available (whether on the corporation's website or otherwise) as of the date of such representation and agreement, including the requirements of Section 10(b) of Article I.

(iii) For purposes of this Section 13, the term "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to section 13, 14 or 15(d) of the Exchange Act.

(iv) Notwithstanding the foregoing provisions of this Section 13, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 13 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

ARTICLE II

Directors

Section 1. Powers. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by law or these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. Number of Directors. The Board of Directors shall consist of eleven (11) members or such number of members determined from time to time by a resolution of the Board of Directors. No decrease in the authorized number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 3. Election and Tenure. The term of office of each director who is in office immediately prior to the closing of the polls for the election of directors at the 2007 Annual Meeting of Stockholders shall remain unchanged. Commencing with the 2007 Annual Meeting of Stockholders, each director elected to the Board of Directors at the 2007 Annual Meeting of Stockholders and at each annual meeting of stockholders thereafter, shall hold office until the next succeeding annual meeting of stockholders and shall serve until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

Section 4. Qualification. No director need be a stockholder.

Section 5. Removal. Subject to the rights of holders of any series of Preferred Stock then outstanding, any directors, or the entire Board of Directors, may be removed from office at any time, with or without cause, but only by the affirmative vote of the holders of at least a majority of the voting power of all of the then outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class. Vacancies in the Board of Directors resulting from such removal may be filled by a majority of the directors then in office, though less than a quorum, or by the stockholders as provided in Article II, Section 3 above. Directors so chosen shall hold office until the next annual meeting of stockholders.

Section 6. Resignation. Any director of the corporation may resign at any time by giving written notice to the Board of Directors, to the Chairman of the Board of Directors, if any, to the President, or to the Secretary, and any member of a committee may resign therefrom at any time by giving notice as aforesaid or to the chairman or secretary of such committee. Any such resignation shall take effect at the time specified therein or upon the occurrence of an event described in such resignation, or, if a time or event be not specified, upon receipt thereof; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. Vacancies and Newly Created Directorships. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled (a) by the stockholders at any meeting (b) by a majority of the members of the Corporate Governance and Nominating Committee, (c) a majority of the directors then in office if no such committee exists, or (d) by a sole remaining director. Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class, classes or series then in office or by the sole remaining director so elected. When one or more directors shall resign from the Board of Directors, effective at a future date or upon the occurrence of an event described in such resignation, a majority of directors entitled to act on the filling of such vacancy or vacancies, including those who have so resigned, shall have power to fill such vacancy or vacancies by vote to take effect when such resignation or resignations shall become effective.

Section 8. Annual Meeting. The first meeting of each newly elected Board of Directors may be held without notice immediately after an annual meeting of stockholders (or a special meeting of stockholders held in lieu of an annual meeting) at the same place as that at which such meeting of stockholders was held; or such first meeting may be held at such place and time as shall be fixed by the consent in writing of all the directors, or may be called in the manner hereinafter provided with respect to the call of special meetings.

Section 9. Regular Meetings.

(a) Time and Place. Regular meetings of the directors may be held at such times and places as shall from time to time be fixed by resolution of the Board of Directors, and no notice need be given of regular meetings held at times and places so fixed; provided, however, that any resolution relating to the holding of regular meetings shall remain in force only until the next annual meeting of stockholders and that, if at any meeting of directors at which a resolution is adopted fixing the times or place or places for any regular meetings any director is absent, no meeting shall be held pursuant to such resolution without notice to or waiver by such absent director pursuant to Article II, Section 11 hereof.

(b) Adjourned Meetings. A majority of the directors present at any meeting of the Board of Directors, including an adjourned meeting, whether or not a quorum is present, may adjourn such meeting to another time and place. At least 24 hours' notice of any adjourned meeting of the Board of Directors shall be given to each director whether or not present at the time of the adjournment, if such notice shall be given by one of the means specified in Article II, Section 11(b) or (c), or at least three (3) days' notice if by mail. Any business may be transacted at an adjourned meeting that might have been transacted at the meeting as originally called.

Section 10. Special Meetings. Special meetings of the directors may be called by the Chairman of the Board of Directors, the Lead Independent Director, if any, the President, or by at least one-third of the directors then in office (rounded up to the nearest whole number), and shall be held at the place and on the date and hour designated in the call thereof.

Section 11. Notices. Notices of any special meeting of the directors shall be given to each director by the Secretary or an Assistant Secretary (a) by mailing to him or her, postage prepaid, and addressed to him or her at his or her address as registered on the books of the corporation, or if not so registered at his or her last known home or business address, a written notice of such meeting at least 4 days before the meeting, (b) by delivering such notice by hand or by telegram, telecopy, telex, facsimile, electronic transmission (including electronic mail) or other comparable communication equipment to him or her at least 48 hours before the meeting, addressed to him or her at such address, or (c) by giving such notice in person or by telephone at least 48 hours in advance of the meeting. Any notice given personally or by telephone, telegram, telecopy, telex, facsimile, electronic transmission (including electronic mail) or other comparable communications equipment may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. In the absence of all such officers, such notice may be given by the officer or one of the directors calling the meeting. Notice need not be given to any director who has waived notice (a) in writing executed by him or her before or after the meeting and filed with the records of the meeting, (b) by electronic transmission sent by him or her before or after the meeting and filed with the records of the meeting or (c) by attending the meeting except for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A notice or waiver of notice of a meeting of the directors need not specify the business to be transacted at or the purpose of the meeting.

Section 12. Quorum. At any meeting of the directors, a majority of the total number of directors authorized by resolutions (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption) shall constitute a quorum for the transaction of business, provided that a quorum shall not be deemed to exist in the event that a majority of the directors constituting such quorum are not "independent" as such term is defined under the rules of the NASDAQ Stock Market or other stock exchange upon which the corporation's common stock is primarily traded (each an "***Independent Director***"). If a quorum shall not be present at any meeting of the Board of Directors, a majority of those present (or, if not more than two directors are present, any director present) may adjourn the meeting from time to time to another place, date or time, without notice other than announcement at the meeting prior to adjournment, until a quorum shall be present.

Section 13. Participation in Meetings by Conference Telephone. One or more members of the Board of Directors, or any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 13 shall constitute presence in person at such meeting.

Section 14. Conduct of Business: Action by Written Consent. At any meeting of the Board of Directors at which a quorum is present, business shall be transacted in such order and manner as the Board of Directors may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided in these Bylaws or required by law. Action may be taken by the Board of Directors, or any committee thereof, without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission (including electronic mail), and the writing or writings or electronic transmission or transmissions (including electronic mail) are filed with the records of proceedings of the Board of Directors or committee.

Section 15. Place of Meetings. The Board of Directors may hold its meetings, and have an office or offices, within or without the State of Delaware.

Section 16. Compensation. The Board of Directors shall have the authority to fix stated salaries for directors for their service in such capacity and to provide for payment of a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors. The Board of Directors shall also have the authority to provide for payment of a fixed sum and expenses of attendance, if any, payable to members of committees for attending committee meetings. Nothing herein contained shall preclude any director from serving the corporation in any other capacity and receiving compensation for such services.

Section 17. Committees. The Board of Directors, by resolution adopted by a majority of the total number of authorized directors authorized by resolutions (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption) may, from time to time designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have such power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Subsection (a) of Section 151 of the Delaware General Corporation Law, fix the designations and any preferences or rights of such shares or fix the number of shares in a series of stock or authorize the increase or decrease in the shares of any series), adopting an agreement of merger or consolidation under Sections 251, 252, 254, 255, 256, 257, 258, 263, or 264 of the Delaware General Corporation Law, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property or assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the Bylaws of the corporation. Such a committee may, to the extent expressly provided in the resolution of the Board of Directors, have the power or authority to declare a dividend or to authorize the issuance of stock or adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law.

(a) At any meeting of any committee, a majority of the whole committee shall constitute a quorum and, except as otherwise provided by these Bylaws or required by law, the affirmative vote of at least a majority of the members present at a meeting at which there is a quorum shall be the act of the committee.

(b) Each committee, except as otherwise provided by resolution of the Board of Directors, shall fix the time and place of its meetings within or without the State of Delaware, shall adopt its own rules and procedures, and shall keep a record of its acts and proceedings and report the same from time to time to the Board of Directors. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE III

Officers

Section 1. Officers and Their Election. The officers of the corporation shall be a Chief Executive Officer, a President, a Secretary, a Chief Financial Officer and such Vice Presidents, Assistant Secretaries, Assistant Chief Financial Officers and other officers as the Board of Directors may from time to time determine and elect or appoint. All officers shall perform such duties and have such powers as the Board of Directors shall designate by resolution, or in the absence of such resolution, as set forth in these Bylaws. The Board of Directors may appoint one of its members to the office of Chairman of the Board of Directors and another of its members to the office of Vice-Chairman of the Board of Directors and from time to time define the powers and duties of these offices notwithstanding any other provisions of these Bylaws. All officers shall be elected by the Board of Directors and shall serve at the will of the Board of Directors. Any officer may, but need not, be a director. Two or more offices may be held by the same person.

Section 2. Term of Office. The Chief Executive Officer, the President, the Chief Financial Officer and the Secretary shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal.

Section 3. Vacancies. Any vacancy at any time existing in any office may be filled by the Board of Directors.

Section 4. Chairman of the Board of Directors. The Board of Directors may, in its discretion, elect a Chairman of the Board of Directors from among its members. He or she may be the Chief Executive Officer of the corporation if so designated by the Board of Directors, and he or she shall preside at all meetings of the Board of Directors at which he or she is present and shall exercise and perform such other powers and duties as may from time to time be assigned to him or her by the Board of Directors or prescribed by the Bylaws.

Section 5. Lead Independent Director. The Board of Directors may, in its discretion, elect a Lead Independent Director from among its members that are Independent Directors. He or she shall preside at all meetings at which the Chairman of the Board of Directors is not present and shall exercise such other powers and duties as may from time to time be assigned to him or her by the Board of Directors or as prescribed by the Bylaws.

Section 6. Chief Executive Officer. The Board of Directors may elect a Chief Executive Officer of the corporation who may also be the Chairman of the Board of Directors or President of the corporation or both. Unless otherwise set forth in a resolution of the Board of Directors, it shall be his or her duty and he or she shall have the power to see that all orders and resolutions of the Board of Directors are carried into effect and to affix the signature of the corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board of Directors or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the corporation; to sign certificates for shares of stock of the corporation; and, subject to the direction of the Board of Directors, to have general charge of the property of the corporation and to supervise and control all officers, agents and employees of the corporation. He or she shall from time to time report to the Board of Directors all matters within his or her knowledge that the interests of the corporation may require to be brought to its notice. The Chief Executive Officer, when present, shall preside at all meetings of the stockholders and, unless there shall be a Chairman of the Board of Directors, of the Board of Directors, unless otherwise provided by the Board of Directors.

Section 7. President. If there is no Chief Executive Officer, the President shall be the chief executive officer of the corporation except as the Board of Directors may otherwise provide. The President shall perform such duties and have such powers additional to the foregoing as the Board of Directors shall designate.

Section 8. Vice Presidents. In the absence or disability of the President, his or her powers and duties shall be performed by the vice president, if only one, or, if more than one, by the one designated for the purpose by the Board of Directors. Each vice president shall perform such duties and have such powers additional to the foregoing as the Board of Directors shall designate.

Section 9. Chief Financial Officer. Unless otherwise set forth in a resolution of the Board of Directors, the Chief Financial Officer shall be the treasurer of the corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as shall be designated by the Board of Directors or in the absence of such designation in such depositories as he or she shall from time to time deem proper; he or she (or any Assistant Chief Financial Officer) shall sign all stock certificates as treasurer of the corporation; he or she shall disburse the funds of the corporation as shall be ordered by the Board of Directors, taking proper vouchers for such disbursements; he or she shall promptly render to the Chief Executive Officer and to the Board of Directors such statements of his or her transactions and accounts as the Chief Executive Officer and Board of Directors respectively may from time to time require; and he or she shall perform such duties and have such other powers that are commonly incident to the office of chief financial officer.

Section 10. Assistant Chief Financial Officers. In the absence or disability of the Chief Financial Officer, his or her powers and duties shall be performed by the Assistant Chief Financial Officer, if only one, or if more than one, by the one designated for the purpose by the Board of Directors. Each Assistant Chief Financial Officer shall perform such duties and have such powers additional to the foregoing as the Board of Directors shall designate.

Section 11. Secretary. Unless otherwise set forth in a resolution of the Board of Directors, the Secretary shall issue notices of all meetings of stockholders, of the Board of Directors and of committees thereof where notices of such meetings are required by law or these Bylaws; he or she shall record the proceedings of the meetings of the stockholders and of the Board of Directors and shall be responsible for the custody thereof in a book to be kept for that purpose; he or she shall also record the proceedings of the committees of the Board of Directors unless such committees appoint their own respective secretaries; he or she shall be charged with the duty of keeping, or causing to be kept, accurate records of all stock outstanding, stock certificates issued and stock transfers (unless the Board of Directors shall appoint a transfer agent and/or registrar); he or she shall sign such instruments as require his or her signature; and he or she shall have custody of the corporate seal and shall affix and attest such seal on all documents whose execution under seal is duly authorized. In his or her absence at any meeting, an Assistant Secretary or the Secretary pro tempore shall perform his or her duties thereat.

Section 12. Assistant Secretaries. In the absence or disability of the Secretary, his or her powers and duties shall be performed by the Assistant Secretary, if only one, or, if more than one, by the one designated for the purpose by the Board of Directors. Each Assistant Secretary shall perform such duties and have such powers additional to the foregoing as the Board of Directors shall designate.

Section 13. Salaries. The salaries and other compensation of officers, agents and employees shall be fixed from time to time by or under authority from the Board of Directors. No officer shall be prevented from receiving a salary or other compensation by reason of the fact that he or she is also a director of the corporation.

Section 14. Removal. The Board of Directors may remove any officer, either with or without cause, at any time.

Section 15. Bond. The corporation may secure the fidelity of any or all of its officers or agents by bond or otherwise.

Section 16. Resignations. Any officer, agent or employee of the corporation may resign at any time by giving written notice to the Board of Directors, to the Chairman of the Board of Directors, if any, to the Chief Executive Officer or to the Secretary of the corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE IV

Capital Stock

Section 1. Stock Certificates: Uncertificated Shares. The shares of capital stock of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the adoption of such a resolution, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of, the corporation by the Chairperson or Vice-Chairperson of the Board of Directors or the President or Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before the certificate is issued, such certificate may nevertheless be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 2. Classes of Stock. If the corporation shall be authorized to issue more than one class of stock or more than one series of and class, the face or back of each certificate issued by the corporation to represent such class or series shall either (a) set forth in full or summarize the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions thereof, or (b) contain a statement that the corporation will furnish a statement of the same without charge to each stockholder who so requests. Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered holder thereof such written notice as may be required by law as to the information required by law to be set forth or stated on stock certificates.

Section 3. Transfer of Stock. Shares of stock shall be transferable only upon the books of the corporation pursuant to applicable law and such rules and regulations as the Board of Directors shall from time to time prescribe. The Board of Directors may at any time or from time to time appoint a transfer agent or agents or a registrar or registrars for the transfer or registration of shares of stock. Except where a certificate is issued in accordance with Article IV, Section 5 hereof, one or more outstanding certificates representing in the aggregate the number of shares involved shall be surrendered for cancellation before a new certificate is issued representing such shares.

Section 4. Holders of Record. Prior to due presentment for registration of transfer the corporation may treat the holder of record of a share of its stock as the complete owner thereof exclusively entitled to vote, to receive notifications and otherwise entitled to all the rights and powers of a complete owner thereof, notwithstanding notice to the contrary.

Section 5. Lost, Stolen or Destroyed Stock Certificates. The Board of Directors may direct that a new stock certificate or certificates, or uncertificated shares, be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates or his or her legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against the corporation on account of the alleged loss, theft, or destruction, of such certificates or the issuance of such new certificate or certificates, or uncertificated shares.

Section 6. Record Date.

(a) The Board of Directors may fix the record date in order to determine the stockholders entitled to notice of a meeting of stockholders, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors, and which record date may not be more than 60 days nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors in its discretion may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the foregoing provisions of this clause (a) at the adjourned meeting. If no record date is fixed pursuant to this clause (a), the record date for determining stockholders entitled to notice of and vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(b) The Board of Directors may fix a record date in order to determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed pursuant to this clause (b), the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

ARTICLE V

Miscellaneous Provisions

Section 1. Interested Directors and Officers.

(a) No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if:

(i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the number of disinterested directors is less than a quorum; or

(ii) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(iii) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the shareholders.

(b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 2. Indemnification.

(a) Right to Indemnification. The corporation shall indemnify and hold harmless each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "***proceeding***"), by reason of the fact that he or she is or was a director or an officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "***indemnitee***"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director or officer, to the fullest extent authorized by law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that except as provided in Subsection (c) of this Section with respect to proceedings to enforce rights to indemnification, the corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation; and provided further that as to any matter disposed of by a compromise payment by such person, pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless such compromise and indemnification therefore shall be appropriated:

(i) by a majority vote of a quorum consisting of disinterested directors;

(ii) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors consisting of all the disinterested directors;

(iii) if there are not two or more disinterested directors in office, then by a majority of the total number of directors authorized by resolutions (whether or not there exist any vacancies in previously authorized directorships at the time such matter is presented to the Board of Directors), provided they have obtained a written finding by special independent legal counsel appointed by such a majority of the directors to the effect that, based upon a reasonable investigation of the relevant facts as described in such opinion, the person to be indemnified appears to have acted in good faith in the reasonable belief that his or her action was in the best interests of the corporation (or, to the extent that such matter relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan);

(iv) by the holders of a majority of the shares of stock entitled to vote for the election of directors, which majority may include interested directors and officers; or

(v) by a court of competent jurisdiction.

An "interested" director or officer is one against whom in such capacity the proceeding in question or other proceeding on the same or similar grounds is then pending. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(b) Right to Advancement of Expenses. The right to indemnification conferred in Subsection (a) of this Section shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "***advancement of expenses***"); provided, however, that if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "***undertaking***"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "***final adjudication***") that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise, which undertaking may be accepted without reference to the financial ability of such person to make repayment.

(c) Right of Indemnitee to Bring Suit. If a claim under Subsection (a) or (b) of this Section is not paid in full by the corporation within 60 days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part of any such suit, or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking the corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section or otherwise shall be on the corporation.

(d) Non-exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, certificate of incorporation, by-law, agreement, vote of disinterested directors or otherwise. The corporation's indemnification under this Section 2 of any person who is or was a director or officer of the corporation, or is or was serving, at the request of the corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person receives as indemnification (i) under any policy of insurance purchased and maintained on his or her behalf by the corporation, (ii) from such other corporation, partnership, joint venture, trust or other enterprise, or (iii) under any other applicable indemnification provision.

(e) Joint Representation. If both the corporation and any person to be indemnified are parties to an action, suit or proceeding (other than an action or suit by or in the right of the corporation to procure a judgment in its favor), counsel representing the corporation therein may also represent such indemnified person (unless such dual representation would involve such counsel in a conflict of interest in violation of applicable principles of professional ethics), and the corporation shall pay all fees and expenses of such counsel incurred during the period of dual representation other than those, if any, as would not have been incurred if counsel were representing only the corporation; and any allocation made in good faith by such counsel of fees and disbursements payable under this paragraph by the corporation versus fees and disbursements payable by any such indemnified person shall be final and binding upon the corporation and such indemnified person.

(f) Indemnification of Employees and Agents of the Corporation. Except to the extent that rights to indemnification and advancement of expenses of employees or agents of the corporation may be required by any statute, the Certificate of Incorporation, this Section or any other by-law, agreement, vote of disinterested directors or otherwise, the corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement to any employee or agent of the corporation to the fullest extent of the provisions of this Section with respect to the indemnification and advancement of expenses of directors and officers of the corporation.

(g) Insurance. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law (as currently in effect or hereafter amended), the Certificate of Incorporation or these Bylaws.

(h) Nature of Indemnification Right: Modification of Repeal of Indemnification. Each person who is or becomes a director or officer as described in subsection (a) of this Section 2 shall be deemed to have served or to have continued to serve in such capacity in reliance upon the indemnity provided for in this Section 2. All rights to indemnification (and the advancement of expenses) under this Section 2 shall be deemed to be provided by a contract between the corporation and the person who serves as a director or officer of the corporation at any time while these Bylaws and other relevant provisions of the Delaware General Corporation Law and other applicable law, if any, are in effect. Such rights shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any modification or repeal of this Section 2 shall not adversely affect any right or protection existing under this Section 2 at the time of such modification or repeal.

Section 3. Stock in Other Corporations. Subject to any limitations that may be imposed by the Board of Directors, the President or any person or persons authorized by the Board of Directors may, in the name and on behalf of the corporation, (a) call meetings of the holders of stock or other securities of any corporation or other organization, stock or other securities of which are held by this corporation, (b) act, or appoint any other person or persons (with or without powers of substitution) to act in the name and on behalf of the corporation, or (c) express consent or dissent, as a holder of such securities, to corporate or other action by such other corporation or organization.

Section 4. Checks, Notes, Drafts and Other Instruments. Checks, notes, drafts and other instruments for the payment of money drawn or endorsed in the name of the corporation may be signed by any officer or officers or person or persons authorized by the Board of Directors to sign the same. No officer or person shall sign any such instrument as aforesaid unless authorized by the Board of Directors to do so.

Section 5. Corporate Seal. The seal of the corporation shall be circular in form, bearing the name of the corporation, the word "Delaware", and the year of incorporation, and the same may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 6. Books and Records. The books, accounts and records of the corporation, except as may be otherwise required by law, may be kept outside of the State of Delaware, at such place or places as the Board of Directors may from time to time appoint. Except as may otherwise be provided by law, the Board of Directors shall determine whether and to what extent the books, accounts, records and documents of the corporation, or any of them, shall be open to the inspection of the stockholders.

Section 7. Severability. If any term or provision of the Bylaws, or the application thereof to any person or circumstances or period of time, shall to any extent be invalid or unenforceable, the remainder of the Bylaws shall be valid and enforced to the fullest extent permitted by law.

Section 8. Interpretations. Words importing persons include firms, associations and corporations, all words importing the singular number include the plural number and vice versa, and all words importing the masculine gender include the feminine gender.

Section 9. Amendments. The Board of Directors is expressly empowered to adopt, amend or repeal Bylaws of the corporation. Any adoption, amendment or repeal of Bylaws of the corporation by the Board of Directors shall require the approval of a majority of the total number of directors authorized by resolutions (whether or not there exist any vacancies in previously authorized directorships at the time any resolution providing for adoption, amendment or repeal is presented to the Board of Directors). The stockholders also have power to adopt, amend or repeal the Bylaws of the corporation. Any adoption, amendment or repeal of Bylaws of the corporation by the stockholders shall require, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, the affirmative vote of the holders of at least a majority of the voting power of all of the then outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

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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 President and 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
Former General Counsel
Portola Minerals Company

EXECUTIVE OFFICERS

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

George E. Kilguss, III
Senior Vice President and
Chief Financial Officer

Richard H. Goshorn
Senior Vice President
General Counsel and Secretary

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, 2013, 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

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ABOUT VERISIGN

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