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, 2018

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 every Interactive Data File required to be submitted 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 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," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

The aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the Registrant as of June 30, 2018, was $10.0 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 8, 2019: 119,714,949 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the 2019 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 and internet infrastructure, enabling internet navigation for many of the world's most recognized domain names ("Registry Services"). Our Registry Services enable the security, stability, and resiliency of key internet infrastructure and services, including providing root zone maintainer services, operating two of the 13 global internet root servers, and providing registration services and authoritative resolution for the *.com* and *.net* top-level domains ("TLDs"), which support the majority of global e-commerce. On December 5, 2018, we completed the sale of our rights, economic benefits, and obligations, in all customer contracts related to our Security Services business, which primarily consisted of Distributed Denial of Service ("DDoS") Protection Services and Managed Domain Name System ("DNS") Services, to NeuStar, Inc. ("Neustar"). As part of the transaction, we will continue to support the Security Services customers during the transition to Neustar over the course of 2019.

We have operations inside as well as outside the United States ("U.S."). For certain additional information about our business, 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 7, "Revenue Recognition" 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 https://www.Verisign.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 SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at https://www.sec.gov.

Pursuant to our agreements with the Internet Corporation for Assigned Names and Numbers ("ICANN"), we make available on our website (at https://www.Verisign.com/zone) files containing all active domain names registered in the *.com* and *.net* registries. At the same website address, we make available a summary of the active zone count registered in the *.com* and *.net* registries and the number of *.com* and *.net* domain names in the domain name base. The domain name base is the active zone plus the number of domain names that are registered but not configured for use in the respective top-level domain zone file plus the number of domain names that are in a client or server hold status. The domain name base may also reflect compensated or uncompensated judicial or administrative actions to add or remove from the active zone an immaterial number of domain names. These files and the related summary data are updated at least once per day. The update times may vary each day. The number of domain names provided in this Form 10-K are as of midnight of the date reported.

We announce material financial information to our investors using our investor relations website https://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
https://www.Twitter.com/Verisign
https://www.LinkedIn.com/company/Verisign
https://www.YouTube.com/user/Verisign
https://www.Verisign.com
https://blog.Verisign.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.

Registry Services

Registry Services operates the authoritative directory of and/or the back-end systems for all *.com, .net, .cc, .tv, .gov, .jobs, .edu* and *.name* domain names, among others. 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"), among others, under agreements with ICANN and also, with respect to the *.com* agreement, the U.S. Department of Commerce ("DOC"). We are also the exclusive registry of domain names within certain transliterations of *.com* and *.net* in a number of different native languages and scripts ("IDN gTLDs"). As a registry, we maintain the master directory of all second-level domain names (e.g., johndoe.com and janedoe.net) in these gTLDs and IDN gTLDs. Our global constellation of DNS 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 ICANN-accredited registrars to enter new second-level domain names into central directories and to submit modifications, transfers, re-registrations, and deletions for existing second-level domain names ("Shared Registration System").

In addition to our registry agreements with ICANN, we have agreements to operate the registry for the *.tv* and *.cc* country code top-level domains ("ccTLDs") for Tuvalu and Cocos (Keeling) Islands, respectively, and to operate the back-end registry systems for the *.gov*, *.jobs,* and *.edu* sponsored TLDs, among others. These TLDs are also supported by our global constellation of DNS servers and Shared Registration System.

We also provide internationalized domain name ("IDN") services that enable internet users to access websites in characters representing their local language. Our gTLDs and ccTLDs can support standards-compliant registrations in over 100 different native languages and scripts.

We also perform the root zone maintainer function under an agreement with ICANN for the core of the internet's DNS and operate two of the 13 root zone servers that contain authoritative data for the very top of the DNS hierarchy.

Domain names can be registered for between one and 10 years. The fees charged for *.com*, *.net* and *.name* may only be increased according to adjustments prescribed in our agreements with ICANN over the applicable term. Revenues for *.cc* and *.tv* domain names and our IDN gTLDs are based on a similar fee system and registration system, although the fees charged are not subject to the same pricing restrictions as those imposed by the DOC on *.com*, or ICANN with respect to *.net* and *.name*. The fees received from operating the *.gov* registry are based on the terms of Verisign's agreement with the U.S. General Services Administration. The fees received from operating the *.jobs* registry infrastructure, and that of others for which Verisign provides such services, are based on the terms of Verisign's agreements with those respective registry operators.

Historically, we have experienced a higher volume of domain name transactions 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.

Security Services

As described above, the Company sold its Security Services customer contracts to Neustar on December 5, 2018. Security Services was primarily comprised of DDoS Protection Services and Managed DNS Services.

DDoS Protection Services supports online business continuity by providing monitoring and mitigation services against DDoS attacks. Customers include financial institutions, software-as-a-service providers, e-commerce providers, and media companies. Customers pay a subscription fee that varies depending on the customer's network requirements.

Managed DNS Services is a hosting service that delivers DNS resolution, improving the availability of web-based systems. 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.

Operations Infrastructure

Our operations infrastructure consists of three secure data centers in Dulles, Virginia; New Castle, Delaware; and Fribourg, Switzerland as well as more than 160 resolution sites around the world. 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, processing more than 152 billion queries daily. 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 operate a large number of high-speed servers globally to support localized capacity and availability demands. In conjunction with our proprietary software, processes and procedures, this platform offers rapid failover, global and local load balancing, and threshold monitoring on critical servers.
- *Networking:* We deploy and maintain a redundant and diverse global network, maintain high-speed, redundant connections to numerous internet service providers, and maintain peering relationships globally to ensure that our critical services are readily accessible to customers at all times.
- *Security:* We incorporate architectural concepts such as protected domains, restricted nodes and distributed access control in our system architecture. 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 to mitigate unknown vendor defects and zero-hour security vulnerabilities. This includes different physical security silos, which themselves are separated into bulkheads, and in which servers are located. 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.
- *Data Integrity:* Verisign employs both phased and systemic integrity validation operations via a number of proprietary mechanisms on all internal DNS publication operations.

We have continuously expanded 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 address projected internet attack trends.

Call Centers and Help Desk: We provide customer support services through phone-based call centers, email help desks and web-based self-help systems. Our Virginia call center is staffed with trained customer support agents 24 hours a day, every day of the year.

Operations Support and Monitoring: Through our network operations center, 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 network operations center is 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. We maintain 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 facilities. 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 seek to expand our business through focused marketing campaigns and programs that target growth in the *.com* and *.net* domain name base, both domestically and in foreign markets. We offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate. We provide tools to be used by both registrars and end users to allow them to find relevant domain names. We have marketing and sales offices in several countries around 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 new and enhanced ways to ensure the security, stability, and resiliency of our services, is necessary to remain competitive in the marketplace.

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. 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 the Registry Services business. 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. 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.

We face competition in the domain name registry space from other gTLD and ccTLD registries that are competing for the business of entities and individuals that are seeking to obtain a domain name registration, establish an online presence, as well as other uses of domain names, such as branded email. In addition to the gTLDs and ccTLDs we operate or for which we provide back-end registry services, there are over 1,200 other operational gTLD registries, over 250 Latin script ccTLD registries, more than 50 IDN ccTLD registries, and over 150 IDN gTLD registries. Under our agreements with ICANN, we are subject to certain restrictions in the operation of *.com*, *.net* and *.name* on pricing, bundling, marketing, methods of distribution, the introduction of new registry services, and use of registrars, that do not apply to ccTLDs and other gTLDs and therefore may create a competitive disadvantage.

To the extent end-users navigate using search engines or social media, or transact on e-commerce platforms, as opposed to direct navigation, we face competition from search engines such as Google, Bing, Yahoo!, and Baidu, social media networks such as Facebook and WeChat, e-commerce platforms such as Amazon, eBay and Taobao, and microblogging tools such as Twitter. In addition, we face competition from these social media businesses and e-commerce platforms if they are used to establish an online presence by end-users rather than through the use of a domain name. Furthermore, to the extent end-users increase the use of web and mobile applications to locate and access content, we face competition from providers of such web and mobile applications.

We also face competition from service providers that offer outsourced domain name registration, resolution and other DNS services to registries that require a reliable and scalable infrastructure. Among our competitors are Afilias plc, CentralNic Ltd., and Neustar, Inc.

Industry Regulation

The internet is governed under a multi-stakeholder model comprising civil society, the private sector including for-profit and not-for-profit organizations such as ICANN, governments including the U.S. government, academia, non-governmental organizations, and international organizations. ICANN plays a central coordination role in the multi-stakeholder system. ICANN is mandated through its bylaws to uphold a private sector-led multi-stakeholder approach to internet governance for the public benefit. The multi-stakeholder process has and will continue to create policies, programs, and standards that directly or indirectly impact or affect our business. In addition, country-level regulations, such as those implemented by China, impose additional costs on our Registry Services, can affect the growth or renewal rates of domain name registrations, and may also affect our ability to do business. Similarly, in the European Union, legislative and regulatory bodies responsible for data privacy continue to enhance and modify data privacy protections, which impacts our collection and delivery of personal data as we provide our domain name registry services, and could affect costs of operation.

As the exclusive registry of domain names within the *.com* and *.net* gTLDs, we have entered into certain agreements with ICANN and, in the case of *.com*, the DOC under a Cooperative Agreement.

.com Registry Agreement

Following the extension of the *.com* Registry Agreement on October 20, 2016, the *.com* Registry Agreement provides that we will continue to be the sole registry operator for domain names in the *.com* gTLD through November 30, 2024. As part of the extension of the *.com* Registry Agreement, the Company and ICANN agreed to cooperate and negotiate in good faith to amend the terms of the *.com* Registry Agreement: (i) by October 20, 2018, to preserve and enhance the security and stability of the internet or the *.com* TLD, and (ii) as may be necessary for consistency with changes to, or the termination or expiration of, the Cooperative Agreement. ICANN and Verisign are engaged in discussions related to these obligations, including modifying the *.com* Registry Agreement based on changes to the Cooperative Agreement arising from Amendment 35. On a quarterly basis, we pay $0.25 to ICANN for each annual increment of a domain name registered or renewed during such quarter. 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* and *.net* Registry Agreements with ICANN contain a "presumptive" right of renewal upon the expiration of their current terms. ICANN could terminate or refuse to renew our *.com* and/or *.net* Registry Agreements if, upon proper notice, (i) we fail to cure a fundamental and material breach of certain specified obligations, and (ii) we fail to timely comply with a final decision of an arbitrator or court. See "Risk Factors - Risks arising from our agreements governing our Registry Services business could limit our ability to maintain or grow our business" in Part I, Item 1A of this Annual Report on Form 10-K for further information. Our *.com* and *.net* Registry Agreements contain obligations to provide access to our systems, restrictions on our ability to market and bundle our products and services, and restrictions on our ability to control our registrar channel or own a registrar.

Cooperative Agreement

Verisign and the DOC entered into Amendment 35 of the Cooperative Agreement on October 26, 2018, which, among other items, extends the term of the Cooperative Agreement until November 30, 2024. The Cooperative Agreement will automatically renew on the same terms for successive six-year terms unless the DOC provides written notice of non-renewal 120 days prior to the end of the then-current term. Under Amendment 35, standard renewals of the *.com* Registry Agreement with ICANN will not require further DOC approval, although any additional changes to the pricing section other than as approved in Amendment 35, changes to the vertical integration provisions, the functional or performance specifications (including the SLAs), the conditions for renewal or termination, or to the Whois service, as set forth in the Amendment 35, would require further DOC approval. As was the case with prior amendments, the DOC's approval of Amendment 35 was not intended to confer federal antitrust immunity on Verisign with respect to the *.com* Registry Agreement.

Under Amendment 35 to the Cooperative Agreement, the Maximum Price (as defined in the *.com* Registry Agreement) of a *.com* domain name may be increased without further DOC approval by up to 7% in each of the final four years of each six-year period. The first such six-year period begins on October 26, 2018. The changes to the Maximum Price under Amendment 35 are not effective until such price increases are incorporated in the *.com* Registry Agreement with ICANN. Further, we are 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 we 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. The Cooperative Agreement further provides that we 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 we demonstrate to the DOC that market conditions no longer warrant pricing restrictions in the *.com* Registry Agreement, as determined by the DOC. Also, under Amendment 35, we clarified that the restrictions in the *.com* Registry Agreement relating to vertical integration apply solely to the *.com* TLD. As to the *.com* TLD, we are not permitted to acquire, directly or indirectly, control of, or a greater than 15% ownership interest in, any ICANN-accredited registrar that sells *.com* domain names. In addition, under Amendment 35, we have agreed to continue to operate the *.com* TLD in a content-neutral manner and to work within ICANN processes to promote the development of content-neutral policies for the operation of the DNS.

.net Registry Agreement

We entered into a renewal of our *.net* Registry Agreement with ICANN that was effective on July 1, 2017. 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, 2023.

Root Zone Maintainer Service Agreement

In the fourth quarter of 2016, we entered into a new agreement with ICANN, the Root Zone Maintainer Service Agreement ("RZMA") under which we perform the Root Zone Maintainer functions on behalf of ICANN. The RZMA will expire on October 19, 2024, with an automatic renewal, unless earlier terminated.

The descriptions of the *.com* Registry Agreement, 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.

Intellectual Property

We rely on a combination of copyrighted software, trademarks, service marks, patents, trade secrets, know-how, restrictions on disclosure, and other methods to protect our proprietary assets. 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 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 technologies. Additionally, we continue to file numerous patent applications with respect to certain of our technologies in the U.S. Patent and Trademark Office and internationally. Patents may not be awarded with respect to these applications and even if such patents are awarded, such patents may not provide 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 VERISIGN logo in the U.S. and certain countries, and have pending trademark applications for the 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.

Our principal intellectual property consists of, and our success is dependent upon, proprietary software used in our Registry Services business and certain methodologies (many of which are patented or for which patent applications are pending) and technical expertise and proprietary know-how we use in both the design and implementation of our current and future registry services. 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 business are in the public domain or are otherwise available to our competitors, and some are based on open standards set by organizations such as the Internet Engineering Task Force. 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.

Employees

The following table shows a comparison of our consolidated employee headcount, by function:

	As of December 31,		
	2018	2017	2016
Employee headcount by function:			
Cost of revenues	281	288	324
Sales and marketing	84	133	143
Research and development	219	226	228
General and administrative	316	305	295
Total	900	952	990

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

We are parties to (i) a Cooperative Agreement (as amended) with the DOC with respect to the *.com* gTLD and (ii) Registry Agreements with ICANN for *.com*, *.net, .name,* and other gTLDs including our IDN gTLDs. As substantially all of our revenues are derived from our Registry Services business, limitations and obligations in, or changes or challenges to, these agreements, particularly the agreements that involve *.com* and *.net*, could have a material adverse impact on our business. Certain competing registries, such as the ccTLDs, do not face the same limitations or obligations that we face in our agreements. Verisign and the DOC entered into Amendment 35 of the Cooperative Agreement on October 26, 2018, which, among other items, extends the term of the Cooperative Agreement until November 30, 2024. The Cooperative Agreement will automatically renew on the same terms for successive six-year terms unless the DOC provides written notice of non-renewal 120 days prior to the end of the then-current term. Further changes to the Cooperative Agreement require the mutual agreement of the DOC and the Company.

Modifications or Amendments. In October 2016, the Company and ICANN entered into an amendment to extend the term of the *.com* Registry Agreement to November 30, 2024 (the "*.com* Amendment"). As part of the *.com* Amendment, the Company and ICANN agreed to negotiate in good faith to amend the terms of the *.com* Registry Agreement: (i) by October 20, 2018, to preserve and enhance the security and stability of the internet or the *.com* TLD, and (ii) as may be necessary for consistency with changes to, or the termination or expiration of, the Cooperative Agreement. ICANN and Verisign are engaged in discussions to satisfy this obligation including modifying the *.com* Registry Agreement based on changes to the Cooperative Agreement arising from Amendment 35. We can provide no assurance that any new terms for the *.com* Registry Agreement that we agree to as a result of these discussions will match the changes permitted in Amendment 35 nor can we provide assurances that certain terms that we agree to will not increase the costs or risks associated with the operation of the *.com* TLD. Under Amendment 35, standard renewals of the *.com* Registry Agreement will not require further DOC approval. If, in connection with a renewal of the *.com* Registry Agreement the Company seeks any additional changes to the pricing section other than as approved in Amendment 35, changes to the vertical integration provisions, the functional or performance specifications (including the SLAs), the conditions for renewal or termination, or to the Whois service, as set forth in the Amendment 35, DOC approval is required. We can provide no assurances that such approval would be obtained.

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

Pricing. Under the terms of Amendment 35 to the Cooperative Agreement, the Company and ICANN may agree to amend the terms of the *.com* Registry Agreement to permit the price of registrations or renewals of *.com* domain names to be increased by up to 7% per year in each of the final four years of each six-year period beginning on October 26, 2018. In addition, we are entitled to increase the price up to 7%, with the prior approval of the DOC, due to the imposition of any new ICANN Consensus Policies, as established and defined under ICANN's bylaws and due process, and covering certain items listed in the *.com* Registry Agreement, or documented extraordinary expense resulting from an attack or threat of attack on the security and stability of the DNS. However, it is uncertain that these additional circumstances will arise, or if they do, whether we would seek, or the DOC would approve, any request to increase the price for *.com* domain name registrations. We also have the right under the Cooperative Agreement to seek the removal of these pricing restrictions if we demonstrate to the DOC that market conditions no longer warrant such restrictions. However, it is uncertain whether we will seek the removal of such restrictions, or whether the DOC would approve the removal of such restrictions. In comparison, under the terms of the *.net* and *.name* Registry Agreements with ICANN, we are permitted to increase the price of domain name registrations and renewals in these TLDs up to 10% per year. Additionally, ICANN's registry agreements for new gTLDs do not contain such pricing restrictions.

Vertical integration. Under Amendment 35, the parties clarified that the restrictions in the *.com* Registry Agreement relating to vertical integration apply solely to the *.com* TLD. As to the *.com* TLD, we are not permitted to acquire, directly or indirectly, control of, or a greater than 15% ownership interest in, any ICANN-accredited registrar that sells *.com* domain name registrations. Historically, all gTLD registry operators were subject to a vertical integration prohibition; however, ICANN has established a process whereby registry operators may seek ICANN's approval to remove this restriction, and ICANN has approved such removal for certain other registry operators. 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. If we seek to remove the vertical integration restrictions contained in our agreements, it is uncertain whether ICANN approval would be obtained. Furthermore, even if we obtain such approval, we can provide no assurances that we will enter the domain name retail market, or that we will be successful if we choose to do so. If registry operators of other TLDs, including ccTLDs, are able to obtain competitive advantages through vertical integration, and we are not, it could materially harm our business.

Renewal and Termination. Our *.com*, *.net,* and *.name* Registry Agreements with ICANN contain "presumptive" rights of renewal upon the expiration of their current terms on November 30, 2024, June 30, 2023 and August 15, 2020, respectively. The Registry Agreements for our new gTLDs including our IDN gTLDs are subject to a 10-year term and contain similar "presumptive" renewal rights. If certain terms in our *.com* and *.net* Registry Agreements are not similar to such terms generally in effect in the registry agreements of the five largest gTLDs, then a renewal of these agreements shall be upon terms reasonably necessary to render such terms similar to the registry agreements for those other gTLDs. There can be no assurance that such terms, if they apply, will not have a material adverse impact on our business. A failure by ICANN to approve the renewal of the *.com* Registry Agreement prior to the expiration of its current term on November 30, 2024 or to approve the renewal of the *.net* Registry Agreement prior to or upon the expiration of its current term on June 30, 2023, would have, absent an extension, a material adverse effect on our business. ICANN could terminate or refuse to renew our *.com* or *.net* Registry Agreements if, upon proper notice, (i) we fail to cure a fundamental and material breach of certain specified obligations, and (ii) we fail to timely comply with a final decision of an arbitrator or court. ICANN's termination or refusal to renew either the *.com* or *.net* Registry Agreement would have a material adverse effect on our business.

Consensus Policies. Our Registry Agreements with ICANN require us to implement Consensus Policies and specifications or policies established on a temporary basis ("Temporary Policies"). ICANN could adopt Consensus Policies or Temporary Policies that are unfavorable to us as the registry operator of *.com*, *.net* and our other gTLDs, that are inconsistent with our current or future plans, that impose substantial costs on our business, that subject the Company to additional legal risks, or that affect our competitive position. Such Consensus Policies or Temporary Policies could have a material adverse effect on our business. As an example, ICANN has adopted a Consensus Policy that requires Verisign to receive and display Thick Whois data for *.com* and *.net*. In addition, ICANN has adopted a Temporary Specification that establishes temporary requirements for registry operators and registrars regarding the collection, display and disclosure of Thick WHOIS data pending ICANN's establishment of a permanent Consensus Policy. The costs of complying or failing to comply with these policies as well as laws and regulations, such as General Data Protection Regulation ("GDPR"), regarding personally identifiable information and data privacy, such as domestic and various foreign privacy regimes, could expose us to compliance costs and substantial liability, and result in costly and time-consuming investigations or litigation.

Technical Standards and ICANN processes. Our Registry Agreements with ICANN require Verisign to implement and comply with various technical standards and specifications published by the Internet Engineering Task Force ("IETF"). ICANN could impose requirements on us through changes to these IETF standards that are inconsistent with our current or future plans, that impose substantial costs on our business, that subject the Company to additional legal risks, or that affect our competitive position. Any such changes to the IETF standards could have a material adverse effect on our business. In addition, under Amendment 35, we have agreed to continue to operate the *.com* TLD in a content-neutral manner and to work within ICANN processes to promote the development of content neutral policies for the operation of the DNS. Such policies could expose us to compliance costs and substantial liability and result in costly and time-consuming investigations or litigation.

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

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

Application of new and existing laws and regulations in the U.S. or overseas to the internet and communications industry can be unclear. The costs of complying or failing to comply with these laws and regulations could limit our ability to operate in our current markets, expose us to compliance costs and substantial liability, and result in costly and time-consuming litigation. For example, the government of China has indicated that it will issue, and in some instances has begun to issue, new regulations, and has begun to enforce existing regulations, that impose additional costs on, and risks to, our provision of

Registry Services in China and could impact the growth or renewal rates of domain name registrations in China. In addition to registry operators, certain of such regulations also require registrars to obtain a government-issued license for each TLD whose domain name registrations they intend to sell directly to registrants. Any failure to obtain the required licenses, or to comply with any license requirements or any updates thereto, by us or our registrars could impact the growth of our business in China.

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, online gambling, counterfeit goods, and intellectual property violations such as 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.

To conduct our operations, we regularly move data across national borders and receive data originating from different jurisdictions, and consequently are subject to a variety of continuously evolving and developing laws and regulations in the United States and abroad regarding privacy, data protection and data security. The scope of the laws that may be applicable to us is often uncertain and may be conflicting, particularly with respect to foreign laws. For example, the European Union's GDPR, which greatly increases the jurisdictional reach of European Union law and adds a broad array of requirements for handling personal data, including the public disclosure of significant data breaches, and significant penalties, became effective in May 2018. Other countries and other states have enacted or are enacting data localization laws regulating or limiting data collection, storage and transfer. All of these evolving compliance and operational requirements can impose significant costs for us that are likely to increase over time.

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

Undetected or unknown defects in our service, security breaches, defects in the technologies and services in our supply chain, and DDoS attacks could expose us to liability and harm our business and reputation.

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

In addition to undetected defects or errors, we are also subject to cyber-attacks and attempted security breaches. We retain certain customer and employee information in our data centers and various domain name registration systems. It is critical to our business strategy as well as fulfilling our obligations as the registry operator for *.com* and *.net,* that our facilities and infrastructure remain secure, that we continue to meet our service level agreements and we maintain the public's trust in the internet services that we provide. The Company, as an operator of critical internet infrastructure, is frequently targeted and experiences a high rate of attacks. These include the most sophisticated forms of attacks, such as advanced persistent threat attacks and zero-hour threats. These forms of attacks involve situations where the threat is not compiled or has been previously unobserved within our observation and threat indicators space until the moment it is launched. In addition, these forms of attacks may target specific unidentified or unresolved vulnerabilities that exist only within the target's supply chain or operating environment, making these attacks virtually impossible to anticipate and difficult to defend against. In addition to external threats, we may be subject to insider threats, including those from third-party suppliers such as consultants and advisors, SaaS providers, hardware, software, and network systems manufacturers, and other outside vendors, or from current or former contractors or employees; these threats can be realized from intentional or unintentional actions. The Shared Registration System, the root zone servers, the root zone file, the Root Zone Management System, the TLD name servers and the TLD zone files that we operate are critical to our Registry Services operations. Therefore, attacks against third-party suppliers that provide services to our Registry Services operations could also impact our infrastructure. Despite the significant time and money expended on our security measures, we have been subject to a security breach, as disclosed in our Quarterly Report on Form

10-Q for the quarter ended September 30, 2011, and our infrastructure may in the future be vulnerable to physical break-ins, disruptions resulting from destructive malware, hardware or enabling software defects, computer viruses, attacks by hackers or nefarious actors or similar disruptive problems, including hacktivism. It is possible that we may have to expend additional financial and other resources to address such problems. Any physical or electronic break-in or other security breach or compromise of the information stored at our data centers or domain name registration systems may cause an outage of, or jeopardize the security of, information stored on our premises or in the computer systems and networks of our customers. In such an event, we could face significant liability, fail to meet contracted service level obligations, customers could be reluctant to use our services and we could be at risk for loss of various security and standards-based compliance certifications needed for operation of our businesses, all or any of which could adversely affect our reputation and harm our business or cause financial losses that are either not insured against or not fully covered through any insurance that we maintain. Such an occurrence could also result in adverse publicity and therefore adversely affect the market's perception of the security of e-commerce and communications over the internet as well as of the security or reliability of our services.

We use externally developed technology, systems and services including both hardware and software, for a variety of purposes, including, without limitation, compute, storage, encryption and authentication, back-office support, and other functions. While we have developed operational policies and procedures to reduce the impact of security vulnerabilities in system components, as well as at any vendors where Company data is stored or processed, such measures cannot provide absolute security. Vulnerabilities in, and exploits leading to, breaches of our vendors' technology, systems or services could expose us or our customers to a risk of loss or misuse of Company data, including but not limited to sensitive personally identifiable information.

Additionally, our networks have been, and likely will continue to be, subject to DDoS attacks. Recent attacks have demonstrated that DDoS attacks continue to grow in size and sophistication and have an ability to widely disrupt internet services. Particularly since 2016, the size of DDoS attacks has grown rapidly, and we have successfully mitigated DDoS attacks during this time frame that are significantly larger than those we have historically experienced. While we have adopted mitigation techniques, procedures and strategies to defend against such attacks, there can be no assurance that we will be able to defend against every attack, especially as the attacks increase in size and sophistication. Any attack, even if only partially successful, could disrupt our networks, increase response time, negatively impact our ability to meet our contracted service level obligations, and generally hamper our ability to provide reliable service to our Registry Services customers and the broader internet community. We have historically incurred, and will continue to incur, significant costs to enable our infrastructure to process levels of attack traffic that are significant multiples of our normal transaction volume. Further, we are in the process of transitioning our Security Services customer contracts to Neustar. During this migration period, we will continue to operate DDoS protection services for customers that have yet to transition. These DDoS protection services share some of the infrastructure used in our Registry Services business. Therefore the operation of such services might expose our critical Registry Services infrastructure to temporary degradations or outages caused by DDoS attacks against those customers, in addition to any attacks directed specifically against us and our networks.

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

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

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

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

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

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

We face risks from our operation of two root zone servers and performance of the Root Zone Maintainer functions under the RZMA.

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

As we perform the Root Zone Maintainer Services under the RZMA, we may be subject to significant claims challenging the agreement or our performance under the agreement, and we may not have immunity from, or sufficient indemnification or insurance for, such claims.

For example, DNSSEC enabled in the root zone and at other levels of the DNS requires new preventative maintenance, including root key signing key ("KSK") rollover, necessitating functions and complex operational practices that did not exist prior to the introduction of DNSSEC. Any failure by us, ICANN, external DNS vendors and service providers, or other relying parties to comply with stated practices, such as those outlined in relevant DNSSEC Practice Statements and internet standards, introduces risk to DNSSEC relying parties and other internet users and consumers of the DNS, which could have a material adverse impact on our business. In particular, because root KSK rollover involves updates to the KSK public key (the "Trust Anchor") and private key pair managed by ICANN's Public Technical Identifiers (PTI) operation, to the root zone DNSSEC records published by us in our role as Root Zone Maintainer; and, to corresponding trust anchor configurations maintained by external DNS vendors and service providers' DNSSEC-aware implementations, if such external parties are not adequately prepared for and/or do not appropriately effectuate root key updates, any root KSK rollover, including the initial rollover that occurred on October 11, 2018 at ICANN's direction, may introduce substantial risk to relying parties. Even where we have correctly implemented our key updates, we could face potential legal claims and reputational harm if the failures described occur.

Additionally, over 1,200 new gTLDs have already been delegated into the root zone in the current round of new gTLDs. ICANN plans on offering a subsequent round of new gTLDs, the timing of which remains uncertain. We believe there are potential security and stability issues that could involve the root zone and at other levels of the DNS from the deployment of the new gTLDs that should have been addressed before any new gTLDs were delegated, and despite our and others' efforts, some of these issues have not been addressed by ICANN sufficiently, if at all. For example, domain name collisions have been reported to ICANN, which have resulted in various network interruptions for enterprises as well as confusion and usability issues that have led to phishing and other cyber-attacks. It is anticipated that as additional new gTLDs are delegated now, or in subsequent rounds, more domain name collisions and associated security issues will occur.

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

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

Some domain name registrants use a domain name to access or disseminate information, conduct e-commerce, and develop an online identity. Currently, internet users often navigate to a website either by directly typing its domain name into a

web browser, the use of an app on their smart phone or mobile device, the use of a voice recognition technology such as Alexa, Cortana, Google Assistant, or Siri, or through the use of a search engine. If (i) web browser or internet search technologies were to change significantly; (ii) internet users' preferences or practices shift away from recognizing and relying on web addresses for navigation through the use of new and existing technologies; (iii) internet users were to significantly decrease the use of web browsers in favor of applications to locate and access content; (iv) internet users were to significantly decrease the use of domain names to develop and protect their online identity; 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 in our TLDs could decrease. This may trigger current or prospective customers and parties in our target markets to reevaluate their need for registration or renewal of domain names.

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

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

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

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

- regional internet infrastructure development, expansion, penetration and adoption;
- market acceptance and adoption of substitute products and services that enable online presence without a domain, including social media, e-commerce platforms, website builders and mobile applications;
- public perception of the security of our technologies and of IP and other networks;
- the introduction and consumer acceptance of new generations of mobile devices, and in particular the use of internet navigation mobile applications as the primary engagement mechanism;
- increasing cyber threats;
- government regulations affecting internet access and availability, domain name registrations or the provision of registry services, data security or data localization, or e-commerce and telecommunications over the internet;
- the maturity and depth of the sales channels within developing and emerging markets and their ability and motivation to establish and support sales for domain names;
- preference by markets for the use of their own country's ccTLDs as a substitute or alternative to our TLDs; and
- increased acceptance and use of new gTLDs as substitutes for established gTLDs.

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

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

The internet and communications network services industries are characterized by rapid technological change and frequent new product and service announcements which require us continually to improve the performance, features and reliability of our services, particularly in response to competitive offerings or alternatives to our products and services. In order to remain competitive and retain our market position, we must continually improve our access to technology and software, support the latest transmission technologies, and adapt our products and services to changing market conditions and our customers' and internet users' preferences and practices, or potentially launch entirely new products and services such as new

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

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

See the "Competition" section in Part I, Item 1 for further information.

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

All of our domain name registrations occur through registrars. Registrars and their resellers utilize substantial marketing efforts to increase the demand and/or renewal rates for domain names as well as their own associated offerings. Consolidation in the registrar or reseller industry or changes in ownership, management, or strategy among individual registrars or resellers could result in significant changes to their business, operating model and cost structure. Such changes could include reduced marketing efforts or other operational changes that could adversely impact the demand and/or the renewal rates for domain names.

With the introduction of new gTLDs, many of our registrars have chosen to, and may continue to choose to, focus their short or long-term marketing efforts on these new offerings and/or reduce the prominence or visibility of our products and services on their e-commerce platforms. Our registrars and resellers sell domain name registrations of other competing registries, including the new gTLDs, and some also sell and support their own services for websites such as email, website hosting, as well as other services. Therefore, our registrars and resellers may be more motivated to sell to registrants to whom they can also market their own services. To the extent that registrars and their resellers focus more on selling and supporting their services and less on the registration and renewal of domain names in our TLDs, our revenues could be adversely impacted. Our ability to successfully market our services to, and build and maintain strong relationships with, new and existing registrars or resellers is a factor upon which successful operation of our business is dependent. If we are unable to keep a significant portion of their marketing efforts focused on selling registrations of domain names in our TLDs as opposed to other competing TLDs, including the new gTLDs, or their own services, our business could be harmed.

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

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

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

- 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. In 2019, we will begin transitioning some of our data center operations to a leased data center facility in Ashburn, Virginia. To the extent we are unable to partially or completely switch over to our primary alternate or tertiary sites, any damage or failure that causes interruptions in any of these facilities or our other computer and communications systems could materially harm our business. Although we carry insurance for property damage, we do not carry insurance or financial reserves for such interruptions, or for potential losses arising from terrorism.

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

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

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

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

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

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

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

A significant portion of our revenues is derived from customers outside the U.S. Our business operations in international markets has required and will continue to require significant management attention and resources. We may also need to tailor some of our services for a particular market and to enter into international distribution and operating relationships. We may fail to maintain our ability to conduct business, including potentially material business operations in some international locations, or we may not succeed in expanding our services into new international markets or expand our presence in existing markets.

Failure to do so could materially harm our business. Moreover, local laws and customs in many countries differ significantly from those in the U.S. In many foreign countries, particularly in those with developing economies, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. law or regulations applicable to us. There can be no assurance that our employees, contractors and agents will not take actions in violation of such policies, procedures, laws and/or regulations. Violations of laws, regulations or internal policies and procedures by our employees, contractors or agents could result in financial reporting problems, investigations, fines, penalties, or prohibition on the importation or exportation of our products and services and could have a material adverse effect on our business. In addition, we face risks inherent in doing business on an international basis, including, among others:

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

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

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

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

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

enforce the Verisign logo in all markets where Verisign products and services are sold. In addition, in the U.S. and most other countries, word marks solely for TLDs have currently not been successfully registered as trademarks. Accordingly, we may not be able to fully realize or maintain the value of these intellectual property assets.

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

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

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

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

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

In addition to possible intellectual property litigation and infringement claims, we are, and may in the future, become involved in other claims, lawsuits, audits and investigations. For example, Afilias, a competitor and a losing bidder in the *.web* auction, filed an arbitration proceeding against ICANN on November 14, 2018, alleging that ICANN's failure to disqualify Nu DotCo, LLC ("NDC") from participating in the *.web* auction violated ICANN's rules. The arbitration, which was filed more than two years after the *.web* auction took place, seeks to compel ICANN to award the *.web* TLD to Afilias. Neither Verisign nor NDC currently are parties in the Afilias arbitration, but both have filed requests to participate in the arbitration as interested parties as allowed by ICANN's rules. We believe Afilias' claims against ICANN are without merit. If Afilias were successful in the arbitration on its claims that ICANN violated its own rules, we believe that ICANN would still need to make a further determination to remedy such a violation. Nevertheless, it is possible that Afilias or another party could potentially become the operator of the *.web* TLD.

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

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

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

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

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

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

Changes in, or interpretations of, tax rules and regulations or our tax positions may adversely affect our income taxes.

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. Our effective tax rates may fluctuate significantly on a quarterly basis because of a variety of factors, including changes in the mix of earnings and losses in countries with differing statutory tax rates, changes in our business or structure, changes in tax laws that could adversely impact our income or non-income taxes or the expiration of or disputes about certain tax agreements in a particular country. We are subject to audit by various tax authorities. In accordance with U.S. GAAP, we recognize income tax benefits, net of required valuation allowances and accrual for uncertain tax positions. For example, we claimed a worthless stock deduction on our 2013 federal income tax return and recorded a net income tax benefit of $380.1 million. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in historical income tax provisions and accruals. Should additional taxes be assessed as a result of an audit or litigation, an adverse effect on our results of operations, financial condition and cash flows in the period or periods for which that determination is made could result.

The Tax Cuts and Jobs Act ("Tax Act") was enacted on December 22, 2017. The Tax Act significantly revamped U.S. taxation of corporations, including a reduction of the federal income tax rate from 35% to 21%, a limitation on interest deductibility, and a new tax regime for foreign earnings. Our decision to redeem the convertible debentures, the new U.S. taxes on accumulated and future foreign earnings, other adverse changes resulting from the Tax Act, or a change in the mix of domestic and foreign earnings, might offset the benefit from the reduced tax rate, and our future effective tax rates and/or cash taxes may increase, even significantly, or not decrease much, compared to recent or historical trends. Many of the provisions of the Tax Act are highly complex and may be subject to further interpretive guidance from the IRS or others. Some of the provisions of the Tax Act may be changed by a future Congress or challenged by the World Trade Organization ("WTO") or be subject to trade or tax retaliation by other countries. Although we cannot predict the nature or outcome of such future interpretive guidance, or actions by a future Congress, WTO or other countries, they could adversely impact our 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, 2018, we had $1.28 billion in cash, cash equivalents, marketable securities and restricted cash, of which $912.3 million was invested in marketable securities. The marketable securities consist primarily of debt securities issued by the U.S. Treasury meeting the criteria of our investment policy, which is focused on the preservation of our capital through the investment in investment grade securities. We currently do not use derivative financial instruments to adjust our investment portfolio risk or income profile.

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

We are subject to the risks of owning real property.

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

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

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

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

- our stockholders may take action only at a duly called meeting and not by written consent;
- special meetings of our stockholders may be called only by the chairman of the board of directors, the president, our Board, or the secretary (acting as a representative of the stockholders) whenever a stockholder or group of stockholders owning at least twenty-five percent (25%) in the aggregate of the capital stock issued, outstanding and entitled to vote, and who held that amount in a net long position continuously for at least one year, so request in writing;
- vacancies on our Board can be filled until the next annual meeting of stockholders by a majority of directors then in office; and
- our Board has the ability to designate the terms of and issue new series of preferred stock without stockholder approval.

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

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

We have a significant amount of outstanding debt, and we periodically reassess our capital structure and may incur additional indebtedness in the future. Our substantial indebtedness, including any future indebtedness, requires us to dedicate a significant portion of our cash flow from operations or to arrange alternative liquidity sources to make principal and interest payments, when due, or to repurchase or settle our debt, if triggered, by certain corporate events, or certain events of default. It could also limit our flexibility in planning for or reacting to changes in our business and our industry, or make required capital expenditures and investments in our business; make it difficult or more expensive to refinance our debt or obtain new debt; trigger an event of default; and increase our vulnerability to adverse changes in general economic and industry conditions. Some of our debt contains covenants which may limit our operating flexibility, including restrictions on share repurchases, dividends, prepayment or repurchase of debt, acquisitions, disposing of assets, if we do not continue to meet certain financial ratios. Any rating assigned to our debt securities could be lowered or withdrawn by a rating agency, which could make it more difficult or more expensive for us to obtain additional debt financing in the future. The occurrence of any of the foregoing factors could have a material adverse effect on our business, cash flows, results of operations and financial condition.

ITEM 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, 2018, 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, 2018, we leased approximately 17,000 square feet of space in Europe, Australia and Asia. These facilities are under lease agreements that expire at various dates through 2022.

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, 2018:

Major Locations	Approximate Square Footage	Use
United States:		
Reston, Virginia	221,000	Corporate Headquarters
New Castle, Delaware	105,000	Data Center
Dulles, Virginia	70,000	Data Center
Europe:		
Fribourg, Switzerland	10,000	Data Center and Corporate Services

The table above does not include approximately 58,000 square feet of space owned by us and leased to third parties.

ITEM 3. LEGAL PROCEEDINGS

None.

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 15, 2019:

Name	Age	Position
D. James Bidzos	63	Executive Chairman, President and Chief Executive Officer
Todd B. Strubbe	55	Executive Vice President, Chief Operating Officer
George E. Kilguss, III	58	Executive Vice President, Chief Financial Officer
Thomas C. Indelicarto	55	Executive 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.

Todd B. Strubbe has served as Chief Operating Officer since April 2015. From September 2009 to April 2015, he served as the President of the Unified Communications Business Segment for West Corporation, a provider of technology-driven communications services. Prior to this, he was a co-founder and Managing Partner of Arbor Capital, LLC. He has also served in executive leadership positions at First Data Corporation and CompuBank, N.A. and as an associate and then as an engagement manager with McKinsey & Company, Inc. He also served for five years as an infantry officer with the United States Army. Mr. Strubbe holds an M.B.A. degree from Harvard Business School and a B.S. degree from the United States Military Academy at West Point.

George E. Kilguss, III has served as 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. 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.

Thomas C. Indelicarto has served as General Counsel and Secretary since November 2014. From September 2008 to November 2014, he served as Vice President and Associate General Counsel. From January 2006 to September 2008, he served as Litigation Counsel. Prior to joining the Company, Mr. Indelicarto was in private practice as an associate at Arnold & Porter LLP and Buchanan Ingersoll (now, Buchanan Ingersoll & Rooney, PC). Mr. Indelicarto also served as a U.S. Army officer for nine years. Mr. Indelicarto holds a J.D. degree from the University of Pittsburgh School of Law and a B.S. degree from Indiana University of Pennsylvania.

PART II

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

Market Information

Our common stock is traded on the Nasdaq Global Select Market under the symbol VRSN. On February 8, 2019, there were 394 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.

Share Repurchases

The following table presents the share repurchase activity during the three months ended December 31, 2018:

	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, 2018	428	$146.85	428	$	575.4 million
November 1 – 30, 2018	376	$152.63	376	$	518.0 million
December 1 – 31, 2018	360	$152.18	360	$	463.2 million
	1,164		1,164		

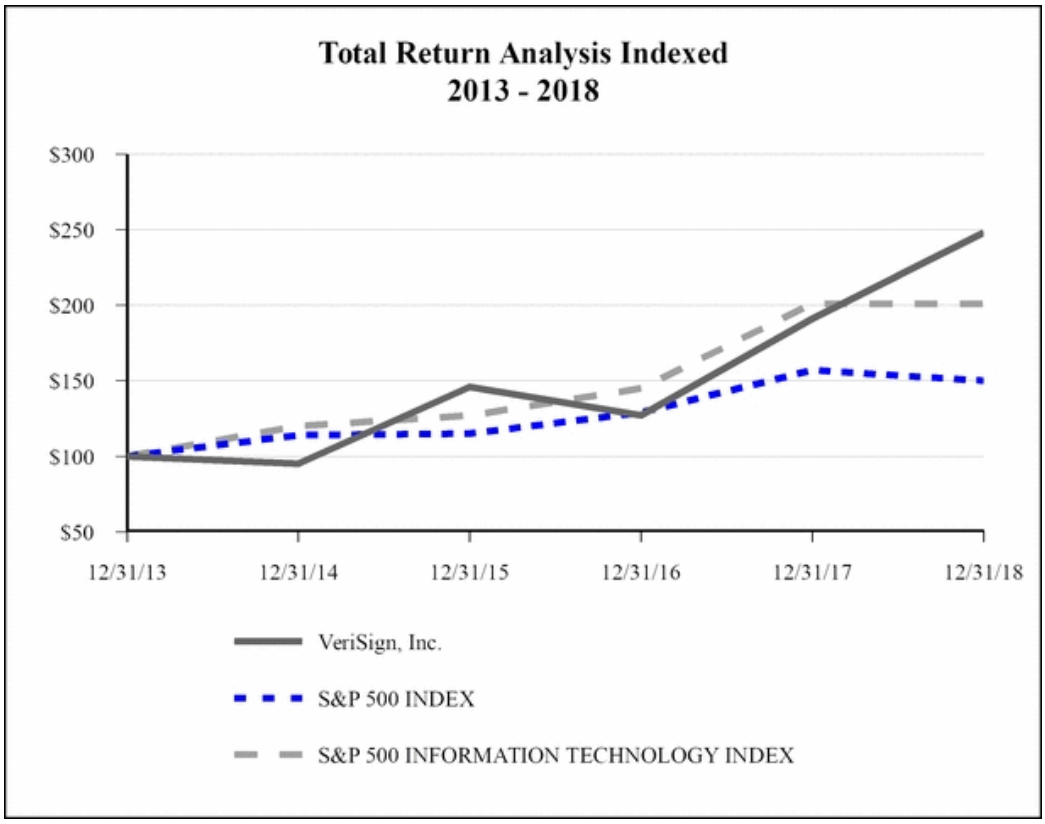
(1) Effective February 8, 2018, our Board authorized the repurchase of our common stock in the amount of approximately $585.8 million, in addition to the $414.2 million remaining available for repurchase under the previous share repurchase program, for a total repurchase authorization of up to $1.0 billion under the share repurchase program.

(2) Effective February 7, 2019, our Board authorized the repurchase of our common stock in the amount of approximately $602.9 million, in addition to the $397.1 million remaining available for repurchase under the previous share repurchase program, for a total repurchase authorization of up to $1.0 billion under the share repurchase program. The share repurchase program has no expiration date. Purchases made under the 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, 2013, and calculates the return annually through December 31, 2018. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
VeriSign, Inc	$ 100	$ 95	$ 146	$ 127	$ 191	$ 248
S&P 500 Index	$ 100	$ 114	$ 115	$ 129	$ 157	$ 150
S&P 500 Information Technology Index	$ 100	$ 120	$ 127	$ 145	$ 201	$ 201

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,				
	2018	2017	2016	2015	2014
Revenues	$ 1,215	$ 1,165	$ 1,142	$ 1,059	$ 1,010
Operating income	$ 767	$ 708	$ 687	$ 606	$ 564
Net income (1)	$ 582	$ 457	$ 441	$ 375	$ 355
Earnings per share:					
Basic	$ 5.13	$ 4.56	$ 4.12	$ 3.29	$ 2.80
Diluted	$ 4.75	$ 3.68	$ 3.42	$ 2.82	$ 2.52

(1) Net income for 2018 includes a $52.0 million after-tax gain recognized in 2018 related to the sale of customer contracts of our Security Services business.

Consolidated Balance Sheet Data: (in millions)

	As of December 31,				
	2018	2017	2016	2015	2014
Cash, cash equivalents and marketable securities (1) (2)	$ 1,270	$ 2,415	$ 1,798	$ 1,915	$ 1,425
Total assets (1) (2)	$ 1,915	$ 2,941	$ 2,335	$ 2,358	$ 1,901
Deferred revenues	$ 1,018	$ 999	$ 976	$ 961	$ 890
Subordinated convertible debentures, including contingent interest derivative (2)	$ —	$ 628	$ 630	$ 634	$ 621
Long-term debt (1)	$ 1,785	$ 1,783	$ 1,237	$ 1,235	$ 740

(1) The increase in Long-term debt from 2016 to 2017 was due to the issuance of $550.0 million aggregate principal amount of 4.75% senior unsecured notes due 2027. The increase in Long-term debt from 2014 to 2015 was due to the issuance of $500.0 million aggregate principal amount of 5.25% senior unsecured notes due 2025. The proceeds from these senior notes issuances resulted in the increase in cash, cash equivalents and marketable securities as well as total assets in the same periods.

(2) All of the outstanding subordinated convertible debentures were called for redemption in 2018. Substantially all of the holders elected to convert their debentures and upon conversion we settled the $1.25 billion principal value in cash, and issued 26.1 million shares of common stock for the excess of the conversion value over the principal amount. The repayment of the principal amount of the subordinated convertible debentures resulted in a decrease in cash, cash equivalents and marketable securities as well as total assets during the same period.

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 and internet infrastructure, enabling internet navigation for many of the world's most recognized domain names. Verisign enables the security, stability, and resiliency of key internet infrastructure and services, including providing root zone maintainer services, operating two of the 13 global internet root servers, and providing registration services and authoritative resolution for the *.com* and *.net* top-level domains, which support the majority of global e-commerce. On December 5, 2018, we completed the sale of our rights, economic benefits, and obligations, in all customer contracts related to our Security Services business, which primarily consisted of DDoS Protection Services, and Managed DNS Services, to Neustar. As part of the transaction, we will continue to support the Security Services customers during the transition to Neustar over the course of 2019. Revenues from Security Services are not significant in relation to our consolidated revenues.

As of December 31, 2018, we had approximately 153.0 million *.com* and *.net* registrations in the domain name base. The number of domain names registered is largely driven by continued growth in online advertising, e-commerce, and the number of internet users, which is partially driven by greater availability of internet access, as well as marketing activities carried out by us and our registrars. Growth in the number of domain name registrations under our management may be hindered by certain factors, including overall economic conditions, competition from ccTLDs, the introduction of new gTLDs, and ongoing changes in the internet practices and behaviors of consumers and businesses. Factors such as the evolving practices and preferences of internet users, and how they navigate the internet, as well as the motivation of domain name registrants and how they will manage their investment in domain names, can negatively impact our business and the demand for new domain name registrations and renewals.

2018 Business Highlights and Trends

- We recorded revenues of $1,215.0 million in 2018, which represents an increase of 4% compared to 2017.
- We recorded operating income of $767.4 million during 2018, which represents an increase of 8% as compared to 2017.
- We finished 2018 with 153.0 million *.com* and *.net* registrations in the domain name base, which represents a 4% increase from December 31, 2017.
- During 2018, we processed 38.2 million new domain name registrations for *.com* and *.net* compared to 36.7 million in 2017.
- The final *.com* and *.net* renewal rate for the third quarter of 2018 was 74.8% compared with 74.4% for the same quarter in 2017. Renewal rates are not fully measurable until 45 days after the end of the quarter.
- We repurchased 4.4 million shares of our common stock for an aggregate cost of $600.0 million in 2018. As of December 31, 2018, there was $463.2 million remaining for future share repurchases under the share repurchase program.
- Through February 7, 2019, we repurchased an additional 0.4 million shares for $66.0 million under our share repurchase program. Effective February 7, 2019, our Board authorized the repurchase of our common stock in the amount of approximately $602.9 million, in addition to the $397.1 million remaining available for repurchase under the previous share repurchase program, for a total repurchase authorization of up to $1.0 billion under the share repurchase program.

- We generated cash flows from operating activities of $697.8 million in 2018, which represents a decrease of 1% as compared to 2017.
- On October 26, 2018, Verisign and the DOC entered into Amendment 35 to the Cooperative Agreement, which, among other items, permits Verisign, without further approval of the DOC, to agree with ICANN to change the *.com* Registry Agreement to increase wholesale prices for *.com* domain names up to 7 percent in each of the last four years of each six-year period of the *.com* Registry Agreement.
- On December 5, 2018, we completed the sale of the rights, economic benefits, and obligations, in all customer contracts related to our Security Services business. We recognized a gain of $54.8 million in 2018, based on the estimated amount of total net consideration we expect to receive from the sale. To the extent that the actual results differ from our estimates, the gain on the sale may be adjusted in 2019. For further information refer to Note 8 "Sale of Security Services Business"of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

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:

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, interpretation and application of the 2017 Tax Act, and related IRS guidance changes, especially related to accumulated and ongoing foreign earnings, the likelihood we would realize the benefits of carryforwards from net operating losses ("NOLs"), capital losses, domestic and/or foreign tax credits, 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.

Results of Operations

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

	Year Ended December 31,		
	2018	2017	2016
Revenues	100.0 %	100.0 %	100.0 %
Costs and expenses:			
Cost of revenues	15.8	16.6	17.4
Sales and marketing	5.3	7.0	7.0
Research and development	4.8	4.5	5.2
General and administrative	10.9	11.2	10.3
Total costs and expenses	36.8	39.3	39.9
Operating income	63.2	60.7	60.1
Interest expense	(9.5)	(11.7)	(10.1)
Non-operating income, net	6.3	2.4	0.9
Income before income taxes	60.0	51.4	50.9
Income tax expense	(12.1)	(12.2)	(12.3)
Net income	47.9 %	39.2 %	38.6 %

Revenues

Revenues related to our Registry Services are primarily derived from registrations for domain names in the *.com* and *.net* domain name registries. We also derive revenues from operating domain name registries for several other TLDs and from providing back-end registry services to a number of TLD registry operators, all of which are not significant in relation to our consolidated revenues. For domain names registered with the *.com* and *.net* registries we receive a fee from registrars per annual registration that is fixed pursuant to our agreements with ICANN. Individual customers, called registrants, contract directly with registrars or their resellers, and the registrars in turn register the domain names with Verisign. Changes in revenues are driven largely by changes in the number of new domain name registrations and the renewal rate for existing registrations as well as the impact of new and prior price increases, to the extent permitted by ICANN and the DOC. New registrations and the renewal rate for existing registrations are impacted by continued growth in online advertising, e-commerce, and the number of internet users, as well as marketing activities carried out by us and our registrars. We increased the annual fee for a *.net* domain name registration from $7.46 to $8.20 on February 1, 2017, and from $8.20 to $9.02 on February 1, 2018. We have the contractual right to increase the fees for *.net* domain name registrations by up to 10% each year during the term of our agreement with ICANN, through June 30, 2023. The annual fee for a *.com* domain name registration has been fixed at $7.85 since 2012. On October 26, 2018, we entered into an agreement with the DOC to amend the Cooperative Agreement. The amendment extends the term of the Cooperative Agreement until November 30, 2024 and permits the price of a *.com* domain name to be increased without further DOC approval by up to 7% in each of the final four years of each 6-year period beginning on October 26, 2018. We offer promotional marketing programs for our registrars based upon market conditions and the business environment in which the registrars operate. All fees paid to us for *.com* and *.net* registrations are in U.S. dollars. Revenues from Security Services were not significant in relation to our total consolidated revenues.

A comparison of revenues is presented below:

	Year Ended December 31,				
	2018	% Change	2017	% Change	2016
	(Dollars in thousands)				
Revenues	$ 1,214,969	4%	$ 1,165,095	2%	$ 1,142,167

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

	As of December 31,				
	2018	% Change	2017	% Change	2016
Domain name base for *.com* and *.net*	153.0 million	4%	146.4 million	3%	142.2 million

Growth in the domain name base has been primarily driven by continued internet growth and marketing activities carried out by us and our registrars. However, competitive pressure from ccTLDs, the introduction of new gTLDs, ongoing changes in internet practices and behaviors of consumers and business, as well as the motivation of existing domain name registrants managing their investment in domain names, and historical global economic uncertainty, has limited the rate of growth of the domain name base in recent years and may continue to do so in 2019 and beyond.

2018 compared to 2017: Revenues increased by $49.9 million, primarily due to a 5% increase in the domain name base for *.com* and increases in the *.net* domain name registration fees in February 2017 and 2018, partially offset by a 4% decline in the domain name base for *.net*.

2017 compared to 2016: Revenues increased by $22.9 million, primarily due to a 4% increase in the domain name base for *.com* and increases in the *.net* domain name registration fees in February 2016 and 2017, partially offset by a 5% decline in the domain name base for *.net*. Additionally, 2016 revenue was elevated due to an increased volume of new domain name registrations primarily from our registrars in China during the second half of 2015 and the first quarter of 2016. The volume of these new registrations was inconsistent and episodic compared to prior periods, and by the end of the first quarter of 2016, reverted back to a more normalized registration pace. A significant portion of these registrations did not renew upon expiration.

Geographic revenues

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

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

	Year Ended December 31,				
	2018	% Change	2017	% Change	2016
	(Dollars in thousands)				
U.S	$ 756,907	7 %	$ 707,906	6 %	$ 667,301
EMEA	212,699	1 %	211,349	2 %	207,474
China	106,841	— %	106,526	(16)%	127,298
Other	138,522	(1)%	139,314	(1)%	140,094
Total revenues	$ 1,214,969	4 %	$ 1,165,095	2 %	$ 1,142,167

Revenues for our Registry Services business are attributed to the country of domicile and the respective regions in which our registrars are located, however, this may differ from the regions where the registrars operate or where registrants are located. Revenue growth for each region may be impacted by registrars reincorporating, relocating, or from acquisitions or changes in affiliations of resellers. Revenue growth for each region may also be impacted by registrars domiciled in one region, registering domain names in another region. The majority of our revenue growth in 2018 and 2017 has come from increased sales to U.S. based registrars. Revenues from China in 2016 benefited from the increased volume of registrations in the second half of 2015 and the first quarter of 2016, as discussed earlier. However, a significant portion of those registrations did not renew, resulting in the decline in revenues from China in 2017.

We expect revenues will continue to grow in 2019, as a result of the increased volume of domain registrations in 2018, and continued growth in the domain name base in 2019, partially offset by the decrease in revenues resulting from the sale of customer contracts of our Security Services business.

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:

	Year Ended December 31,				
	2018	% Change	2017	% Change	2016
	(Dollars in thousands)				
Cost of revenues	$ 192,134	(1)%	$ 193,326	(2)%	$ 198,242

2018 compared to 2017: Cost of revenues decreased by $1.2 million, primarily due to a decrease in depreciation expenses, partially offset by an increase in telecommunications expenses. Depreciation expenses decreased by $2.5 million as a result of lower average hardware purchases over the last several years. Telecommunications expenses increased by $1.5 million as a result of an increase in network costs supporting our operations.

2017 compared to 2016: Cost of revenues decreased by $4.9 million, primarily due to decreases in depreciation expenses and salary and employee benefits expenses, partially offset by an increase in telecommunications expenses. Depreciation expenses decreased by $5.3 million as a result of lower average hardware purchases over the last several years. Salary and employee benefits expenses decreased by $3.1 million, primarily due to a reduction in average headcount related to the sale of the iDefense business in April 2017, partially offset by increases in salary and employee benefits expenses for the remaining employee base. Telecommunications expenses increased by $3.2 million as a result of an increase in network costs supporting our operations.

We expect cost of revenues as a percentage of revenues to remain consistent in 2019 as compared to 2018.

Sales and marketing

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

A comparison of sales and marketing expenses is presented below:

	Year Ended December 31,				
	2018	% Change	2017	% Change	2016
	(Dollars in thousands)				
Sales and marketing	$ 64,891	(21)%	$ 81,951	2%	$ 80,250

2018 compared to 2017: Sales and marketing expenses decreased by $17.1 million, primarily due to decreases in advertising and marketing expenses and salary and employee benefits expenses. Advertising and marketing expenses decreased by $12.6 million, primarily due to a decrease in marketing activities and campaigns supporting our Registry Services business. Salary and employee benefits expenses decreased by $3.0 million due to a decrease in commissions expenses and a reduction in average headcount.

2017 compared to 2016: Sales and marketing expenses increased by $1.7 million, primarily due to an increase in advertising and marketing expenses, partially offset by a decrease in salary and employee benefits expenses. Advertising and marketing expenses increased by $7.0 million, primarily due to increases in costs related to certain marketing campaigns supporting our Registry Services business. Salary and employee benefits expenses decreased by $4.2 million due to a reduction in average headcount.

We expect sales and marketing expenses as a percentage of revenues to decrease in 2019 as compared to 2018, primarily due to the sale of the customer contracts of our Security Services business and the reduction in headcount from employees supporting the Security Services business.

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:

	Year Ended December 31,				
	2018	% Change	2017	% Change	2016
	(Dollars in thousands)				
Research and development	$ 57,884	11%	$ 52,342	(11)%	$ 59,100

2018 compared to 2017: Research and development expenses increased by $5.5 million, primarily due to a $2.6 million decrease in capitalized labor and a $2.0 million increase in salary and employee benefits expenses, including stock-based compensation expenses. Capitalized labor and stock-based compensation decreased due to a shift in work from capital projects to security-related and other non-capital projects. Salary and employee benefits expenses, including stock-based compensation expenses increased due to annual salary increases and an increase in allocated benefit expenses.

2017 compared to 2016: Research and development expenses decreased by $6.8 million, primarily due to a decrease in salary and employee benefits expenses as a result of a reduction in average headcount.

We expect research and development expenses as a percentage of revenues to remain consistent in 2019 as compared to 2018.

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:

	Year Ended December 31,				
	2018	% Change	2017	% Change	2016
	(Dollars in thousands)				
General and administrative	$ 132,668	2%	$ 129,754	10%	$ 118,003

2018 compared to 2017: General and administrative expenses increased by $2.9 million, primarily due to an increase in salary and employee benefits expenses, partially offset by a decrease in professional services expenses and an increase in overhead expenses allocated to other cost types. Salary and employee benefits expenses increased by $6.8 million due to an increase in average headcount and bonus expenses. Professional services expenses decreased by $2.4 million primarily due to decreased external consulting costs related to various projects. Overhead expenses allocated to other cost types increased by $1.6 million due to an increase in total allocable expenses.

2017 compared to 2016: General and administrative expenses increased by $11.8 million, primarily due to increases in salary and employee benefits expenses, including stock-based compensation expenses, professional services expenses, and a decrease in overhead expenses allocated to other cost types, partially offset by a decrease in depreciation expenses. Salary and employee benefits expenses, including stock-based compensation expenses, increased by $4.9 million due to an increase in average headcount and higher projected achievement levels on certain performance-based restricted stock units (“RSU”) grants. Professional services expenses increased by $4.1 million primarily due to higher external fees on various projects. Overhead expenses allocated to other cost types decreased by $2.5 million due to an increase in the average headcount relative other cost types. Depreciation expenses decreased by $2.8 million as a result of a decrease in capital expenditures in recent years.

We expect general and administrative expenses as a percentage of revenues to remain consistent in 2019 as compared to 2018.

Interest expense

See Note 4, "Debt and interest expense" of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

We expect interest expense to decrease in 2019 as compared to 2018 due to the redemption of the Subordinated Convertible Debentures in the second quarter of 2018.

Non-operating income, net

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

We expect Non-operating income, net to decrease in 2019 as compared to 2018 due to the gain recognized in 2018 related to the sale of the customer contracts of our Security Services business.

Income tax expense

	Year Ended December 31,		
	2018	2017	2016
	(Dollars in thousands)		
Income tax expense	$ 147,027	$ 141,764	$ 140,528
Effective tax rate	20%	24%	24%

Our effective tax rate for 2018 was lower than the statutory federal rate of 21% primarily due to foreign income taxed at lower rates and excess tax benefits related to stock-based compensation, partially offset by state taxes and the U.S. income tax impact of our foreign earnings. Our effective tax rate was lower than the statutory rate of 35% in 2017 and 2016, primarily due to benefits from foreign income taxed at lower rates and excess tax benefits related to stock-based compensation in 2017, partially offset by state income taxes. Our effective tax rate for 2017 was also impacted by the changes arising out of the enactment of the Tax Act in December 2017.

Due to the change in tax law in 2017, we owe U.S. federal taxes on our accumulated and future foreign earnings. Our 2017 income tax expense included a provisional $162.4 million of expense related to the U.S. tax on accumulated foreign earnings and a provisional $33.6 million deferred tax expense for foreign withholding tax on unremitted foreign earnings, both net of related, previously unrecognized foreign tax credits. These tax expenses were offset by a tax benefit of $186.8 million related to the remeasurement of our net deferred tax liabilities at the new U.S. federal corporate tax rate of 21% which became effective on January 1, 2018. For further discussion see Note 11, "Income taxes" of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

As of December 31, 2018, we had deferred tax assets arising from deductible temporary differences, tax losses, and tax credits of $115.7 million, net of valuation allowances, but before the offset of certain deferred tax liabilities. With the exception of deferred tax assets related to certain state and foreign NOL 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. Total deferred tax assets decreased in 2018 primarily due to the usage of tax credit and NOL carryforwards to offset 2018 taxable income.

We qualify for a tax holiday in Switzerland which does not expire, unless the required non-Swiss income and expense thresholds are no longer met, or there is a law change which eliminates the holiday. The tax holiday provides reduced rates of taxation on certain types of income and also requires certain thresholds of foreign source income. The tax holiday reduced the our income tax expense by $16.9 million in 2018, $12.3 million in 2017, and $21.3 million in 2016. This resulted in an increase in earnings per share by$0.14, $0.10, and $0.16 in 2018, 2017, and 2016, respectively.

Liquidity and Capital Resources

	As of December 31,	
	2018	2017
	(In thousands)	
Cash and cash equivalents	$ 357,415	$ 465,851
Marketable securities	912,254	1,948,900
Total	$ 1,269,669	$ 2,414,751

As of December 31, 2018, our principal source of liquidity was $357.4 million of cash and cash equivalents and $912.3 million of 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 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, 2018, all of our debt securities have contractual maturities of less than one year. Our cash and cash equivalents are readily accessible. For additional information on our investment portfolio, see Note 2, "Financial Instruments," of our Notes to Consolidated Financial Statements in Item 15 of this Form 10-K.

During the first quarter of 2018 we completed the previously disclosed repatriation of $1.15 billion of cash held by foreign subsidiaries, net of $60.7 million of foreign withholding taxes which were accrued during 2017. As of December 31, 2018, the amount of cash and cash equivalents and marketable securities held by foreign subsidiaries was $765.8 million. In the first quarter of 2019, we intend to repatriate between $245.0 million to $250.0 million of cash held by foreign subsidiaries, net of withholding taxes, based on current exchange rates.

On February 15, 2018 we called for the redemption of all the outstanding subordinated convertible debentures, with a redemption date of May 1, 2018. Substantially all of the holders elected to convert their debentures, and upon conversion, we settled the $1.25 billion principal value in cash, and issued 26.1 million shares of common stock for the $3.17 billion excess of the conversion value over the principal amount. The excess interest deductions on the subordinated convertible debentures that were converted, were not subject to recapture, and accordingly, the $439.2 million deferred tax liability related to the debentures was reversed into Additional paid-in capital upon extinguishment of the debt.

In 2018, we repurchased 4.4 million shares of our common stock at an average stock price of $137.86 for an aggregate cost of $600.0 million under our share repurchase program. In 2017, we repurchased 6.3 million shares of our common stock at an average stock price of $94.59 for an aggregate cost of $592.7 million. In 2016, we repurchased 7.8 million shares of our common stock at an average stock price of $81.73 for an aggregate cost of $636.5 million. On February 7, 2019, our Board authorized the repurchase of our common stock in the amount of approximately $602.9 million, in addition to the $397.1 million remaining available for repurchase under the previous share repurchase program, for a total repurchase authorization of up to $1.0 billion under the share repurchase program.

On December 5, 2018, we completed the sale of the rights, economic benefits, and obligations, in all customer contracts related to our Security Services business. The total purchase price, subject to a cap of $120.0 million, consists of a payment of $50.0 million, which was received at closing, plus an additional contingent amount, due after the first anniversary of closing. The additional contingent amount, which cannot be negative, is based upon, among other things, the successful transition of customers to Neustar during the 12-month period following closing.

As of December 31, 2018, we had $550.0 million principal amount outstanding of 4.75% senior unsecured notes due 2027, $500.0 million principal amount outstanding of the 5.25% senior unsecured notes due 2025 and $750.0 million principal amount outstanding of the 4.625% senior unsecured notes due 2023. As of December 31, 2018, there were no borrowings outstanding under the $200.0 million unsecured revolving credit facility that will expire in 2020.

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 2018, 2017, and 2016 were as follows:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Net cash provided by operating activities	$ 697,767	$ 702,761	$ 693,007
Net cash provided by (used in) investing activities	1,070,130	(405,424)	(42,732)
Net cash used in financing activities	(1,875,325)	(65,073)	(648,821)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(958)	1,294	(501)
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (108,386)	$ 233,558	$ 953

Cash flows from operating activities

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

2018 compared to 2017: Cash provided by operating activities decreased slightly primarily due to an increase in cash paid for income taxes, partially offset by a decrease in cash paid to suppliers and employees and increases in cash received from customers and interest income. The increase in cash paid for income taxes was primarily due to the foreign withholding taxes paid on the repatriation of $1.15 billion cash held by foreign subsidiaries to the U.S. in the first quarter of 2018, and U.S. income taxes paid on accumulated foreign earnings. Cash paid to suppliers and employees decreased due to timing of certain vendor payments and a decrease in operating expenses. Cash received from customers increased primarily due to higher *.com* domain name registrations and renewals, and the increase in *.net* domain name registration fees in February 2018. Cash received from interest income increased due to increases in interest rates on our investments in debt securities.

2017 compared to 2016: Cash provided by operating activities increased primarily due to increases in cash received from customers and an increase in interest income, partially offset by increases in cash paid to suppliers and employees, cash paid for income taxes, and cash paid for interest on our debt obligations. Cash received from customers increased primarily due to higher *.com* domain name registrations and renewals and the increase in *.net* domain name registration fees in February 2017. Cash received from interest income increased due to increases in interest rates and our investments in debt securities. Cash paid to suppliers and employees increased primarily due to timing of certain vendor payments. Cash paid for income taxes increased due to higher non-U.S. income tax payments. Cash paid for interest increased due to higher contingent interest related to the Subordinated Convertible Debentures.

Cash flows from investing activities

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

2018 compared to 2017: We had net cash inflows from investing activities in 2018, compared to net cash outflows during 2017, primarily due to increases in proceeds from sales and maturities of marketable securities, net of purchases, and proceeds from the sale of businesses, and a decrease in purchases of property and equipment.

2017 compared to 2016: The increase in cash used in investing activities was primarily due to an increase in purchases of marketable securities, net of sales and maturities, and an increase in purchases of property and equipment, partially offset by the payments made in 2016 for the future assignment of the rights to the *.web* gTLD, and the proceeds received from the sale of a business.

Cash flows from financing activities

The changes in cash flows from financing activities primarily relate to share repurchases, proceeds from and repayment of borrowings, and our employee stock purchase plan ("ESPP").

2018 compared to 2017: The increase in net cash used in financing activities was primarily due to the repayment of the principal amount of the subordinated convertible debentures during the second quarter of 2018, the proceeds received from the issuance of the 4.75% senior notes due 2027 in the third quarter of 2017, and an increase in share repurchases.

2017 compared to 2016: The decrease in net cash used in financing activities was primarily due to the proceeds received from the issuance of the 4.75% senior notes due 2027 in the third quarter of 2017, net of issuance costs, and a decrease in share repurchases.

Impact of Inflation

We do not believe that inflation has had a significant impact on our operations in any of the periods presented.

Income taxes

We expect cash paid for income taxes in 2019 to be between $95.0 million and $115.0 million.

Property and Equipment Expenditures

Our planned property and equipment expenditures for 2019 are anticipated to be between $45.0 million and $55.0 million and will primarily be focused on infrastructure upgrades and enhancements to our product portfolio.

Contractual Obligations

See Note 12, "Commitments and Contingencies," *Purchase Obligations and Contractual Agreements*, 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, 2018, we did not have any significant off-balance sheet arrangements. See Note 12, "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 RSUs

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, 2018, there are a total of 1.2 million unvested RSUs which represent potential dilution of 1.0%. This maximum potential dilution will only result if all outstanding RSUs vest and are settled. In recent years, our stock repurchase program has more than offset the dilutive effect of RSU grants to employees; however, we may reduce the level of our stock repurchases in the future as we may use our available cash for other purposes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest rate sensitivity

The fixed income securities in our investment portfolio are subject to interest rate risk. As of December 31, 2018, we had $1.12 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 in several countries and transact in multiple foreign currencies. The functional currency for all of our international subsidiaries is the U.S. Dollar. 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 currencies other than the U.S. dollar. 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, 2018, we held foreign currency forward contracts in notional amounts totaling $28.5 million to mitigate the impact of exchange rate fluctuations associated with certain foreign currencies. Gains or losses on the foreign currency forward contracts 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 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. As of December 31, 2018, the fair values of the senior notes issued in 2013, the senior notes issued in 2015, and the senior notes issued in 2017 were $741.3 million, $502.2 million, and $524.2 million, respectively, based on available market information from public data sources.

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, 2018. 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.

	2018				
	Quarter Ended				Year Ended
	March 31	June 30	September 30	December 31 (2)	December 31,
	(In thousands, except per share data)				
Revenues	$ 299,288	$ 302,452	$ 305,777	$ 307,452	$ 1,214,969
Gross Profit	$ 251,136	$ 255,087	$ 257,528	$ 259,084	$ 1,022,835
Operating Income	$ 185,419	$ 193,010	$ 194,997	$ 193,966	$ 767,392
Net income	$ 134,263	$ 128,351	$ 137,680	$ 182,195	$ 582,489
Earnings per share:					
Basic (1)	$ 1.38	$ 1.13	$ 1.13	$ 1.51	$ 5.13
Diluted (1)	$ 1.09	$ 1.04	$ 1.13	$ 1.50	$ 4.75

(1) Earnings per share for the year is computed independently and may not equal the sum of the quarterly earnings per share.
(2) Results for the quarter ended December 31, 2018 include a $52.0 million after-tax gain recognized on the sale of the customer contracts of our Security Services business.

	2017				
	Quarter Ended				Year Ended
	March 31	June 30 (2)	September 30	December 31	December 31,
	(In thousands, except per share data)				
Revenues	$ 288,614	$ 288,552	$ 292,428	$ 295,501	$ 1,165,095
Gross Profit	$ 237,945	$ 240,908	$ 245,095	$ 247,821	$ 971,769
Operating Income	$ 175,271	$ 174,960	$ 181,059	$ 176,432	$ 707,722
Net income	$ 116,412	$ 123,100	$ 114,899	$ 102,837	$ 457,248
Earnings per share:					
Basic	$ 1.14	$ 1.22	$ 1.15	$ 1.05	$ 4.56
Diluted (1)	$ 0.94	$ 0.99	$ 0.93	$ 0.83	$ 3.68

(1) Earnings per share for the year is computed independently and may not equal the sum of the quarterly earnings per share.
(2) Results for the quarter ended June 30, 2017 include a $10.6 million pre-tax gain recognized on the sale of the iDefense business.

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.

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, 2018, 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, 2018 using the criteria established in *Internal Control-Integrated Framework* (2013 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, 2018. 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, 2018 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

None.

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 2019 Annual Meeting of Stockholders and is incorporated herein by reference ("2019 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 "Verisign Code of Conduct", which is posted on our website under "Ethics and Business Conduct" at https://investor.verisign.com/corporate-governance.cfm. The code of conduct applies to all directors, officers and employees, including the principal executive officer, principal financial officer and other senior accounting officers. We have also adopted the "Corporate Governance Principles for the Board of Directors," which provide guidance to our directors on corporate practices that serve the best interests of the Company and its shareholders.

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 "Verisign Code of Conduct," to the extent applicable to the principal executive officer, principal financial officer, or other senior accounting officers, 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 2019 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 2018," 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 2019 Proxy Statement.

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

Information required by this item is incorporated herein by reference to our 2019 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 2019 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, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report

1. Financial statements

- Reports of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of December 31, 2018 and 2017
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2018, 2017, and 2016
- Consolidated Statements of Stockholders' Deficit for the Years Ended December 31, 2018, 2017, and 2016
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2017, and 2016
- Notes to Consolidated Financial Statements

2. Financial statement schedules

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

3. Exhibits

(a) Index to Exhibits

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

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
2.01	Agreement and Plan of Merger dated as of March 6, 2000, by and among the Registrant, Nickel Acquisition Corporation and Network Solutions, Inc.	8-K	3/8/00	2.1	
3.01	Sixth Amended and Restated Certificate of Incorporation of the Registrant.	10-K	2/17/17	3.01	
3.02	Bylaws of VeriSign, Inc.	10-K	2/16/18	3.02	
4.01	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	
4.02	Indenture dated as of March 27, 2015 between VeriSign, Inc. and U.S. Bank National Association, as trustee.	8-K	3/30/15	4.1	
4.03	Indenture, dated as of July 5, 2017, between VeriSign, Inc. and U.S. Bank National Association, as trustee.	8-K	7/5/17	4.1	
10.01	Amended and Restated 2007 Employee Stock Purchase Plan, as adopted August 30, 2007, and amended May 25, 2017. +	DEF 14A	4/12/17	Appendix A	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.02	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	
10.03	VeriSign, Inc. Annual Incentive Compensation Plan. +	DEF 14A	4/8/15	Appendix A	
10.04	Form of Amended and Restated Change-in-Control and Retention Agreement [CEO Form of Agreement]. +	10-Q	7/27/17	10.01	
10.05	Amended and Restated Change-in-Control and Retention Agreement. +	10-Q	7/27/17	10.02	
10.06	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	
10.07	VeriSign, Inc. 2006 Equity Incentive Plan Form of Non-Employee Director Restricted Stock Unit Agreement. +	10-Q	7/27/12	10.03	
10.08	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	
10.09	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	
10.10	VeriSign, Inc. 2006 Equity Incentive Plan Employee Restricted Stock Unit Agreement. +	10-Q	4/25/13	10.02	
10.11	VeriSign, Inc. 2006 Equity Incentive Plan Performance-Based Restricted Stock Unit Agreement +	10-Q	4/28/16	10.01	
10.12	Credit Agreement dated as of March 31, 2015 among VeriSign, Inc., the Lenders as defined therein, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Europe Limited, as London Agent.	8-K	4/1/15	99.1	
10.13	VeriSign, Inc. 2006 Equity Incentive Plan Form of Employee Restricted Stock Unit Agreement +	10-K	2/19/16	10.70	
10.14	Amendment to the .com Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on October 20, 2016	8-K	10/20/16	10.1	
10.15	Amendment Number Thirty-Three (33) to the Cooperative Agreement between VeriSign, Inc. and Department of Commerce, entered into on October 20, 2016	8-K	10/20/16	10.2	
10.16	Amendment Number Thirty-Four (34) to the Cooperative Agreement between VeriSign, Inc. and Department of Commerce, entered into on October 20, 2016	8-K	10/20/16	10.3	
10.17	Amended and Restated VeriSign, Inc. 2006 Equity Incentive Plan, as amended and restated +	DEF 14A	4/29/16	Appendix A	
10.18	.Net Registry Agreement between VeriSign, Inc. and the Internet Corporation for Assigned Names and Numbers, entered into on June 28, 2017.	8-K	6/28/17	10.1	
10.19	Amendment Thirty-Five (35) to the Cooperative Agreement between VeriSign, Inc. and the U.S. Department of Commerce, entered into on October 26, 2018	8-K	11/1/18	10.1	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.20	Asset Purchase Agreement between Verisign, Inc., as the seller and Neustar, Inc., as the buyer, dated as of October 24, 2018				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	Interactive Data File				X

* 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.

ITEM 16. 10-K SUMMARY

None.

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

To the Stockholders and Board of Directors

VeriSign, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of VeriSign, Inc. and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income, stockholders' deficit, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, 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) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 15, 2019 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2018, the Company adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, and several related amendments, issued by the Financial Accounting Standards Board (FASB). This change was adopted using the modified retrospective method.

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 1995.

McLean, Virginia
February 15, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

VeriSign, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited VeriSign, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* 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) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income, stockholders' deficit, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the consolidated financial statements), and our report dated February 15, 2019 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

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 the accompanying Management's Report on Internal Control over Financial Reporting (Item 9A). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ KPMG LLP

McLean, Virginia
February 15, 2019

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

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 357,415	$ 465,851
Marketable securities	912,254	1,948,900
Other current assets	47,365	31,402
Total current assets	1,317,034	2,446,153
Property and equipment, net	253,905	263,513
Goodwill	52,527	52,527
Deferred tax assets	104,992	15,392
Deposits to acquire intangible assets	145,000	145,000
Other long-term assets	41,046	18,603
Total long-term assets	597,470	495,035
Total assets	$ 1,914,504	$ 2,941,188
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 215,208	$ 219,603
Deferred revenues	732,382	713,309
Subordinated convertible debentures, including contingent interest derivative	—	627,616
Total current liabilities	947,590	1,560,528
Long-term deferred revenues	285,720	286,097
Senior notes	1,785,047	1,782,529
Deferred tax liabilities	134	444,108
Other long-term tax liabilities	281,487	128,197
Total long-term liabilities	2,352,388	2,640,931
Total liabilities	3,299,978	4,201,459
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: 352,325 at December 31, 2018 and 325,218 at December 31, 2017; Outstanding shares: 120,037 at December 31, 2018 and 97,591 at December 31, 2017	352	325
Additional paid-in capital	15,706,774	16,437,135
Accumulated deficit	(17,089,789)	(17,694,790)
Accumulated other comprehensive loss	(2,811)	(2,941)
Total stockholders' deficit	(1,385,474)	(1,260,271)
Total liabilities and stockholders' deficit	$ 1,914,504	$ 2,941,188

See accompanying Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2018	2017	2016
Revenues	$ 1,214,969	$ 1,165,095	$ 1,142,167
Costs and expenses:			
Cost of revenues	192,134	193,326	198,242
Sales and marketing	64,891	81,951	80,250
Research and development	57,884	52,342	59,100
General and administrative	132,668	129,754	118,003
Total costs and expenses	447,577	457,373	455,595
Operating income	767,392	707,722	686,572
Interest expense	(114,845)	(136,336)	(115,564)
Non-operating income, net	76,969	27,626	10,165
Income before income taxes	729,516	599,012	581,173
Income tax expense	(147,027)	(141,764)	(140,528)
Net income	582,489	457,248	440,645
Other comprehensive income	130	512	540
Comprehensive income	$ 582,619	$ 457,760	$ 441,185
Earnings per share:			
Basic	$ 5.13	$ 4.56	$ 4.12
Diluted	$ 4.75	$ 3.68	$ 3.42
Shares used to compute earnings per share			
Basic	113,452	100,325	107,001
Diluted	122,661	124,180	128,833

See accompanying Notes to Consolidated Financial Statements.

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

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount				
Balance at December 31, 2015	110,072	$ 323	$ 17,558,822	$ (18,625,599)	$ (3,993)	$ (1,070,447)
Net income	—	—	—	440,645	—	440,645
Other comprehensive income	—	—	—	—	540	540
Issuance of common stock under stock plans	1,128	1	13,669	—	—	13,670
Stock-based compensation	—	—	52,430	—	—	52,430
Net excess income tax benefits associated with stock-based compensation	—	—	25,058	—	—	25,058
Repurchase of common stock	(8,109)	—	(662,491)	—	—	(662,491)
Balance at December 31, 2016	103,091	324	16,987,488	(18,184,954)	(3,453)	(1,200,595)
Cumulative adjustment upon adoption of ASU 2016-09	—	—	2,544	32,916	—	35,460
Net income	—	—	—	457,248	—	457,248
Other comprehensive income	—	—	—	—	512	512
Issuance of common stock under stock plans	1,100	1	12,914	—	—	12,915
Stock-based compensation	—	—	55,362	—	—	55,362
Repurchase of common stock	(6,600)	—	(621,173)	—	—	(621,173)
Balance at December 31, 2017	97,591	325	16,437,135	(17,694,790)	(2,941)	(1,260,271)
Cumulative adjustment upon adoption of ASU 2014-09	—	—	—	22,512	—	22,512
Conversion of Subordinated Convertible Debentures	26,080	26	(159,618)	—	—	(159,592)
Net income	—	—	—	582,489	—	582,489
Other comprehensive income	—	—	—	—	130	130
Issuance of common stock under stock plans	1,027	1	12,835	—	—	12,836
Stock-based compensation	—	—	54,574	—	—	54,574
Repurchase of common stock	(4,661)	—	(638,152)	—	—	(638,152)
Balance at December 31, 2018	120,037	$ 352	$ 15,706,774	$ (17,089,789)	$ (2,811)	$ (1,385,474)

See accompanying Notes to Consolidated Financial Statements

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

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income	$ 582,489	$ 457,248	$ 440,645
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment	48,367	49,878	58,167
Stock-based compensation	52,504	52,907	50,044
Gain on sale of business	(54,840)	(10,421)	—
Loss on debt extinguishment	6,554	—	—
Payment of contingent interest	—	(15,232)	(13,385)
Amortization of debt discount and issuance costs	7,137	14,678	13,411
Amortization of discount on investments in debt securities	(18,259)	(14,860)	(5,527)
Other, net	955	826	(662)
Changes in operating assets and liabilities			
Prepaid expenses and other assets	1,041	13,775	8,109
Accounts payable and accrued liabilities	(2,130)	15,483	40,244
Deferred revenues	19,825	25,348	14,347
Net deferred income taxes and other long-term tax liabilities	54,124	113,131	87,614
Net cash provided by operating activities	697,767	702,761	693,007
Cash flows from investing activities:			
Proceeds from maturities and sales of marketable securities	4,031,809	4,562,161	3,817,899
Purchases of marketable securities	(2,976,752)	(4,929,834)	(3,691,057)
Proceeds from sale of business	52,240	11,748	—
Purchases of property and equipment	(37,007)	(49,499)	(26,574)
Deposits to acquire intangible assets	—	—	(143,000)
Other investing activities	(160)	—	—
Net cash provided by (used in) investing activities	1,070,130	(405,424)	(42,732)
Cash flows from financing activities:			
Repayment of principal on subordinated convertible debentures	(1,250,009)	—	—
Proceeds from employee stock purchase plan	12,836	12,915	13,670
Repurchases of common stock	(638,152)	(621,173)	(662,491)
Proceeds from senior notes, net of issuance costs	—	543,185	—
Net cash used in financing activities	(1,875,325)	(65,073)	(648,821)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(958)	1,294	(501)
Net (decrease) increase in cash, cash equivalents and restricted cash	(108,386)	233,558	953
Cash, cash equivalents, and restricted cash at beginning of period	475,139	241,581	240,628
Cash, cash equivalents, and restricted cash at end of period	$ 366,753	$ 475,139	$ 241,581
Supplemental cash flow disclosures:			
Cash paid for interest	$ 117,956	$ 117,234	$ 115,544
Cash paid for income taxes, net of refunds received	$ 84,906	$ 28,294	$ 14,303

See accompanying Notes to Consolidated Financial Statements.

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

Description of Business

VeriSign, Inc. ("Verisign" or "the Company") was incorporated in Delaware on April 12, 1995. The Company has one reportable segment, Registry Services. The Company enables the security, stability, and resiliency of key internet infrastructure and services, including providing root zone maintainer services, operating two of the 13 global internet root servers, and providing registration services and authoritative resolution for the *.com* and *.net* top-level domains, which support the majority of global e-commerce. As discussed further in Note 8 "Sale of Security Services Business", the Company completed the sale of the rights, economic benefits, and obligations, in all customer contracts related to its Security Services business to NeuStar, Inc. ("Neustar") on December 5, 2018.

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.

Reclassifications

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

Adoption of New Accounting Standards

Effective January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, and several related amendments, issued by the Financial Accounting Standards Board ("FASB"). ASU 2014-09 replaces the previous numerous and disparate revenue recognition guidance, and provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 did not have any impact on our revenue recognition, but did result in a change in the accounting for costs incurred to obtain a contract. Pursuant to the new guidance, the Company recognizes the fees that it pays to ICANN for each annual increment of *.com* domain name registrations and renewals, as an asset which is amortized on a straight-line basis over the related domain name term. This change was adopted using the modified retrospective method. As a result, the Company recorded current and long-term assets of $19.7 million and $7.6 million, respectively, a deferred tax liability of $4.8 million and a decrease to the opening balance of accumulated deficit of $22.5 million.

Effective January 1, 2018, the Company adopted ASU 2016-18, *Restricted Cash*, issued by the FASB. ASU 2016-18 requires restricted cash to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts set forth on the statement of cash flows instead of presenting changes in restricted cash in cash flows from investing activities. As a result of the adoption, the changes in restricted cash are included with cash and cash equivalents on the statement of cash flows for both periods presented. The change in the amounts presented for the prior period was not significant.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The guidance introduces a lessee model that requires most leases to be reported on the balance sheet. In July 2018, the FASB issued ASU 2018-11, *Targeted Improvements to Topic 842 Leases,* which allows for an alternative transition approach, which will not require adjustments to comparative prior period amounts. This ASU became effective for the Company on January 1, 2019. The adoption of this standard will not have a material impact on the Company's consolidated financial statements.

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, 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 primarily consist of debt securities issued by the U.S. Treasury. 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, software, office equipment, and furniture and fixtures. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or associated lease terms.

Capitalized Software

Software included in property and equipment includes amounts paid for purchased software and development costs for internally developed software. The Company capitalized $14.7 million and $17.7 million of costs related to internally developed software during 2018 and 2017, respectively.

Goodwill and Other Long-lived Assets

Goodwill represents the excess of purchase consideration over fair value of net assets of businesses acquired. The Company has only one reporting unit, namely Registry Services, which has a negative carrying value. Therefore, the goodwill is not subject to impairment.

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. 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.

As of December 31, 2018, the Company's assets include a deposit related to the purchase of the contractual rights to the *.web* gTLD. The amount paid to date has been recorded as a deposit until such time that the contractual rights are transferred to the Company. This asset would be tested for recoverability if the Company were to determine that it is no longer probable that the rights will be transferred. At the time of the transfer of the contractual rights, the Company will record the amount as an indefinite-lived intangible asset subject to review for impairment on an annual basis or more frequently if events or changes in circumstances indicate that an impairment is more likely than not.

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

Upon issuance of the Subordinated Convertible Debentures, Verisign separated the liability (debt) and equity (conversion option) components in a manner that reflected the borrowing rate for a similar non-convertible debt. The liability component was recognized based on the fair value of a similar instrument without a conversion feature at issuance. The excess of the principal amount of the Subordinated Convertible Debentures over the liability component at issuance was the equity component or debt discount, which was recorded as Additional paid-in capital. The debt discount was 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 Company settled all of the outstanding Subordinated Convertible Debentures during 2018. For further details, refer to Note 4 "Debt and Interest Expense".

Foreign Currency Remeasurement

Verisign conducts business in several different countries 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. Remeasurement gains and losses were not significant in each of the last three years.

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 currencies other than the U.S. dollar. 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. Gains and losses related to foreign currency forward contracts were not significant in each of the last three years.

As of December 31, 2018, Verisign held foreign currency forward contracts in notional amounts totaling $28.5 million to mitigate the impact of exchange rate fluctuations associated with certain assets and liabilities held in foreign currencies.

Revenue Recognition

Revenues are recognized when control of the promised services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

Registry Services

Registry Services revenues primarily arise from fixed fees charged to registrars for the initial registration or renewal of *.com*, *.net*, and other domain names. Fees for domain name registrations and renewals are generally due at the time of registration or renewal. Domain name registration terms range from one year up to ten years.

Most customers either maintain a deposit with Verisign or provide 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.

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.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Each domain name registration or renewal is considered a separate optional purchase and represents a single performance obligation, which is to allow its registration and maintain that registration (by allowing updates, Domain Name System ("DNS") resolution and Whois services) through the registration term. These services are provided continuously throughout each registration term, and as such, revenues from the initial registration or renewal of domain names are deferred and recognized ratably over the registration term. 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.

Security Services

Following the revenue recognition criteria above, revenues from Security Services were deferred and recognized over the service term, generally one to two years. On December 5, 2018, we completed the sale of the rights, economic benefits, and obligations, in all customer contracts related to our Security Services business. Revenues from the Security Services business were not significant in relation to our consolidated revenues.

Costs Incurred to Obtain a Contract

We recognize the fees that we pay to ICANN for each annual increment of domain name registrations and renewals, as an asset which will be amortized on a straight-line basis over the related registration term. These assets are included in Other current assets and Other long-term assets on the condensed consolidated balance sheet.

Practical Expedients and Exemptions

Prior to the sale of the customer contracts of the Security Services business in December of 2018, we recognized sales commissions for Security Services contracts as expense when incurred because the amortization period for the majority of commissions would have been one year or less. These costs were not material for any period presented and were recorded within sales and marketing expenses.

Advertising Expenses

Advertising costs are expensed as incurred and are included in Sales and marketing expenses. Advertising expenses, including costs for advertising campaigns conducted jointly with our registrars were $15.2 million, $27.4 million, and $17.2 million in 2018, 2017, and 2016, 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 Tax Cuts and Jobs Act ("Tax Act") was enacted on December 22, 2017, most provisions of which became effective in 2018. The Tax Act made substantial changes to U.S. taxation of corporations, including, lowering the U.S. federal corporate income tax rate from 35% to 21%, and instituting a territorial tax system, along with a one-time tax on accumulated foreign earnings. The effect on deferred tax assets and liabilities of a change in law or 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. For every tax-paying component and within each tax jurisdiction, all deferred tax liabilities and assets are offset and presented as a single net noncurrent asset or liability.

Among other changes, the Tax Act included a provision designed to currently tax global intangible low-taxed income ("GILTI"). The Company evaluated available accounting policy alternatives and elected to record the U.S. income tax effect of future GILTI inclusions in the period in which they arise.

The Company's income taxes payable is reduced by the tax benefits from restricted stock unit ("RSU") vestings equal to the fair market value of the stock at the vesting date. If the income tax benefit at the exercise or vesting date differs from the income tax benefit recorded based on the grant date fair value of the RSUs, the excess or shortfall of the tax benefit is recognized within income tax expense.

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 only recognizes tax positions taken or expected to be taken on its tax returns that are more likely than not to be sustained upon examination, and records a tax benefit amount that is more likely than not to be realized upon ultimate settlement with the taxing authority. The Company adjusts its estimate of unrecorded tax benefits in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a liability that is materially different from its estimate.

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

The Company's stock-based compensation consists of RSUs granted to employees and the employee stock purchase plan ("ESPP"). Stock-based compensation expense is typically recognized ratably over the requisite service period. Forfeitures of stock-based awards are recognized as they occur. 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 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, using a Monte Carlo simulation model. The Company uses the Black-Scholes option pricing model to determine the fair value of its ESPP offerings. The determination of the fair value of stock-based payment awards using the Monte Carlo simulation model or the Black-Scholes option-pricing

model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables.

Earnings per Share

The Company computes basic earnings per share by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per share gives effect to dilutive potential common shares, including unvested RSUs, ESPP offerings and the conversion spread related to the Subordinated Convertible Debentures, prior to conversion on May 1, 2018, using the treasury stock method.

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 and marketable securities.

Legal Proceedings

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

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.

Note 2. Financial Instruments

Cash, Cash Equivalents, and Marketable Securities

The following table summarizes the Company's cash, cash equivalents, and marketable securities and the fair value categorization of the financial instruments measured at fair value on a recurring basis:

	As of December 31,	
	2018	2017
	(In thousands)	
Cash	$ 37,190	$ 135,092
Time deposits	3,810	3,682
Money market funds (Level 1)	120,832	116,068
Debt securities issued by the U.S. Treasury (Level 1)	1,117,175	2,169,197
Total	$ 1,279,007	$ 2,424,039
Cash and cash equivalents	$ 357,415	$ 465,851
Restricted cash (included in Other long-term assets)	9,338	9,288
Total Cash, cash equivalents, and restricted cash	366,753	475,139
Marketable securities	912,254	1,948,900
Total	$ 1,279,007	$ 2,424,039

The fair value of the debt securities held as of December 31, 2018 was $1.12 billion, including less than $0.1 million of gross and net unrealized losses. All of the debt securities held as of December 31, 2018 have contractual maturities of less than one year. The lower Cash and cash equivalents and Marketable securities balances at December 31, 2018 reflect the cash used to settle the principal amount of the Subordinated Convertible Debentures on May 1, 2018, as discussed in Note 4 "Debt and Interest Expense."

Fair Value Measurements

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. Debt securities purchased with original maturities in excess of three months are included in Marketable securities. Debt securities purchased with original maturities less than three months are included in Cash and cash equivalents.

As of December 31, 2018, 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 senior notes due 2023 (the "2023 Senior Notes"), the senior notes due 2025 (the "2025 Senior Notes"), and the senior notes due 2027 (the "2027 Senior Notes") were $741.3 million, $502.2 million, and $524.2 million, respectively, as of December 31, 2018. The fair values of these debt instruments are based on available market information from public data sources and are classified as Level 2.

As part of the settlement of the Subordinated Convertible Debentures in the second quarter of 2018, the Company estimated the fair value of the liability component of the debentures, based on the present value of the remaining contractual cash flows, using a discount rate of 8.42% (the estimated borrowing rate for similar non-convertible debt). The fair value of the liability component at the time of extinguishment was $651.3 million and was classified as Level 3.

In connection with the sale of the customer contracts of the Security Services business, the Company estimated the fair value of the total consideration expected to be received based on the estimated probability and timing of customers consenting to assignment of their contracts to Neustar. This fair value measurement was classified as Level 3.

Note 3. Other Balance Sheet Items

Other Current Assets

Other current assets consist of the following:

	As of December 31,	
	2018	2017
	(In thousands)	
Prepaid registry fees	$ 20,696	$ —
Prepaid expenses	14,109	15,787
Accounts receivable, net	6,029	5,111
Income taxes receivable	4,451	6,347
Other	2,080	4,157
Total other current assets	$ 47,365	$ 31,402

Property and Equipment, Net

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

	As of December 31,	
	2018	2017
	(In thousands)	
Land	$ 31,141	$ 31,141
Buildings and building improvements	247,870	246,654
Computer equipment and software	461,829	462,469
Capital work in progress	2,013	4,024
Office equipment and furniture	6,912	6,472
Leasehold improvements	1,403	1,403
Total cost	751,168	752,163
Less: accumulated depreciation	(497,263)	(488,650)
Total property and equipment, net	$ 253,905	$ 263,513

Substantially all of the Company's property and equipment were held in the U.S. for both periods presented.

Goodwill

The following table presents the detail of goodwill:

	As of December 31,	
	2018	2017
	(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.

Deposits to Acquire Intangible Assets

As of December 31, 2018, the Company has recorded $145.0 million for the future assignment to the Company of contractual rights to the *.web* gTLD, pending resolution of objections by other applicants, regulatory review, and approval from ICANN. Upon assignment of the contractual rights, the Company will record the total investment as an indefinite-lived intangible asset.

Other Long-Term Assets

Other long-term assets consist of the following:

	As of December 31,	
	2018	2017
	(In thousands)	
Contingent consideration receivable	$ 14,721	$ —
Long-term prepaid registry fees	7,779	—
Restricted cash	9,338	9,288
Other tax receivable	5,673	5,673
Other	3,535	3,642
Total other long-term assets	$ 41,046	$ 18,603

The contingent consideration receivable in the table above relates to the estimated contingent consideration expected to be collected from Neustar after the first anniversary of closing as part of the sale of customer contracts of the Security Services business. The prepaid registry fees in the tables above relate to the fees the Company pays to ICANN for each annual increment of *.com* domain name registrations and renewals which are deferred and amortized over the domain name registration term, upon adoption of ASU 2014-09 as discussed in Note 1, "Description of Business and Summary of Significant Accounting Policies". The amount of prepaid registry fees as of December 31, 2018 reflects amortization of $32.9 million during 2018 which was recorded in Cost of Revenues.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	As of December 31,	
	2018	2017
	(In thousands)	
Accounts payable	$ 10,445	$ 10,519
Accrued employee compensation	54,746	51,481
Customer deposits, net	57,025	63,617
Interest Payable	24,318	47,357
Accrued registry fees	11,029	10,404
Payables to buyer	9,875	—
Taxes payable and other tax liabilities	18,961	13,477
Other accrued liabilities	28,809	22,748
Total accounts payable and accrued liabilities	$ 215,208	$ 219,603

Payables to buyer in the table above relate to amounts due to Neustar for estimated collections from Security Services customers of any billings after the closing date and until the customer contracts are assigned to Neustar.

Note 4. Debt and Interest Expense

Senior Notes

As of December 31, 2018, the Company had senior notes outstanding of $1.79 billion, net of unamortized issuance costs. All of the outstanding senior notes were issued at par and are senior unsecured obligations of the Company. Interest is payable on each of the senior notes semi-annually. Each of the senior notes issuances is redeemable, in whole or in part, at the Company's option at times and redemption prices specified in the indentures.

The following table summarizes information related to our Senior notes (in thousands, except interest rates):

				As of December 31,	
				2018	2017
	Issuance Date	Maturity Date	Interest Rate	Principal	
Senior notes due 2023	April 16, 2013	May 1, 2023	4.625%	$ 750,000	$ 750,000
Senior notes due 2025	March 27, 2015	April 1, 2025	5.250%	500,000	500,000
Senior notes due 2027	July 5, 2017	July 15, 2027	4.750%	550,000	550,000
Unamortized issuance costs				(14,953)	(17,471)
Total senior notes				$ 1,785,047	$ 1,782,529

The indenture governing the 2023 Senior Notes 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. The Company has remained in compliance with these covenants and no events of default have occurred over the term of the Notes.

2015 Credit Facility

On March 31, 2015, the Company entered into a credit agreement for a $200.0 million committed senior unsecured revolving credit facility (the "2015 Credit Facility"). The 2015 Credit 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 2.5 to 1.0. As of December 31, 2018, there were no borrowings outstanding under the facility and the Company was in compliance with the financial covenants. The 2015 Credit Facility expires on April 1, 2020 at which time any outstanding borrowings are due. 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.

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. At issuance, the Company calculated the carrying value of the liability component as the present value of its cash flows using a borrowing rate for similar non-convertible debt with no contingent payment options, adjusted for the fair value of the contingent interest feature. The table below presents the carrying amounts of the liability and equity components as of December 31, 2017.

Debt discount upon issuance (net of issuance costs of $14,449)	$ 686,221
Deferred taxes associated with the debt discount upon issuance	(267,225)
Carrying amount of equity component	$ 418,996

Principal amount of Subordinated Convertible Debentures	$ 1,250,000
Unamortized discount of liability component	(612,303)
Unamortized debt issuance costs associated with the liability component	(10,081)
Carrying amount of liability component	$ 627,616

On February 15, 2018, the Company called for the redemption of all the outstanding Subordinated Convertible Debentures with a redemption date of May 1, 2018. Substantially all of the holders elected to convert their debentures, and on May 1, 2018, the Company settled the $1.25 billion principal value in cash, and issued 26.1 million shares of common stock for the $3.17 billion excess of the conversion value over the principal amount. Of the total consideration transferred to settle the debentures, $651.3 million was allocated to the liability component, and the remaining $3.77 billion was allocated to the equity component. The fair value of the liability component exceeded the $644.7 million carrying value, and therefore, resulted in a loss of $6.6 million upon extinguishment of the Subordinated Convertible Debentures in the second quarter of 2018.

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

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Contractual interest on Subordinated Convertible Debentures	$ 20,015	$ 47,432	$ 40,625
Contractual interest on Senior Notes	87,063	73,638	60,938
Amortization of debt discount on the Subordinated Convertible Debentures	4,236	12,012	11,094
Amortization of debt issuance costs and other interest expense	3,531	3,254	2,907
Total interest expense	$ 114,845	$ 136,336	$ 115,564

Note 5. 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 minimum tax withholdings due upon vesting of RSUs.

On February 8, 2018, the Company's Board of Directors ("Board") authorized the repurchase of its common stock in the amount of approximately $585.8 million, in addition to the $414.2 million remaining available for repurchase under the previous share repurchase program, for a total repurchase authorization of up to $1.0 billion under the share repurchase program. The share repurchase program has no expiration date. Purchases made under the program could be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions. As of December 31, 2018 there was approximately $463.2 million remaining available for repurchases under the share repurchase program.

Effective February 7, 2019, the Company's Board authorized the repurchase of its common stock in the amount of approximately $602.9 million, in addition to the $397.1 million remaining available for repurchase under the previous share repurchase program, for a total repurchase authorization of up to $1.0 billion under the share repurchase program.

The summary of the Company's common stock repurchases for 2018, 2017 and 2016 are as follows:

	2018		2017		2016	
	Shares	Average Price	Shares	Average Price	Shares	Average Price
	(In thousands, except average price amounts)					
Total repurchases under the repurchase plans	4,352	$ 137.86	6,265	$ 94.59	7,789	$ 81.73
Total repurchases for tax withholdings	309	$ 123.62	335	$ 85.27	320	$ 80.74
Total repurchases	4,661	$ 136.91	6,600	$ 94.12	8,109	$ 81.70
Total costs	$ 638,152		$ 621,173		$ 662,491	

Since inception, the Company has repurchased 232.3 million shares of its common stock for an aggregate cost of $9.42 billion, which is recorded as a reduction of Additional paid-in capital.

Accumulated Other Comprehensive Loss

The following table summarizes the changes in the components of Accumulated other comprehensive loss for 2018 and 2017:

	Foreign Currency Translation Adjustments Loss	Unrealized Gain (Loss) On Investments	Total Accumulated Other Comprehensive Loss
		(In thousands)	
Balance, December 31, 2016	$ (3,366)	$ (87)	$ (3,453)
Changes	530	(18)	512
Balance, December 31, 2017	(2,836)	(105)	(2,941)
Changes	—	130	130
Balance, December 31, 2018	$ (2,836)	$ 25	$ (2,811)

Note 6. Calculation of Earnings per Share

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

	Year Ended December 31,		
	2018	2017	2016
		(In thousands)	
Weighted-average shares of common stock outstanding	113,452	100,325	107,001
Weighted-average potential shares of common stock outstanding:			
Conversion spread related to Subordinated Convertible Debentures	8,589	23,247	21,074
Unvested RSUs, and ESPP	620	608	758
Shares used to compute diluted earnings per share	122,661	124,180	128,833

The dilutive impact of the conversion spread related to the Subordinated Convertible Debentures is included in the calculation for 2018, on a weighted-average basis for the period prior to conversion. The calculation of diluted weighted average shares outstanding, excludes potentially dilutive securities, the effect of which would have been anti-dilutive, as well as performance based RSUs granted by the Company for which the relevant performance criteria have not been achieved. The number of potential shares excluded from the calculation was not significant in any period presented.

Note 7. Revenue

The Company generates revenues in the U.S.; Europe, the Middle East and Africa ("EMEA"); China; and certain other countries, including, but not limited to Canada, Australia, and Japan. The following table presents our revenues disaggregated by geography, based on the billing addresses of our customers:

	Year Ended December 31,		
	2018	2017	2016
		(In thousands)	
U.S	$ 756,907	$ 707,906	$ 667,301
EMEA	212,699	211,349	207,474
China	106,841	106,526	127,298
Other	138,522	139,314	140,094
Total revenues	$ 1,214,969	$ 1,165,095	$ 1,142,167

Revenues for the Company's Registry Services business are attributed to the country of domicile and the respective regions in which registrars are located, however, this may differ from the regions where the registrars operate or where registrants are located. Revenue for each region may be impacted by registrars reincorporating, relocating, or from acquisitions

or changes in affiliations of resellers. Revenue for each region may also be impacted by registrars domiciled in one region, registering domain names in another region.

Major Customers

Our largest customer accounted for approximately 32%, 31%, and 30% of revenues in 2018, 2017, and 2016, respectively and another customer accounted for 10% of revenues during 2018. The Company does not believe that the loss of either of these customers would have a material adverse effect on the Company's business because, in that event, end-users of these customers would transfer to the Company's other existing customers.

Deferred Revenues

As payment for domain name registrations and renewals are due in advance of our performance, we record these amounts as deferred revenue. The increase in the deferred revenue balance in 2018 is primarily driven by amounts billed in 2018 for domain name registrations and renewals to be recognized as revenue in future periods, offset by refunds for domain name renewals deleted during the 45-day grace period, and $690.1 million of revenues recognized that were included in the deferred revenue balance at December 31, 2017. The balance of deferred revenue as of December 31, 2018 represents our aggregate remaining performance obligations. Amounts included in current deferred revenue are all expected to be recognized in revenue within 12 months, except for a portion of deferred revenue that relates to domain name renewals that are deleted in the 45-day grace period following the transaction. The long-term deferred revenue amounts will be recognized in revenue over several years and in some cases up to ten years.

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.

Note 8. Sale of Security Services Business

On December 5, 2018, the Company completed the sale of the rights, economic benefits, and obligations, in all customer contracts related to its Security Services business, which was primarily comprised of Distributed Denial of Service Protection and Managed DNS services, to Neustar. As part of the transaction, the Company will continue to support the Security Services customers during the transition to Neustar over the course of 2019. The transaction was accounted for as the sale of a business. The Company received a payment of $50.0 million at closing and recorded a non-current receivable for the estimated contingent consideration of $14.7 million expected to be collected after the first anniversary of closing. In addition, the Company recorded a current liability of $9.9 million for amounts due to Neustar for estimated collections from Security Services customers of any billings after the closing date and until the customer contracts are assigned to Neustar. As a result of the sale, the Company recognized a pre-tax gain of approximately $54.8 million, which is included in Non-operating income in the fourth quarter of 2018. The estimated contingent consideration to be received, the liability for estimated future billings to be remitted to Neustar, and the gain recognized in 2018, are based on the Company's best estimates of the probability and timing of customers consenting to the assignment of their contracts to Neustar. To the extent that the actual results differ from the Company's estimates, the gain on the sale may be adjusted in 2019.

Note 9. 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. Through the second quarter of 2018, the Company matched 50% of up to the first 6% of the employee's annual salary contributed to the plan. Effective July 1, 2018, the Company increased its employer contribution to 50% of up to the first 8% of the employee's annual salary contributed to the plan. The Company contributed $4.3 million in 2018, $4.0 million in 2017, and $3.8 million in 2016 under the 401(k) Plan. The Company can terminate matching contributions at its discretion at any time.

Equity Incentive Plan

The majority of Verisign's stock-based compensation relates to RSUs. As of December 31, 2018, a total of 9.6 million shares of common stock were reserved for issuance upon the vesting of RSUs and for the future grant of equity awards.

On May 26, 2006, the stockholders of Verisign approved the 2006 Equity Incentive Plan, which was amended and restated on June 9, 2016 (the "2006 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 over four years. Certain RSUs with performance and market conditions ("PSUs"), granted to the Company's executives, vest over either three or four year terms. Additionally, the Company has granted fully vested RSUs to members of its Board in each of the last three 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.

2007 Employee Stock Purchase Plan

On August 30, 2007, the Company's stockholders approved the 2007 Employee Stock Purchase Plan, and in 2017 approved an amendment to increase the shares reserved for issuance by 2.5 million to a total of 8.5 million common shares 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, 2018, 3.3 million shares of the Company's common stock remain reserved for future 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,		
	2018	2017	2016
	(In thousands)		
Cost of revenues	$ 6,835	$ 7,030	$ 7,253
Sales and marketing	4,972	5,688	5,738
Research and development	6,728	6,113	6,739
General and administrative	33,969	34,076	30,314
Total stock-based compensation	$ 52,504	$ 52,907	$ 50,044

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

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
RSUs	$ 38,005	$ 38,087	$ 37,325
PSUs	12,403	13,270	11,512
ESPP	4,166	4,005	3,593
Capitalization (Included in Property and equipment, net)	(2,070)	(2,455)	(2,386)
Total stock-based compensation expenses	$ 52,504	$ 52,907	$ 50,044

The income tax benefit that was included within Income tax expense related to these stock-based compensation expenses for 2018, 2017, and 2016 was $12.3 million, $12.5 million, and $17.7 million, respectively. The tax benefit for 2018 and 2017 reflects the reduction in the U.S. federal statutory corporate tax rate from 35% to 21% in 2017.

RSUs Information

The following table summarizes unvested RSUs activity for the year ended December 31, 2018:

	Shares	Weighted-Average Grant-Date Fair Value
	(Shares in thousands)	
Unvested at beginning of period	1,588	$ 74.69
Granted	474	$ 112.74
PSU achievement adjustment	115	$ 38.10
Vested and settled	(862)	$ 66.37
Forfeited	(93)	$ 88.43
	1,222	$ 90.88

The RSUs in the table above include PSUs. The unvested RSUs as of December 31, 2018 include approximately 0.4 million PSUs. The number of shares received upon vesting of these PSUs may range from zero to 0.8 million depending on the level of performance achieved and whether any market conditions are satisfied.

The closing price of Verisign's stock was $148.29 on December 31, 2018. As of December 31, 2018, the aggregate market value of unvested RSUs was $181.2 million. The fair values of RSUs that vested during 2018, 2017, and 2016 were $107.2 million, $75.9 million, and $70.5 million, respectively. The weighted-average grant-date fair value of RSUs granted during the years ended December 31, 2017 and 2016, was $83.91 and $81.59, respectively. As of December 31, 2018, total unrecognized compensation cost related to unvested RSUs was $73.4 million which is expected to be recognized over a weighted-average period of 2.5 years.

Note 10. Non-operating Income, Net

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

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Gain on sale of business	$ 54,840	$ 10,421	$ —
Interest income	26,490	17,944	6,191
Loss on extinguishment of Subordinated Convertible Debentures	(6,554)	—	—
Other, net	2,193	(739)	3,974
Total non-operating income, net	$ 76,969	$ 27,626	$ 10,165

On December 5, 2018, the Company completed the sale of the rights, economic benefits, and obligations, in all customer contracts related to its Security Services business, which resulted in a gain of approximately $54.8 million in the fourth quarter of 2018. During the second quarter of 2017, the Company completed the sale of its iDefense business, which resulted in a gain of approximately $10.4 million in 2017. Interest income is earned principally from the Company's surplus cash balances and marketable securities.

Note 11. Income Taxes

Income before income taxes is categorized geographically as follows:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
United States	$ 420,597	$ 313,351	$ 299,304
Foreign	308,919	285,661	281,869
Total income before income taxes	$ 729,516	$ 599,012	$ 581,173

The provision for income taxes consisted of the following:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Current expense:			
Federal	$ 99,127	$ 16,870	$ 34,842
State	1,088	294	240
Foreign, including withholding tax	76,199	15,539	19,268
	176,414	32,703	54,350
Deferred expense (benefit):			
Federal	(16,448)	90,113	64,301
State	42,624	19,654	21,492
Foreign	(55,563)	(706)	385
	(29,387)	109,061	86,178
Total income tax expense	$ 147,027	$ 141,764	$ 140,528

Federal current expense and federal deferred benefit for 2018 includes $96.4 million of the one-time U.S. tax on accumulated foreign earnings ("Transition tax"), net of $106.7 million of carried forward and newly-generated foreign tax credits, payable as a result of the Tax Act. This amount will be paid in installments over 8 years starting in 2018, as allowed by the Tax Act. As discussed below, the Transition tax was recorded as a provisional deferred tax liability in 2017.

State tax expense for 2018 is increased by $10.0 million remeasurement of deferred tax assets because of changes in certain state apportionment rates, and $5.6 million change in estimate related to the 2017 state income tax returns.

Foreign current expense and foreign deferred benefit for 2018 includes $60.7 million of withholding taxes paid upon the repatriation of cash held by foreign subsidiaries. As discussed below, the withholding tax was recorded as a provisional deferred tax liability in 2017.

The difference between income tax expense and the amount resulting from applying the federal statutory rate of 21% in 2018 and 35% in 2017 and 2016, to Income before income taxes is attributable to the following:

	Year Ended December 31,		
	2018	2017	2016
	(In thousands)		
Income tax expense at federal statutory rate	$ 153,199	$ 209,654	$ 203,410
State taxes, net of federal benefit	35,852	13,029	14,517
Differences between statutory rate and foreign effective tax rate	(46,928)	(83,808)	(79,087)
Excess tax benefits from stock-based compensation	(9,006)	(7,728)	—
Capital loss carryforwards expiration	769,706	—	—
Change in valuation allowance	(773,737)	(5,813)	(511)
U.S. federal tax rate change	—	(186,800)	—
Transition tax, net of foreign tax credits	(5,602)	162,353	—
U.S. tax on foreign earnings, net of foreign tax credits	24,208	4,123	2,881
Foreign withholding tax on unremitted foreign earnings, net of foreign tax credits	(812)	33,619	—
Other	147	3,135	(682)
Total income tax expense	$ 147,027	$ 141,764	$ 140,528

The Tax Act was enacted on December 22, 2017, and most of its provisions became effective in 2018. The Tax Act made substantial changes to U.S. taxation of corporations, including, lowering the U.S. federal corporate income tax rate from 35% to 21%, and instituting a territorial tax system, along with a one-time tax on accumulated foreign earnings. Upon enactment, the Company remeasured its deferred tax balances to reflect the new 21% U.S. federal tax rate, which resulted in a tax benefit of $186.8 million in 2017. In 2017, the Company also recorded a provisional deferred tax liability of $162.4 million, for the Transition tax, net of $38.3 million of resulting previously unrecognized foreign tax credits. The Company recorded a $5.6 million adjustment in 2018 as it finalized the provisional Transition tax amount. In 2018, the Company completed the repatriation of $1.15 billion of cash held by foreign subsidiaries, net of $60.7 million of foreign withholding taxes which was recorded in deferred tax liabilities in 2017.

The Company recorded additional impacts and changes in estimates related to the Tax Act during 2018 as additional guidance or information became available. As of December 31, 2018, the Company has completed its accounting for the tax effects of the enactment of the Tax Act.

The Company qualifies for a tax holiday in Switzerland which does not expire, unless the required non-Swiss income and expense thresholds are no longer met, or there is a law change which eliminates the holiday. The tax holiday provides reduced rates of taxation on certain types of income and also require certain thresholds of foreign source income. The tax holiday reduced the Company's income tax expense by $16.9 million in 2018, $12.3 million in 2017, and $21.3 million in 2016. This resulted in an increase in the Company's earnings per share by $0.14, $0.10, and $0.16 in 2018, 2017, and 2016, respectively.

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,	
	2018	2017
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 40,729	$ 70,587
Tax credit carryforwards	3,970	52,659
Deferred revenue, accruals and reserves	74,437	77,869
Capital loss carryforwards	—	778,430
Other	6,724	6,776
Total deferred tax assets	125,860	986,321
Valuation allowance	(10,153)	(783,725)
Net deferred tax assets	115,707	202,596
Deferred tax liabilities:		
Property and equipment	(2,764)	(1,577)
Transition tax	—	(162,912)
Foreign withholding tax on unremitted earnings	(2,733)	(33,619)
Subordinated Convertible Debentures	—	(430,088)
Other	(5,352)	(3,116)
Total deferred tax liabilities	(10,849)	(631,312)
Total net deferred tax assets (liabilities)	$ 104,858	$ (428,716)

With the exception of deferred tax assets related to certain state and 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, 2018, the Company's Other long-term tax liabilities includes the $81.0 million noncurrent liability for Transition tax, net of applicable foreign tax credits, while the $4.8 million current portion of the liability is included in Accounts payable and accrued liabilities. Both the current and noncurrent portion of these liabilities in addition to the $10.6 million paid in 2018, had been included in deferred tax liabilities as of December 31, 2017. The excess interest deductions on the Subordinated Convertible Debentures that were converted were not subject to recapture, and accordingly, the $439.2 million deferred tax liability related to the debentures, as of the conversion date, was reversed into Additional paid-in capital upon extinguishment of the debt.

As of December 31, 2018, the Company had federal, state and foreign net operating loss carryforwards of approximately $4.5 million, $738.3 million and $18.1 million, respectively, before applying tax rates for the respective jurisdictions. As of December 31, 2018, the Company had state research tax credits of $2.3 million and alternative minimum tax credits of $6.9 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. The federal and state net operating loss and federal tax credit carryforwards expire in various years from 2019 through 2034. The foreign net operating loss can be carried forward indefinitely. As of December 31, 2018, the Company's federal and state capital loss carryforwards expired and the associated valuation allowance reserve was also released. As of December 31, 2018, the Company has foreign tax credit carryforwards of $18.6 million. The majority of these foreign tax credits will expire in 2024.

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,	
	2018	2017
	(In thousands)	
Beginning balance	$ 223,216	$ 220,682
Increases in tax positions for prior years	333	3,699
Decreases in tax positions for prior years	(196)	(144)
Increases in tax positions for current year	436	395
Decreases in tax positions due to settlement with taxing authorities	—	(1,416)
Lapse in statute of limitations	(334)	—
Ending balance	$ 223,455	$ 223,216

As of December 31, 2018, approximately $219.5 million of unrecognized tax benefits, including penalties and interest, could affect the Company's tax provision and effective tax rate. It is reasonably possible that during the next twelve months, the Company's unrecognized tax benefits may change by a significant amount as a result of IRS audits. However, the timing of completion and ultimate outcome of the audits remains uncertain. Therefore, the Company cannot currently estimate the impact on the balance of unrecognized tax benefits.

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 U.S. federal income tax returns are currently under examination by the IRS for 2010 through 2014. The Company's other material tax returns are not currently under examination by their respective taxing jurisdictions. Because the Company has used 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 12. 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 Senior Notes:

	Purchase Obligations	*.tv* Agreement	Senior Notes	Total
		(In thousands)		
2019	$ 31,935	$ 5,000	$ 87,063	$ 123,998
2020	4,737	5,000	87,063	96,800
2021	989	5,000	87,063	93,052
2022	303	—	87,063	87,366
2023	—	—	819,719	819,719
Thereafter	—	—	1,193,875	1,193,875
Total	$ 37,964	$ 15,000	$ 2,361,846	$ 2,414,810

The amounts in the table above exclude $219.5 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 include firm commitments with telecommunication carriers and other service providers. The Company does not have any significant purchase obligations beyond 2022.

The Company has an agreement with Internet Corporation for Assigned Names and Numbers ("ICANN") to be the sole registry operator for domain names in the *.com* registry through November 30, 2024. 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, 2018, there were 139.0 million domain names in the *.com* registry. However, the number of domain names registered and renewed each quarter may vary significantly. The Company incurred registry fees for the *.com* registry of $33.0 million in 2018, $32.3 million in 2017, and $31.5 million in 2016. Registry fees for other top-level domains that we operate have been excluded from the table above because the amounts are variable or passed through to registrars.

The Company has an agreement with the Government of Tuvalu to be the sole registry operator for *.tv* domain names through December 31, 2021. Registry fees were $5.0 million in each of the last three years.

Verisign leases a small portion of its facilities under operating leases that extend into 2022. Rental expenses under operating leases were not material in any period presented. Future rental expenses under existing operating leases are not material.

Off-Balance Sheet Arrangements

As of December 31, 2018 and 2017, 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.

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 15th day of February 2019.

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 Thomas C. Indelicarto, 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 15th day of February 2019.

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/ KATHLEEN A. COTE KATHLEEN A. COTE	Director
/S/ THOMAS F. FRIST III THOMAS F. FRIST III	Director
/S/ JAMIE S. GORELICK JAMIE S. GORELICK	Director
/S/ ROGER H. MOORE ROGER H. MOORE	Director
/S/ LOUIS A. SIMPSON LOUIS A. SIMPSON	Director
/S/ TIMOTHY TOMLINSON TIMOTHY TOMLINSON	Director

ASSET PURCHASE AGREEMENT

between

VERISIGN, INC.,

as the Seller

and

NEUSTAR, INC.,

as the Buyer

Dated as of October 24, 2018

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ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of October 24, 2018 (this "***Agreement***"), between **VERISIGN, INC.**, a Delaware corporation (the "***Seller***"), and **NEUSTAR, INC**., a Delaware corporation (the "***Buyer***").

RECITALS

A. The Seller owns and operates (directly and through the Seller Subsidiaries) the Business.

B. The Seller wishes to sell, and cause the Seller Subsidiaries to sell, to the Buyer, and the Buyer wishes to purchase from the Seller and the Seller Subsidiaries, certain assets of the Business, and in connection therewith the Buyer is willing to assume certain liabilities and obligations of the Seller and the Seller Subsidiaries relating thereto, all upon the terms and subject to the conditions set forth herein.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 **Certain Defined Terms**. For purposes of this Agreement:

"***Action***" means any claim, action, suit, arbitration or proceeding by or before any Governmental Authority.

"***Active Customers***" means the customers that are generating recurring revenue in the full calendar month that includes the first anniversary of the Closing; provided, however, Active Customers shall exclude any customer that (A) has provided written notice to either Buyer or Seller prior to the end of the Customer Migration Period that it has or intends to terminate or otherwise cancel its contract with Buyer (which it has not withdrawn prior to the end of the Customer Migration Period) or (B) is actively disputing or otherwise contesting in writing, prior to the end of the Customer Migration Period, the migration of customer to Buyer's technology platform, which dispute or contest has continued through the end of the Customer Migration Period; provided, further, however, that if a customer is not considered an Active Customer solely as a result of either subsection (A) or (B) above, and such customer, within thirty (30) days following the end of the Customer Migration Period, either (1) withdraws or acknowledges withdrawal (in each case, in writing) its intent to terminate or otherwise cancel in the case of subsection (A) or (2) withdraws or discontinues or acknowledges such withdrawal or discontinuance (in each case, in writing) its dispute or contest in the case of subsection (B), then such customer shall be considered an Active Customer.

"***Affiliate***" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person; *provided*, *however*, that in no event shall the Buyer be deemed an Affiliate of any other portfolio companies of investment funds managed by Golden Gate to the extent such other portfolio companies do not control and are not controlled by Buyer.

"***Ancillary Agreements***" means the Bill of Sale and Assignment and Assumption Agreement, the Intellectual Property License Agreement, and the Transition Services Agreement.

"***Bill of Sale and Assignment and Assumption Agreement***" means the Bill of Sale and Assignment and Assumption Agreement to be entered into at the Closing between the Buyer, the Seller, and any applicable Seller Subsidiaries, in substantially the form attached hereto as Exhibit C.

"***Business***" means the DDoS Protection Service, Managed DNS Service, Recursive DNS Plus Service and DNS Firewall Service businesses of the Seller and the Seller Subsidiaries.

"***Business Day***" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York.

"***Business Employees***" means all those individuals listed in Section 3.9(a) of the Disclosure Schedules who are employed by the Seller or any Seller Subsidiary immediately prior to the Closing Date, including (i) those on military leave and family and medical leave, (ii) those on approved leaves of absence, but only to the extent they have reemployment rights guaranteed under federal or state Law or under any leave of absence policy of the Seller or any Seller Subsidiary and (iii) those on short-term disability under the Seller's or any Seller Subsidiary's short-term disability program.

"***Buyer Employee Plans***" means all "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***"), all formal written plans and all other compensation and benefit plans, contracts, policies, programs and arrangements of the Buyer or of any Buyer Subsidiary whom the Buyer causes to hire a Transferred U.S. Employee pursuant to ARTICLE VI (other than routine administrative procedures) in effect as of the Closing Date, including all pension, savings and thrift, bonus, or other cash incentive or deferred compensation, severance pay and medical and life insurance plans in which any of the employees of the Buyer or any applicable Buyer Subsidiary (or dependents of such employees) participate.

"***Buyer Material Adverse Effect***" means any event, change, occurrence or effect that would prevent, materially delay or materially impede the performance by the Buyer of its obligations under this Agreement or any Ancillary Agreement or the consummation of the transactions contemplated hereby or thereby.

"***Buyer Subsidiary***" means a Subsidiary of the Buyer.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***control***," including the terms "*controlled by*" and "*under common control with*", means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by contract or otherwise.

"***customer***" means, for purposes of Section 2.9, the definitions of Customer ACV and Customer Migration Event, and any other provisions of this Agreement relating to the Post-Closing Payment, any existing customer under any Transferred Contract or any parent, subsidiary, reseller, purchasing agent or other representative thereof acting in such capacity with respect to the original contract of such existing customer or any replacement or successor contract.

"***Customer ACV***" means, with respect to Active Customers in respect of which a Customer Migration Event has been deemed to have occurred within twelve months following the Closing Date, an amount equal to monthly recurring revenue in the calendar month that includes the first anniversary of the Closing, multiplied by 12, calculated in accordance with Exhibit A.

"***Customer Migration Event***" will be deemed to have occurred, for each customer that is party to a Transferred Contract, at such time as (a) the customer has consented to the assignment of its Contract from Seller (or an Affiliate thereof) to Buyer (or an Affiliate thereof), (b) Buyer (or an Affiliate thereof) has renewed or otherwise continued service with the relevant customer pursuant to a new or amended contract or agreement, including any contract or agreement utilizing Buyer's (or its Affiliates') contract terms and conditions, (c) the Buyer or its Affiliate has commenced or completed migration of services provided to the customer by Seller (or its Affiliates) to Buyer's (or its Affiliates') technology platform or (d) the customer's Contract has automatically renewed with Seller or any Affiliate thereof during the Customer Migration Period, but after the later of (x) March 31, 2019 and (y) ninety (90) days following the Closing Date (such later date, the "***Automatic Renewal Date***"). Solely for purposes of the foregoing clause (c), "***Commenced***" shall mean: (i) scheduled a substantial number of the material tasks necessary to complete migration, (ii) substantially completed migration testing (if any only to the extent applicable) and (iii) as applicable, (A) with respect to any Seller DDoS customer who utilizes both mitigation and monitoring services, such customer shall have moved at least one Monitored Router or OpenHybrid Source (as applicable) into production on Buyer's network and shall have set-up and configured its network and portal within Buyer's network environment; (B) with respect to any Seller customer who utilizes mitigation services only, such customer shall have set-up and configured its network and portal within the Buyer's network environment; (C) with respect to any Seller MDNS customer, such customer shall have moved at least one zone into production on the Buyer's network; or (D) with respect to any Recursive DNS Plus Service customer or DNS Firewall Service customer, such

customer shall have moved at least some portion of its query volume onto the Buyer's recursive DNS or DNS firewall service.

"***Data Security Laws***" means all Laws relating to privacy, security, or security breach notification requirements and applicable to the conduct of the Business and the Business' own rules, policies, and procedures related to the same.

"***DDoS Protection Service***" (a.k.a. Verisign Internet Defense Network) means a fee-based service that may consist of the following: 1) a mitigation component that seeks to mitigate a distributed denial of service ("***DDoS***") event that attempts to make a customer's services unavailable to its end users, and/or 2) a monitoring component that seeks to monitor a customer's internet traffic in order to detect the occurrence of a DDoS attack.

"***DNS***" means the domain name system.

"***DNS Firewall Service***" means a fee-based cloud service for customers built upon Seller's Recursive DNS Plus Service that responds with customized answers based on the customer's predefined security rules to requested DNS queries.

"***Encumbrance***" means any charge, claim, mortgage, lien, option, pledge, security interest or other similar encumbrance encumbering any asset.

"***ERISA Affiliate***" means each corporation or trade or business that, together with the Seller, is or was, at a relevant time, treated as a single employer under Section 414 of the Code.

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

"***Excluded U.K. Employee***" means any person employed or engaged by Seller or a Subsidiary thereof in the Business in the United Kingdom who is not a U.K. Employee.

"***GAAP***" means United States generally accepted accounting principles as in effect on the date hereof.

"***Golden Gate***" means Golden Gate Private Equity, Inc., a Delaware corporation.

"***Government Contracts***" means any Contract directly with any United States national or federal Governmental Authority, including any subcontract issued at any tier under a prime Contract with any United States national or federal Governmental Authority, and excluding, for the avoidance of doubt, the contracts listed in Section 3.14(a)(iii) of the Disclosure Schedule.

"***Governmental Authority***" means any United States or non-United States national, federal, state or local governmental, regulatory or administrative authority, agency or commission or any judicial or arbitral body.

"***HSR***" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"***Inactive Business Employees***" means each Business Employee that, as of the Closing Date, is on military leave, family and medical leave or other leaves of absence or who is receiving short-term or long-term disability under the Seller's or any Seller Subsidiary's short-term or long-term disability programs.

"***Initial Purchase Price***" means Fifty Million Dollars ($50,000,000.00).

"***Intellectual Property***" means any and all intellectual property, regardless of form or medium, in any and all jurisdictions worldwide, including: (i) published and unpublished works of authorship, including audiovisual works, collective works, software, compilations, databases, derivative works, literary works, mask works, and sound recordings ("***Works of Authorship***"); (ii) inventions and discoveries, including articles of manufacture, business methods, compositions of matter, technology, designs, improvements, machines, methods, and processes and new uses for any of the preceding items ("***Inventions***"); (iii) words, names, symbols, devices, designs, and other designations, and combinations of the preceding items, used to identify or distinguish a source, business, good, group, product, brand, or service or to indicate a form of certification, including trademarks, trade names, service marks, trade dress, business names, logos, product designs, and product features ("***Trademarks***"); (iv) Internet domain names, IP addresses, and URLs; and (v) confidential or proprietary data or information (including data compilations and collections) and know-how, whether tangible or intangible, or patentable or unpatentable,

including algorithms, programs, systems, and any and all other information that would qualify as a trade secret under applicable Law.

*"**Intellectual Property License Agreement***" means the Intellectual Property License Agreement to be entered into at the Closing between the Buyer, the Seller, and any applicable Seller Subsidiaries, in substantially the form attached hereto as Exhibit D.

"***Intellectual Property Rights***" means any and all rights in, arising out of, or associated with Intellectual Property in any and all jurisdictions worldwide, whether pending, registered or common law, including: (i) rights in, arising out of, or associated with Works of Authorship, including rights in mask works and databases and rights granted under the U.S. Copyright Act, all registrations and recordations thereof and all applications in connection therewith, along with all reversions, extensions and renewals thereof; (ii) rights in, arising out of, or associated with Inventions, including rights granted under the U.S. Patent Act, including patents and applications therefor, and including all continuations, divisionals, and continuations-in-part thereof and patents issuing thereon, along with all reissues, reexaminations, continued prosecution applications and extensions thereof; (iii) rights in, arising out of, or associated with Trademarks, including rights in the "look and feel" of objects and rights granted under the Lanham Act, together with the goodwill associated with any and all of the foregoing, along with all applications, registrations, renewals and extensions thereof; (iv) rights in, arising out of, or associated with domain names and registrations therefor; (v) rights in, arising out of, or associated with confidential or proprietary data and information, know-how, and trade secrets, including rights granted under the Uniform Trade Secrets Act; (vi) rights in, arising out of, or associated with a person's name, voice, signature, photograph, or likeness, including rights of personality, privacy, and publicity; and (vii) rights of attribution and integrity and other moral rights of an author.

"***IRS***" means the Internal Revenue Service of the United States.

"***Knowledge***" means, with respect to the Seller, the actual knowledge of the persons listed in Section 1.1 of the Disclosure Schedules.

"***Law***" means any statute, law, ordinance, regulation, rule, code, injunction, judgment, decree or order of any Governmental Authority.

"***Managed DNS Service***" means a fee-based cloud service that hosts authoritative DNS configurations for a customer and resolves authoritative DNS queries for domain names that are not top-level domain names or the root.

"***Material Adverse Effect***" means any event, change, occurrence or effect that (a) would reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Business, taken as a whole, or (b) would reasonably be expected to prevent, materially delay or materially impede the performance by the Seller of its obligations under this Agreement or any Ancillary Agreement or the consummation of the transactions contemplated hereby or thereby; *provided, however*, that solely in the case of clause (a) and solely for purposes of Section 8.2(a), Section 8.2(c) and representations and warranties made as of the Closing Date, any event, change, occurrence or effect to the extent constituting, arising out of, attributable to or resulting from any of the following shall be excluded in determining whether or not a Material Adverse Effect has occurred: (i) general changes or developments in the industry in which the Business operates, (ii) changes in regional, national or international political conditions (including any outbreak or escalation of hostilities, any acts of war or terrorism or any other national or international calamity, crisis or emergency) or in general economic, business, regulatory, political or market conditions or in national or international financial markets, (iii) natural disasters or calamities, (iv) changes in any applicable Laws or applicable accounting regulations or principles or interpretations thereof, (v) the announcement or performance of this Agreement or any Ancillary Agreement or the transactions contemplated hereby or thereby, including the initiation of litigation by any Person with respect to this Agreement or any Ancillary Agreement, and including any termination of, reduction in or similar negative impact on relationships, contractual or otherwise, with any customers, suppliers, distributors, partners or employees of the Business due to the announcement and performance of this Agreement or any Ancillary Agreement or the identity of the parties to this Agreement or any Ancillary Agreement, or the performance of this Agreement or any Ancillary Agreement or the transactions contemplated hereby or thereby, including compliance with the covenants set forth herein and therein, (vi) any action taken by the Seller which is required by this Agreement or any Ancillary

Agreement, and (vii) any actions taken (or omitted to be taken) by or at the request of the Buyer (except in the case of clauses (i), (ii), (iii) and (iv) to the extent such event, change, occurrence or effect has a disproportionate effect on the Business relative to other businesses in the industry in which the Business operates).

"***Permitted Encumbrance***" means (i) statutory liens for current Taxes not yet due or delinquent (or which may be paid without interest or penalties) or the validity or amount of which is being contested in good faith by appropriate proceedings, (ii) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business relating to obligations as to which there is no default on the part of the Seller or any Seller Subsidiary for a period greater than 60 days, or the validity or amount of which is being contested in good faith by appropriate proceedings, or pledges, deposits or other liens securing the performance of bids, trade contracts, leases or statutory obligations (including workers' compensation, unemployment insurance or other social security legislation), (iii) zoning, entitlement, conservation restriction and other land use and environmental regulations promulgated by Governmental Authorities, (iv) non-exclusive licenses of Intellectual Property or Intellectual Property Rights granted in the ordinary course of business; and (v) all exceptions, restrictions, easements, imperfections of title, charges, rights-of-way and other Encumbrances in respect of real property that do not materially interfere with the use of, or adversely affect the value of, the Transferred Assets in the Business, taken as a whole.

"***Person***" means an individual, corporation, partnership, limited liability company, limited liability partnership, syndicate, person, trust, association, organization or other entity, including any Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing.

"***Purchase Price***" means (i) the Initial Purchase Price plus (ii) the Post-Closing Payment.

"***Recursive DNS Plus Service***" means a fee-based cloud service for customers that recurses the DNS to respond with answers to requested DNS queries.

"***Representatives***" means, with respect to any Person, the officers, directors, principals, employees, agents, auditors, advisors, bankers and other representatives of such Person.

"***Return***" means any return, declaration, report, statement, information statement or other document required to be filed with a Governmental Authority with respect to Taxes.

"***SEC***" means the Securities and Exchange Commission.

"***Seller Employee Plans***" means all "employee benefit plans" within the meaning of Section 3(3) of ERISA, all formal written plans and all other compensation and benefit plans, contracts, policies, programs and arrangements of the Seller or any Seller Subsidiary (other than routine administrative procedures) in connection with the Business in effect as of the date hereof, including all bonus, stock bonus, stock option or other cash or equity-based incentive or deferred compensation, severance pay and medical and life insurance plans in which any of the Business Employees or their dependents participate, as applicable and if any.

"***Seller Subsidiary***" means a Subsidiary of the Seller that, as of the date of this Agreement, owns a Transferred Asset or holds an Assumed Liability.

"***Straddle Period***" means any Taxable period beginning on or before the Closing Date and ending after the Closing Date.

"***Subsidiary***" means, with respect to any Person, any other Person of which at least 50% of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by such first Person.

"***Taxes***" means any and all taxes of any kind and however denominated (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority.

"***Transfer Taxes***" means all goods, services, excise, sales, use, real or personal property, gross receipt, withholding, documentary, value added, stamp, registration, filing, recordation and all other similar Taxes or other like charges, together with interest, penalties or additional amounts imposed with respect thereto.

"***Transition Services Agreement***" means the Transition Services Agreement to be entered into at the Closing between the Buyer, the Seller, and any applicable Seller Subsidiaries, in substantially the form attached hereto as Exhibit E.

"***Transition Strategy***" means, with respect to Buyer and Seller, the process and obligations set forth in Exhibit G and any consent and assignment process mutually agreed to in writing by a senior vice president or more senior officer of each party.

Section 1.2 Other Definitions. Other capitalized terms in this Agreement will have the respective meanings given to them in the relevant section of this Agreement.

ARTICLE II
PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets. Upon the terms and subject to the conditions of this Agreement, at the Closing, the Seller shall, and shall cause the Seller Subsidiaries to, sell, assign, transfer, convey and deliver to the Buyer all of the Seller's and the Seller Subsidiaries' right, title and interest as of the Closing Date in and to the Transferred Assets, and the Buyer shall purchase, acquire, accept and pay for the Transferred Assets and assume the Assumed Liabilities (the "***Asset Sale***"). "***Transferred Assets***" shall mean all of the Seller's and the Seller Subsidiaries' right, title and interest in and to the following assets (other than the Excluded Assets), as they exist at the time of the Closing:

(a) all contracts and agreements (collectively the "***Contracts***" and each, a "***Contract***") with any customers of the Business, and all Contracts entered into between the date hereof and the Closing Date with customers of the Business, in each case, to the extent such Contracts relate solely to the Business, including those listed in Section 2.1(a) of the Disclosure Schedules, and the Shared Contract Rights and the Shared Contract Obligations (collectively, the "***Transferred Contracts***"), including all rights, claims, causes of action and similar interests thereunder;

(b) all (x) books of account, financial, and accounting records (including billing records, credits, debits and payment history with respect to customers of the Business), invoices, active customers' lists and billing records (with respect to each of the foregoing, to the extent relating to the 18-month period prior to Closing), information related to requests for proposal, requests for quotation and quotations (with respect to such requests for proposal, requests for quotation and quotations, to the extent recorded in Seller's Salesforce platform and relating to the 90-day period prior to Closing), in each case, to the extent exclusively relating to the Business, and (y) customer technical data obtained under Transferred Contracts and outlined in the Transition Services Agreement (with respect to customer technical data, to the extent available relating to the 12-month period prior to Closing), in each case, to the extent exclusively relating to the support of the Transferred Contracts, exclusive of Business Employee email and other communication records (the forgoing clauses (x) and (y), collectively, the "***Business Records***") provided, however, that (i) the Business Records will be provided to the Buyer only in accordance with and to the extent permitted under applicable Law (the "***Applicable Law Exception***") and only to the extent not in violation of any attendant attorney-client privilege and attorney work product protection; provided, further, however, that Seller shall use commercially reasonable efforts to furnish Buyer with all such information in a manner so as to preserve such attorney-client or other legal privilege or in conformity with such Law, (ii) the Seller shall be permitted to retain copies of all Business Records, and (iii) to the extent that any Business Records maintained by the Seller relate to the Business but do not solely relate to the Business, the Transferred Assets shall only include the portion of the Business Records exclusively relating to the Business, the Transferred Assets, the Assumed Liabilities or the Business Employees; and

(c) all rights to receive written communications in physical form received from customers in respect of Transferred Contracts.

Section 2.2 Excluded Assets. Notwithstanding anything contained in Section 2.1 to the contrary, neither the Seller nor any Seller Subsidiary is selling, and the Buyer is not purchasing, any assets other than those specifically listed or described in Section 2.1, and without limiting the generality of the foregoing, the term Transferred Assets shall expressly exclude the following assets, all of which shall be retained by the Seller and the Seller Subsidiaries (collectively, the "***Excluded Assets***"):

(a) all agreements pursuant to which Seller or a Seller Subsidiary offers recursive DNS to a customer at no charge to such customer, including Seller's public recursive DNS services, Seller's recursive DNS service known as "Recursive DNS Basic Service" and any such recursive DNS services provided for, or used in connection with, Seller's or its Affiliates' other businesses (as part of a broader service offering or otherwise), including the Registry Services Business;

(b) all technology partnership agreements as set forth in Section 2.2(b) of the Disclosure Schedules;

(c) the contracts and agreements set forth in Schedule 2.2(c);

(d) cash and cash equivalents;

(e) the accounts receivable, prepaid expenses and all other current assets of or pertaining to the Business, together with any unpaid interest or fees accrued thereon or other amounts due with respect thereto;

(f) any asset constituting a current or deferred Tax asset;

(g) the Seller's and the Seller Subsidiaries' corporate books and records of internal corporate proceedings, company policies, Verisign templates, restricted party screening results, customer case histories or sales activity logs (except, in the case of customer case histories or sales activity logs, to the extent provision thereof is contemplated in the Transition Services Agreement);

(h) all real property, leaseholds and other interests in real property, including colocation facilities, together in each case with all structures, facilities or improvements located thereon and all easements, licenses, rights and appurtenances relating to the foregoing;

(i) all capital stock and other equity interests of any Person;

(j) all Intellectual Property and Intellectual Property Rights, including all rights in, arising out of, or associated with the following Trademarks and any and all variations or derivations thereof: "VeriSign," "Verisign," "VeriSign Security Services," "Verisign Security Services," "Powered by Verisign," "Powered by VeriSign";

(k) all of the Seller's and the Seller Subsidiaries' bank accounts;

(l) all accounting records and analogous internal reports relating to the business activities of the Seller and the Seller Subsidiaries to the extent not exclusively relating to the Business, and all records relating to Taxes;

(m) any interest in or right to any refund of Taxes relating to the Business, the Transferred Assets or the Assumed Liabilities for, or applicable to, any Taxable period (or portion thereof) ending on or prior to the Closing Date;

(n) any insurance policies and rights, claims or causes of action thereunder;

(o) except as specifically provided in ARTICLE VI, any assets relating to any Seller Employee Plan;

(p) all rights, claims and causes of action and the like relating to any Excluded Asset or any Excluded Liability or arising from or relating to the conduct of the Business (including use of the Transferred Assets) prior to the Closing;

(q) all rights of the Seller and the Seller Subsidiaries under this Agreement and the Ancillary Agreements;

(r) all rights of the Seller and the Seller Subsidiaries under any intercompany agreements, including for purposes of clarity any Contract relating to the Business or the Transferred Assets that is solely between or among the Seller and any Seller Subsidiary;

(s) all records or other materials prepared or received by the Seller, any of the Seller Subsidiaries, or any of their Representatives in connection with the sale of the Business (or any portion thereof), including bids received from third Persons and analyses relating to the Business (or any portion thereof);

(t) all confidential communications between the Seller and its Affiliates, on the one hand, and its and their Representatives (including such Representatives which have been engaged in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements), on the other hand, to the extent arising out of or relating to the negotiation, execution or delivery of this Agreement or any of the Ancillary Agreements and the transactions contemplated hereby or thereby, including any attendant attorney-client privilege, attorney work product protection, and expectation of client confidentiality applicable thereto, and including any such information or files in any format of any such Representative in connection therewith; and

(u) all other assets of the Seller and the Seller Subsidiaries not specifically listed or described in Section 2.1, including all infrastructure, network, systems, furniture, fixtures, and equipment, whether or not used in or in connection with the Business.

Section 2.3 **Assumed Liabilities**. At the Closing, the Buyer shall assume and, thereafter, shall pay, discharge, perform and otherwise satisfy when due, the following liabilities and obligations of any kind and nature, whether known or unknown, express or implied, primary or secondary, direct or indirect, absolute, accrued, contingent or otherwise and whether due or to become due (collectively, "***Liabilities***"), of the Seller and the Seller Subsidiaries (collectively, the "***Assumed Liabilities***"):

(a) all Taxes assumed by the Buyer pursuant to ARTICLE VII;

(b) all Liabilities of the Seller and the Seller Subsidiaries under the Transferred Contracts arising or to be performed after the Closing, but excluding any Liabilities relating to breaches or defaults of the Seller or any of the Seller Subsidiaries under such Transferred Contracts occurring at or prior to the Closing; and

(c) all Liabilities assumed by the Buyer pursuant to ARTICLE VI;

provided, *however*, that the Assumed Liabilities shall not include any obligations or liabilities to the extent (x) first arising before the Closing (other than performance obligations under the Transferred Contracts applicable to the period following the Closing), (y) arising from or relating to any event, circumstance or condition occurring or existing prior to the Closing that, with notice or lapse of time or both, would constitute a default under, or result in a violation or breach by the Seller or any Seller Subsidiary of, any Transferred Contract or (z) arising from any violation of Law, breach of warranty, tort or infringement occurring before the Closing.

Section 2.4 **Excluded Liabilities**. Notwithstanding any other provision of this Agreement to the contrary, the Buyer is not assuming and the Seller and the Seller Subsidiaries shall retain all of their respective Liabilities other than the Assumed Liabilities, including the following (the "***Excluded Liabilities***"):

(a) all Taxes, except to the extent assumed by the Buyer pursuant to ARTICLE VII;

(b) all Liabilities to the extent arising out of or in respect of any real property, leaseholds or other interests in real property;

(c) except for the performance obligations under the Transferred Contracts applicable to the period following the Closing or to the extent expressly assumed by the Buyer pursuant to ARTICLE VI, all Liabilities arising out of the ownership or operation of the Business prior to the Closing and all Liabilities to each Seller Employee Plan or such other benefit plans that have been maintained or contributed by Seller or any of Seller's ERISA Affiliates;

(d) all Liabilities retained by the Seller pursuant to ARTICLE VI;

(e) all Liabilities relating to breaches or defaults of the Seller or any of the Seller Subsidiaries under the Transferred Contracts occurring at or prior to the Closing;

(f) all Liabilities of the Seller and the Seller Subsidiaries under any intercompany agreements, including for purposes of clarity any Contract relating to the Business or the Transferred Assets that is solely between or among the Seller and any Seller Subsidiary;

(g) any indebtedness for borrowed money or guarantees thereof;

(h) the accounts payable of the Business and all other current liabilities of or pertaining to the Business;

(i) any Liability constituting a current Tax payable or deferred Tax payable;

(j) any Liability or obligation to the extent relating to an Excluded Asset;

(k) all Liabilities in respect of any Action commencing at or prior to the Closing;

(l) any default or breach of Contract, breach of warranty, tort, infringement, violation of Laws or environmental, health or safety matter arising prior to Closing; and

(m) any fees, costs and expenses of the Seller or any of its Affiliates incurred or to be incurred or payable or to be payable in connection with the negotiation, preparation or execution of this Agreement or any Ancillary Agreement or the consummation of the transactions contemplated hereby or thereby.

Section 2.5 Consents to Certain Assignments.

(a) Each of the parties shall use commercially reasonable efforts to obtain any consents, approvals, authorizations, qualifications, orders or waivers of third Persons (each, a "***Consent***") that may be required to assign to the Buyer any Transferred Asset, without any conditions to such transfer or changes or modifications of terms thereunder. For purposes of this Section 2.5(a), a party will be deemed to have satisfied its obligation to the extent it substantially complies with the Transition Strategy. Subject to compliance with the obligation to use commercially reasonable efforts hereunder, the Buyer agrees that neither the Seller nor any Seller Subsidiary shall have any Liability to the Buyer arising out of or relating to the failure to obtain any such Consent from customers of the Business in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements or because of any circumstances resulting therefrom. Subject to compliance with the obligation to use commercially reasonable efforts hereunder, the Buyer further agrees that no representation, warranty or covenant of the Seller or any Seller Subsidiary herein shall be breached or deemed breached, and no condition shall be deemed not satisfied, as a result, in and of itself, of (i) the failure to obtain any such Consent from customers of the Business or (ii) any suit, action, proceeding or investigation commenced or threatened by or on behalf of any Person arising out of or relating to the failure to obtain any such Consent from customers of the Business. The Buyer further agrees that certain of the Consents may not be obtained prior to the Closing and that its obligation to consummate the transactions contemplated by this Agreement and the Ancillary Agreements is not subject to any condition or contingency with respect to such Consents other than the conditions set forth in Section 8.2.

(b) To the extent a Consent is not obtained prior to the Closing, each of the parties shall use the efforts set forth in Section 2.5(a) and Section 2.9(d) to seek a Customer Migration Event. Reference is also made to the customer migration-related services to be provided by Seller pursuant to the Transition Services Agreement.

(c) Notwithstanding anything in this Agreement or any Ancillary Agreement to the contrary, from and after the Closing, neither Seller nor any Seller Subsidiary shall have any (i) obligation to extend any contract for which a Consent has not been received, or (ii) liability for failure to extend (or for timely sending a notice of non-renewal of) any such contract at the end of its then current term, unless such action is taken in violation of the Transition Strategy. The Seller shall (A) promptly pay to the Buyer when received all monies received by the Seller or the applicable Seller Subsidiary under a Transferred Asset or any claim or right or any benefit arising thereunder (excluding, for the avoidance of doubt any monies constituting Excluded Assets) and (B) enforce at the request of the Buyer any of its rights under such Transferred Asset (including a right of termination). Buyer shall perform, at its sole expense, the Assumed Liabilities under the Transferred Contracts. Similarly, to the extent the Buyer collects any monies constituting Excluded Assets, then the Buyer shall promptly pay such monies to the Seller when received (without offset).

(d) Notwithstanding anything in this Agreement or any Ancillary Agreement to the contrary, neither this Agreement nor any of the Ancillary Agreements shall constitute an agreement to transfer or assign any asset, permit, claim or right or any benefit arising thereunder or resulting therefrom if a transfer or attempted assignment thereof, without the consent of a third Person, would constitute a breach or other contravention under any agreement or Law to which the Seller or any Seller Subsidiary is a party or by which the Seller or any Seller Subsidiary is bound, or in any way adversely affect the rights of the Seller or any Seller Subsidiary or, upon transfer, the Buyer under such asset, permit, claim or right; *provided, however*, that until a Customer Migration Event has occurred with respect to any Transferred Contract (including Shared Contracts), each of the parties shall (and shall cause its respective Subsidiaries to) cooperate in an arrangement under which Buyer would obtain the benefits and assume the obligations under such Contract in accordance with this Agreement. Notwithstanding the foregoing, if (i) a Customer Migration Event with respect to a particular customer has not occurred by the end of the Term (as defined therein) of the Transition Services Agreement (the "***Reversion Date***") or (ii) a customer for which a Customer Migration Event has occurred has failed to be an Active Customer (any such customer under (i) or (ii), a "***Reverting Customer***"), the rights, benefits (including revenue and the right to collect fees in respect of the post-Reversion Date period) and obligations arising or to be performed after the Reversion Date under the Transferred Contract (or other contract or agreement relating to the Business) of any such Reverting Customer automatically will revert to Seller (excluding any Liabilities relating to breaches or defaults of the Buyer or any of its Affiliates). The parties further agree that, effective as of the Reversion Date, the covenants set forth in Section 5.15 shall cease to apply solely with respect to any Reverting Customer and the products or services required to be provided thereto pursuant to Seller's contractual obligations with respect to such Reverting Customer. Additionally, the parties agree that, to the extent Buyer terminates the Transition Services Agreement prior to the end of the Customer Migration Period pursuant to Section 3.2 of the Transition Services Agreement, then the determination as to whether a customer is a Reverting Customer (and the corresponding Reversion Date) shall occur as of the termination date of the Transition Services Agreement, provided that if any such Reverting Customer becomes an Active Customer by the end of the Customer Migration Period, then such customer shall cease to be a Reverting Customer and shall be included in the calculation of Customer ACV. As compensation for Buyer's engagement and assistance with customer communications regarding assignment of the Transferred Contracts from Seller to Buyer and migration of the services described in such Contracts from Seller's technology platform to Buyer's technology platform from the Closing Date through the Customer Migration Period, Seller shall pay to Buyer a one-time fee in the amount of $10,000 within thirty (30) days following the Closing, which, for the avoidance of doubt, the amount or payment (or nonpayment) of such fee shall not impair, limit, restrict or otherwise impact each party's rights and obligations set forth in this Agreement.

(e) **Shared Contracts**.

(i) Section 2.5(e)(i) of the Disclosure Schedules lists all Contracts which have rights or obligations affecting both the Business, on the one hand, and other businesses of the Seller or any of the Seller Subsidiaries, on the other hand (such Contracts, the "***Shared Contracts***").

(ii) Notwithstanding anything to the contrary in this Agreement, the Transferred Assets shall include only those provisions and rights under each Shared Contract to the extent that they relate to the Business under a Shared Contract (such provisions and rights, the "***Shared Contract Rights***") and the Assumed Liabilities shall include only those provisions and obligations under each Shared Contract to the extent they relate to the Business under a Shared Contract (such provisions and obligations, the "***Shared Contract Obligations***"). All provisions of, and rights and obligations which arise under, a Shared Contract other than the Shared Contract Rights and the Shared Contract Obligations shall be Excluded Assets and Excluded Liabilities, respectively.

(iii) Each of the Seller and the Buyer shall, in cooperation with the other, use its commercially reasonable efforts (in accordance with Section 2.5(a)) both before and after the Closing to effect the assignment of the Shared Contract Rights and the Shared Contract Obligations to the Buyer by, among other things, amending the Shared Contracts to separately assign the Shared Contract Rights and the Shared Contract Obligations to the Buyer and, if necessary or deemed desirable by the Seller or the Buyer, to execute new contracts with respect thereto; *provided, however,* that such commercially reasonable efforts shall not require the payment of any consideration (monetary or otherwise) to, or the concession or provision of any right (other than of an immaterial nature) to, or the amendment

or modification in any manner adverse (other than of an immaterial nature) to the Seller or the Buyer of any Shared Contract with, any third Person that is not a Governmental Authority. Without limitation of the foregoing, to the extent the Shared Contract Rights and the Shared Contract Obligations have not been assigned as of the Closing, each of the parties shall use the efforts set forth in Section 2.5(a) and Section 2.9(d) to seek a Customer Migration Event. Reference is also made to the customer migration-related services to be provided by Seller pursuant to the Transition Services Agreement and the proviso in Section 2.5(d). Notwithstanding anything in this Agreement or any Ancillary Agreement to the contrary, from and after the Closing, neither Seller nor any Seller Subsidiary shall have any (x) obligation to extend any Shared Contract for which the Shared Contract Rights and the Shared Contract Obligations have not been assigned, (y) liability for failure to extend (or for timely sending a notice of non-renewal of) any such Shared Contract at the end of its then current term, or (z) take any action that would be adverse to its Registry Services Business. Unless otherwise agreed by the Buyer (it being understood that such agreement may be withheld in the Buyer's sole discretion), such amendments and new contracts shall be on pricing terms equal to the terms applicable to the Business under the associated Shared Contract, and shall otherwise be on terms and conditions (except for any *de minimis* changes) no less favorable to the Buyer than the terms and conditions applicable to the Business under the associated Shared Contract. To the extent the assignment of any Shared Contract Rights and Shared Contract Obligations contemplated hereby has not been completed by the Reversion Date, any such customer under a Shared Contract shall be considered a Reverting Customer.

Section 2.6 Closing.

(a) The sale and purchase of the Transferred Assets and the assumption of the Assumed Liabilities contemplated by this Agreement shall take place at a closing (the "***Closing***") to be held at the offices of Orrick, Herrington & Sutcliffe LLP, 1152 15th St., NW, Washington, D.C. 20005, at 11:00 A.M. Eastern Time on the third Business Day after which all conditions to the obligations of the parties set forth in ARTICLE VIII (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date) are satisfied or, to the extent permitted by applicable Law, waived, or at such other place or at such other time or on such other date as the Seller and the Buyer mutually may agree in writing. The day on which the Closing takes place is referred to as the "***Closing Date***".

(b) At the Closing

(i) the Buyer shall deliver or cause to be delivered to the Seller payment, by wire transfer of immediately available funds to one or more accounts designated in writing by the Seller (such designation to be made at least two Business Days prior to the Closing Date), in an amount equal to the Initial Purchase Price; and

(ii) each of the Buyer and the Seller shall deliver or cause to be delivered to the other party an executed counterpart of each of the Ancillary Agreements.

(c) Notwithstanding anything to the contrary herein, but without limiting the Buyer's obligations hereunder (including the Buyer's obligation to pay the Purchase Price and the Buyer's obligations under ARTICLE IX), the Buyer shall be entitled at the Closing to direct that any of the Transferred Assets be transferred by the Seller and the Seller Subsidiaries to, and any of the Assumed Liabilities be assumed from the Seller and the Seller Subsidiaries by, one or more of the Buyer's Affiliates in lieu of any such transfer to or assumption by the Buyer.

Section 2.7 Reserved.

Section 2.8 Purchase Price Allocation. The Initial Purchase Price and the Assumed Liabilities shall be allocated (i) among the Seller and the Seller Subsidiaries that hold a legal or economic interest in any of the Transferred Assets (collectively, the "***V Sellers***") and (ii) among the Transferred Assets in the manner provided in Exhibit F hereto (the "***Allocation Schedule***") for all Tax purposes, including for purposes of Section 1060 of the Code and the Treasury Regulations thereunder. Within 60 days after the Closing Date, the Seller shall deliver to the Buyer a draft certificate which shall reasonably allocate the Initial Purchase Price and the Assumed Liabilities among the Transferred Assets in a manner consistent with the Allocation Schedule (the "***Allocation Certificate***"), for Buyer's review and consent (not to be unreasonably withheld, conditioned or delayed). Any subsequent allocation necessary as a result of an adjustment to the consideration to be paid hereunder shall be determined by the Seller, subject to Buyer's review and consent, in a manner consistent with the Allocation Certificate. For all

Tax purposes, each of the Seller and the Buyer agrees (a) to report, and to cause its respective Affiliates to report, the transactions contemplated by this Agreement in a manner consistent with the Allocation Certificate and (b) not to take, and to cause its respective Affiliates not to take, any position inconsistent therewith in any Return, Tax filing (including filings required under Section 1060 of the Code), audit, refund claim or otherwise, unless otherwise required by a change in Law occurring after the date hereof, a closing agreement with an applicable Governmental Authority or a final non-appealable judgment of a court of competent jurisdiction.

Section 2.9 Contingent Consideration.

(a) Subject to any pending disputes pursuant to Section 2.9(e) below, within 30 days from the delivery of the Final Customer Migration Report, Buyer will pay or cause to be paid to Seller (without dilution) an amount in U.S. dollars (the "***Post-Closing Payment***") equal to (i) (x) the Customer ACV, multiplied by (y) 3.5; minus (ii) the Initial Purchase Price; minus (iii) an amount equal to four million five hundred thousand Dollars ($4,500,000); *provided, however,* that in no event shall the aggregate Purchase Price payable pursuant to this Agreement exceed in the aggregate one hundred twenty million Dollars ($120,000,000); and *provided, further, however*, that in no event shall Seller have an obligation to refund any portion of the Initial Purchase Price, and in no event shall the adjustment contemplated by this Section 2.9(a) otherwise result in a negative adjustment to the Purchase Price. The Seller and the Buyer agree that any payments made pursuant to this Section 2.9 shall be allocated in a manner consistent with the allocation referred to in Section 2.8.

(b) Following the Closing and for a period ending on the first anniversary thereof (the "***Customer Migration Period***"), the Buyer will provide a monthly written report to Seller in the form of Schedule 2.9(b) (each, a "***Customer Migration Report***"), not later than three (3) Business Days following the end of each month, certifying the Customer Migration Events that have taken place as of each such date. Additionally, within 60 days following the end of the Customer Migration Period, Buyer will deliver to Seller a final report (the "***Final Customer Migration Report***") setting forth, in reasonable detail, the Customer Migration Events occurring on or prior to the first anniversary of the Closing Date, Buyer's good faith calculation of Customer ACV and Buyer's corresponding good faith calculation of the amount of the Post-Closing Payment.

(c) As a material inducement to Seller to enter into this Agreement and with the understanding that Seller is relying thereon, and to carry out the transactions contemplated by this Section 2.9, Seller will have the audit rights in this Section 2.9(c) with respect to the determination of the Post-Closing Payment and the Customer Migration Events to which such payment relates. Buyer will (and will cause its Affiliates and resellers, and other relevant parties to) keep complete, true and accurate books of accounts and records for the purpose of determining the Post-Closing Payment and the Customer Migration Events to which such payment relates. Such books and records will include all data necessary, including customer contracts and invoices, for the determination of whether Customer Migration Events have occurred and the proper computation of the Post-Closing Payment and will be retained by Buyer until at least the 18-month anniversary of the Closing (provided that such books and records will be retained for a longer period to the extent of, and necessary to resolve, any pending dispute or inspection with respect to a Customer Migration Event or the Post-Closing Payment), and Buyer will make such books and records reasonably available and accessible to Seller and its Representatives upon Seller's request.

(d) Without limiting the obligations of the parties set forth in Section 2.5, the parties agree to appropriately coordinate with one another in good faith with respect to efforts to achieve Customer Migration Events during the Customer Migration Period and to otherwise assist with the migration of customers' services to Buyer's technology platform, in each case, upon terms and conditions including price, service levels, and other significant contractual commitments that, taken in the aggregate, are generally as favorable or better than the terms and conditions in force with Seller as of the Closing and in accordance with the Transition Strategy; *provided* that Buyer agrees that neither the Seller nor any Seller Subsidiary will have any Liability to Buyer arising out of or relating to the failure to achieve a Customer Migration Event or to otherwise assist with migration, except as expressly provided in the Transition Services Agreement and Section 2.5. On a monthly basis, promptly following delivery of each Customer Migration Report, representatives of Buyer and Seller (which shall include the Contract Managers specified under the Transition Services Agreement), shall confer by telephone to discuss the efforts being undertaken with respect to the achievement of Customer Migration Events, other customer migration-related issues

and any questions concerning the contents of Customer Migration Reports. Such telephone conferences shall take place at the times agreed by the respective Contract Managers specified under the Transition Services Agreement.

(e) If Seller disputes any item specified in the Final Customer Migration Report (including Buyer's calculation of Customer ACV or the amount of the Post-Closing Payment), Seller may, at any time during the 30-day period following its receipt of the Final Customer Migration Report, provide written notice thereof to Buyer (a "***Notice of Disagreement***"). During the 30-day period following delivery of a Notice of Disagreement by the Seller to the Buyer, the parties in good faith shall seek to resolve in writing any differences that they may have with respect to the calculation of Customer ACV or the amount of the Post-Closing Payment as specified therein. Any disputed items resolved in writing between the Buyer and the Seller within such 30-day period shall be final and binding with respect to such items, and if the Buyer and the Seller agree in writing on the resolution of each disputed item specified by the Seller in the Notice of Disagreement, the amounts so determined shall be final and binding on the parties for all purposes hereunder. If the Buyer and the Seller have not resolved all such differences by the end of such 30-day period, the Buyer and the Seller shall submit, in writing, to an independent public accounting firm mutually agreed by the parties (an "***Independent Accounting Firm***"), their briefs detailing their views as to the correct nature and amount of each item remaining in dispute and the amount of the Customer ACV and the Post-Closing Payment, and the Independent Accounting Firm shall make a written determination as to each such disputed item and the amount of the Customer ACV and the Post-Closing Payment. For purposes of clarity, the parties hereby agree that no accounting firm that has been engaged on behalf of either party or such party's direct Affiliates within the last two (2) years may be selected as an Independent Accounting Firm. Buyer will make its books and records available to the Independent Accounting Firm in connection with any such dispute related to the Final Customer Migration Report. The Buyer and the Seller shall use their commercially reasonable efforts to cause the Independent Accounting Firm to render a written decision resolving the matters submitted to it within 30 days following the submission thereof. The Independent Accounting Firm shall consider only those items and amounts in the Buyer's and the Seller's respective calculations of the Customer ACV and the Post-Closing Payment that are identified as being items and amounts to which the Buyer and the Seller have been unable to agree. The scope of the disputes to be resolved by the Independent Accounting Firm shall be limited to correcting mathematical errors and determining whether the items and amounts in dispute were determined in accordance with this Agreement, and the Independent Accounting Firm is not to make any other determination. In resolving any disputed item, the Independent Accounting Firm may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The Independent Accounting Firm's determination of the Customer ACV and the Post-Closing Payment shall be based solely on written materials submitted by the Buyer and the Seller (*i.e.*, not on independent review). The determination of the Independent Accounting Firm shall be conclusive and binding upon the parties hereto and shall not be subject to appeal or further review. Judgment may be entered upon the written determination of the Independent Accounting Firm in accordance with Section 11.9. In acting under this Agreement, the Independent Accounting Firm will be entitled to the privileges and immunities of an arbitrator. The costs of any dispute resolution pursuant to this Section 2.9(e), including the fees and expenses of the Independent Accounting Firm and of any enforcement of the determination thereof, shall be borne by the Buyer and the Seller in proportion to the difference between the Independent Accounting Firm's final determination of the Customer ACV and the Post-Closing Payment and the Buyer's and the Seller's determinations of the Customer ACV and the Post-Closing Payment (such that the party whose determination of the Customer ACV and the Post-Closing Payment is more inaccurate shall bear the greater amount of such costs), and shall be determined by the Independent Accounting Firm at the time the determination of such firm is rendered on the merits of the matters submitted. The fees and disbursements of the Representatives of each party incurred in connection with the preparation or review of the Final Customer Migration Report and the preparation or review of any Notice of Disagreement, as applicable, shall be borne by such party. Within three Business Days following final determination by the Independent Accounting Firm of the Customer ACV and the Post-Closing Payment Buyer shall pay or cause to be paid the Post-Closing Payment to Seller.

(f) As a material inducement to Seller to enter into this Agreement, Buyer covenants and agrees that, during the Customer Migration Period, (i) it will operate the Business in good faith and will not take any actions directly and solely intended to reduce, avoid, minimize or diminish the Post-Closing Payment and (ii)

with respect to pricing and payment terms, it will treat the customers of the Business and contractual arrangements with such customers in a manner substantially similar to the way Buyer treats similarly situated customers of its existing security services business line and the contractual arrangements with such similarly situated customers. Subject to the foregoing, none of Buyer nor any of its Affiliates will owe Seller or any of its Affiliates any fiduciary or other similar duty in respect of this Section 2.9. To the extent that Buyer breaches the terms of this Section 2.9(f), as determined by a final non-appealable judgment of a court of competent jurisdiction, Seller shall be entitled to recover an amount equal to (x) the Post-Closing Payment calculated as if Buyer had not breached this Section 2.9, less (y) the Post-Closing Payment calculated by Buyer in accordance with Section 2.9(b) or otherwise paid by or on behalf of Buyer, which such amount shall be the sole and exclusive Losses and/or Liability of Buyer or its Affiliates in respect of this Section 2.9.

ARTICLE III
REPRESENTATIONS AND WARRANTIES
OF THE SELLER

Except as set forth in the disclosure schedules of the Seller attached hereto (collectively, the "***Disclosure Schedules***"), the Seller hereby represents and warrants to the Buyer as of the date hereof and as of the Closing Date as follows:

Section 3.1 **Organization**. The Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each of the Seller Subsidiaries is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each of the Seller and each of the Seller Subsidiaries has all necessary corporate, company or partnership power and authority to enable it to own, lease and operate the Transferred Assets owned, leased or operated by it and to carry on the Business as presently conducted by it. Each of the Seller and each of the Seller Subsidiaries is duly qualified or licensed and in good standing to do business in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for such jurisdictions where the failure to be so qualified or licensed or in good standing has not had and would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.2 **Authority**. The Seller has full corporate power and authority to execute and deliver this Agreement and each of the Ancillary Agreements, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. Each of the Seller Subsidiaries has full corporate, company or partnership power and authority to execute and deliver each of the Ancillary Agreements to which it will be a party, to perform its obligations thereunder and to consummate the transactions contemplated thereby. The execution, delivery and performance by the Seller of this Agreement and each of the Ancillary Agreements and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action. The execution, delivery and performance by each of the Seller Subsidiaries of each of the Ancillary Agreements to which it will be a party and the consummation by each of the Seller Subsidiaries of the transactions contemplated thereby have been duly and validly authorized by all necessary corporate, company or partnership action. The Seller has duly executed and delivered this Agreement and, on or prior to the Closing will have duly executed and delivered each of the Ancillary Agreements, and, assuming due execution and delivery by each of the other parties hereto and thereto, this Agreement constitutes, and each of the Ancillary Agreements will after the Closing constitute, the Seller's legal, valid and binding obligation, enforceable against it in accordance with its terms subject, as to enforcement, to applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting creditors' rights generally and to general equitable principles. Each of the Seller Subsidiaries on or prior to the Closing will have duly executed and delivered each of the Ancillary Agreements to which it will be a party, and, assuming due execution and delivery by each of the other parties thereto, each such Ancillary Agreement will after the Closing constitute each such Seller Subsidiary's legal, valid and binding obligation, enforceable against it in accordance with its terms subject, as to enforcement, to applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting creditors' rights generally and to general equitable principles.

Section 3.3 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance by the Seller of this Agreement do not, the execution, delivery and performance by the Seller of each of the Ancillary Agreements and by each of the Seller Subsidiaries of each of the Ancillary Agreements to which it will be a party will not, and the consummation of the transactions contemplated by this Agreement and each of the Ancillary Agreements do not and will not:

(i) conflict with or violate the organizational and charter documents of the Seller or the comparable organizational documents of any of the Seller Subsidiaries;

(ii) (x) conflict with or (y) violate, in each such case under (x) or (y), in any material respect any Law applicable to the Seller, any Seller Subsidiary, the Business, or any of the Transferred Assets or by which the Seller, any Seller Subsidiary, the Business, or any of the Transferred Assets may be bound or affected; or

(iii) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, cause the creation or imposition of any Encumbrance (other than Permitted Encumbrances) on any of the Transferred Assets under, or require any Consent pursuant to, any Contract that is not a Transferred Contract to which the Seller or any Seller Subsidiary is party, where any such breach, default or imposition or failure to file, seek or obtain such notice, authorization, approval, order, permit or Consent would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

except (A) in the case of clause (ii), (x) for compliance with the applicable requirements of HSR and applicable foreign antitrust or trade regulation laws and (y) for the filing by Seller, to the extent applicable, of such reports and information with the SEC under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the SEC thereunder, as may be required in connection with this Agreement and the transactions contemplated hereby, and (B) in the case of clause (iii), as set forth in Section 3.3(a) of the Disclosure Schedules. The provision of the Business Records to Buyer pursuant to Section 2.1(b), without giving effect to the Applicable Law Exception, does not to the actual knowledge (without having undertaken any investigation or inquiry and expressly excluding any imputed or constructive knowledge), as of the date hereof, of legal personnel of Seller directly involved in the transactions contemplated hereby conflict with or violate any U.S. federal Law or EU data protection law applicable to the Seller, any Seller Subsidiary, the Business, or any of the Transferred Assets or by which the Seller, any Seller Subsidiary, the Business, or any of the Transferred Assets may be bound or affected, subject to Buyer's compliance with the covenant set forth in the last sentence of Section 5.6.

(b) The Seller is not required to file, seek or obtain any notice, authorization, approval, order, permit or Consent of or with any Governmental Authority in connection with the execution, delivery and performance by the Seller of this Agreement or the consummation of the transactions contemplated hereby, except for (i) compliance with the applicable requirements of HSR and applicable foreign antitrust or trade regulation laws, (ii) as set forth in Section 3.3(b) of the Disclosure Schedules, (iii) for any requirements under the Exchange Act or (iv) where failure to file, seek or obtain such notice, authorization, approval, order, permit or Consent would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.4 Sufficiency of Assets. Except as expressly set forth in this ARTICLE III, Seller is making no, and disclaims any, representations or warranties regarding the sufficiency of the Transferred Assets for the operation and conduct of the Business by the Buyer after the Closing.

Section 3.5 Financial Statements. The Seller has provided the Buyer with the unaudited adjusted financial information relating to the Business set forth in Section 3.5 of the Disclosure Schedules, which such financial information reflects the revenues and certain specified expenses, and certain specified assets and liabilities in the general ledger accounts, including the deferred revenue and accounts receivable, of the Business (the "***Financial Information***"). The Financial Information has been prepared in good faith on the bases described therein using the financial books and records maintained by the Seller for the Business (which books and records are true and accurate in all material respects), it being understood that (a) the Business has been consolidated into the financial statements of Seller and has had transactions and relationships with Seller and its respective Affiliates; (b) the Business has relied on Seller and its Affiliates for a portion of its administrative support for which the costs have been allocated on a basis that Seller reasonably believes appropriate under the circumstances; (c) the amounts

recorded for these allocations are not necessarily representative of the amounts that would have been reflected in the Financial Information had the Business been an entity operated independently of Seller; and (d) all of such administrative and financial support, together with any associated assets or personnel, are not necessarily being transferred pursuant to this Agreement. The Financial Information (v) has not been prepared in accordance with GAAP, provided that revenue as set forth in the Financial Information has been recognized in accordance with GAAP, (w) does not include information regarding operating margins or the cost of goods sold, (x) includes estimated costs that do not necessarily represent the costs that were actually allocated to the Business for the relevant periods (or that the Business will incur after the Closing), (y) includes assets that have not been tested for impairment or otherwise adjusted for fair value and (z) fairly reflects the revenues and specified expenses, and the assets and liabilities in the general ledger accounts, including deferred revenue and accounts receivable, identified therein.

Section 3.6 **Absence of Certain Changes or Events**. Except as set forth in Section 3.6 of the Disclosure Schedules (it being understood that notwithstanding anything to the contrary in this Agreement or in the Disclosure Schedules, no disclosure in any other section of the Disclosure Schedules shall be deemed to qualify the representation in Section 3.6(b)), since June 30, 2018, (a) the Seller and the Seller Subsidiaries have conducted the Business, in all material respects, in the ordinary course of business consistent with past practice and (b) there has not occurred any Material Adverse Effect with respect to the Business. Without limiting the generality of the foregoing, since June 30, 2018, neither the Seller nor any of the Seller Subsidiaries has taken any action which, if taken after the date of this Agreement, would require the consent of Buyer pursuant to Section 5.1.

Section 3.7 **Compliance with Law; Permits**.

(a) The Business is and has been conducted in compliance in all material respects with all applicable Laws.

(b) The Seller and the Seller Subsidiaries collectively are in possession of all permits, licenses, franchises, approvals, certificates, consents, waivers, concessions, exemptions, orders, registrations, notices or other authorizations of any Governmental Authority necessary for them to own, lease and operate the Transferred Assets and to carry on the Business as currently conducted (the "***Permits***"), except where the failure to have, or the suspension or cancellation of, any of the Permits would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.8 **Litigation**. There is no Action by or against the Seller or any Seller Subsidiary in connection with the Business pending, or to the Knowledge of the Seller, threatened in writing that would if adversely determined, individually or in the aggregate, reasonably be expected to result in a material liability to the Seller or any Seller Subsidiary or would affect the legality, validity or enforceability of this Agreement or the consummation of the transactions contemplated hereby.

Section 3.9 **Employee Matters**.

(a) Section 3.9(a) of the Disclosure Schedules sets forth a true and complete list of all of the Business Employees proposed to be hired by the Buyer, including their respective dates of employment, their respective locations of employment, and, unless prohibited by applicable Law, their respective salaries, wages, bonuses and other compensation paid during 2017 and payable during 2018. Section 3.9(a) of the Disclosure Schedules sets forth a true and complete list of (x) all Seller Employee Plans applicable to the Business Employees and (y) with respect to each Business Employee, such employee's Base Compensation, Work Location and Other Employment Terms, as defined in Section 6.1(b).

(b) Section 3.9(b) of the Disclosure Schedules sets forth a true and complete list of all of the employment contracts exclusively relating to the Business Employees proposed to be hired by the Buyer to which the Seller or any Seller Subsidiary is a party as of the date of this Agreement.

(c) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, none of the Seller Employee Plans is a multiemployer plan (within the meaning of Sections 3(37) or 4001(a)(3) of ERISA) or a single employer pension plan (within the meaning of Section 4001(a)(15) of ERISA) for which the Seller or any of the Seller Subsidiaries (or Buyer or its Affiliates) would reasonably be expected to incur liability under Section 4063 or 4064 of ERISA. Each Seller Employee Plan that is intended to meet the

requirements of a "qualified plan" under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service to the effect that such Seller Employee Plan meets the requirements of Section 401(a) of the Code and no event has occurred and no condition exists with respect to the form or operation of such Seller Employee Plan which would reasonably be expected to cause the loss of such qualification or exemption or the imposition of any material liability, penalty or tax under ERISA or the Code. Neither Seller nor its Affiliates has any current or potential obligation to provide post-employment health, life or other welfare benefits to any Business Employee other than as required under Section 4980B of the Code or any similar applicable law for which the covered individual pays the full cost of coverage.

(d) The representations and warranties contained in this Section 3.9 are the only representations and warranties being made with respect to ERISA.

Section 3.10 Labor and Employment Matters. Neither the Seller nor any Seller Subsidiary is a party to any labor or collective bargaining contract that pertains to any Business Employees proposed to be hired by the Buyer. There are no pending or, to the Knowledge of the Seller, threatened Actions concerning labor matters with respect to the Business Employees proposed to be hired by the Buyer, except for such Actions that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.11 Personal Property. Each of the Seller and each of the Seller Subsidiaries has good and valid title to all Transferred Assets to be transferred by it, in each case free and clear of all Encumbrances, other than Permitted Encumbrances. No representation or warranty is made under this Section 3.11 with respect to Intellectual Property, which is covered exclusively by Section 3.12.

Section 3.12 Intellectual Property.

(a) To the Knowledge of the Seller, the operation of the Business as it relates to the Transferred Contracts as of immediately prior to Closing does not infringe, misappropriate, dilute, or otherwise violate the Intellectual Property or Intellectual Property Rights of any third party, and neither the Sellers nor Seller Subsidiary have received any written notices, written requests for indemnification, or written threats from any third party related to the foregoing in the two (2) years prior to the date of this Agreement.

(b) To the Knowledge of the Seller, no third party is infringing, misappropriating, diluting, or otherwise conflicting with the Intellectual Property or Intellectual Property Rights of the Seller or any Seller Subsidiary, in each case, related to the Transferred Contracts.

(c) Neither Seller nor any of its subsidiaries owns any patent or patent application that would be infringed by the operation of the Business as it relates to the Transferred Contracts as of immediately prior to Closing other than those that are licensed pursuant to the Intellectual Property License Agreement.

(d) To the Knowledge of the Seller, during the two (2) year period immediately prior to the date of this Agreement, there have not been any (i) actual or alleged material incidents of unauthorized disclosure, loss, corruption, alteration, or use of personally identifiable information possessed by Seller related to the Transferred Contracts, or other actual or alleged material incidents of data security breaches compromising the confidentiality or integrity of such personally identifiable information or (ii) written notices received by Seller from a Governmental Authority relating to any material failure of Seller to comply with Data Security Laws in connection with the personally identifiable information possessed by Seller related to the Transferred Contracts, in each case under the immediately preceding clauses (i) and (ii), that would require disclosure pursuant to the Exchange Act.

(e) For the avoidance of doubt, an Excluded Asset does not relate to the Transferred Contracts for purposes of interpreting this Section 3.12.

Section 3.13 Taxes. Except as set forth in Section 3.13 of the Disclosure Schedules:

(a) All sales and use, property and other material Taxes of the Seller and the Seller Subsidiaries that relate primarily to any of the Transferred Assets or the Business have been duly and timely paid, and all Tax returns with respect to the Transferred Assets or the Business have been timely filed and are correct and complete in all material respects;

(b) there are no Encumbrances for Taxes upon any of the Transferred Assets, other than Permitted Encumbrances;

(c) no action, suit, proceeding, or audit is pending against or with respect to Seller and/or the Seller Subsidiaries regarding Taxes related to the Transferred Assets or the Business; and

(d) none of Seller and/or the Seller Subsidiaries has waived any statute of limitations in respect of Taxes related to the Transferred Assets or the Business.

The representations and warranties contained in this Section 3.13 are the only representations and warranties being made with respect to Taxes.

Section 3.14 Material Contracts.

(a) Except as set forth in Section 3.14(a) of the Disclosure Schedules, as of the date hereof, neither the Seller nor any Seller Subsidiary (in each case, solely with respect to the Business) is a party to or is bound by any Contract of the following nature, in each case excluding any purchase order or analogous instruments entered into with customers or suppliers in the ordinary course of business (such Contracts required to be listed in Section 3.14(a) of the Disclosure Schedules, the "***Material Contracts***"):

(i) Contracts with the Top Customers;

(ii) Contracts involving the Business relating to indebtedness for borrowed money;

(iii) Contracts involving the Business where the Seller is in contractual privity with any Governmental Authority (excluding Permits);

(iv) Contracts that limit or purport to limit the ability of Seller to compete with respect to the Business with any Person or in any geographic area or during any period of time; or

(v) material joint venture, partnership or similar Contracts covering the Business or the Transferred Assets.

(b) Each Material Contract is valid and binding on the Seller or a Seller Subsidiary and the counterparties thereto, and is in full force and effect. Neither the Seller nor any Seller Subsidiary nor, to the Knowledge of the Seller, any counterparty to any Material Contract is in breach of, or default under, any Material Contract to which it is a party in any material respect.

(c) Except as set forth in Section 2.5(e)(i) of the Disclosure Schedules, Seller is not party to or bound by any Contract with any customer of the Business which has rights or obligations affecting both the Business, on the one hand, and other businesses of the Seller or any of the Seller Subsidiaries, on the other hand.

Section 3.15 Brokers. Except as set forth in Section 3.15 of the Disclosure Schedules, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions provided for in this Agreement based upon arrangements made by or on behalf of the Seller or any Seller Subsidiary.

Section 3.16 Customers. Section 3.16(a) of the Disclosure Schedules sets forth a list of the top fifty (50) customers of the Business for the year ended December 31, 2017 and for the eight (8) month period ended August 31, 2018 (determined by the amount of total sales or purchases, as applicable) (such customers, collectively, the "***Top Customers***"). Except as set forth in Section 3.16(b) of the Disclosure Schedules, no such Top Customer has since January 1, 2018 (a) canceled or otherwise terminated or threatened (in writing) to cancel or otherwise terminate its relationship with the Business or (b) materially and adversely changed its relationship or threatened (in writing) to materially and adversely change its relationship with the Business.

Section 3.17 Certain Payments. Neither the Seller nor any Seller Subsidiary in connection with the Business: (a) has used or is using any corporate funds for any illegal contributions, gifts, entertainment or other unlawful expenses relating to political activity, (b) has used or is using any corporate funds for any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees or any employees of a foreign or domestic government-owned entity, (c) has violated or is violating the anti-bribery provisions of the Foreign

Corrupt Practices Act of 1977 or any other anticorruption Law applicable to the Business, (d) has made, offered, authorized or promised any payment, rebate, payoff, influence payment, contribution, gift, bribe, rebate, kickback, or any other thing of value to any government official or employee, political party or official, or candidate, regardless of form, corruptly and to obtain favorable treatment in obtaining or retaining business, (e) has established or maintained, or is maintaining, any fund of corporate monies or other properties for the purpose of supplying funds for any of the purposes described in the foregoing clause (d), or (f) has made any bribe, unlawful rebate, payoff, influence payment, kickback or other similar illegal payment of any nature.

Section 3.18 Government Contracts.

(a) Neither the Seller nor any Seller Subsidiary is currently in, and the execution and delivery of this Agreement will not result in, any material violation, breach or default of any term or provision, the loss of any benefit or the acceleration of any right or obligation under or trigger automatic or optional termination or modification of, any Contract that is a Government Contract. Neither the Seller nor any of the Seller Subsidiaries has received (i) a cure notice, complaint, claim, a show cause notice or a stop work notice, nor has any of them been threatened in writing with termination for default under any Contract that is a Government Contract or (ii) a request for equitable adjustment or other written claim by any of its vendors, suppliers or subcontractors against any of the Seller or any Seller Subsidiaries relating to a Contract that is a Government Contract.

(b) There is not currently pending, and since January 1, 2016, none of the Seller or any Seller Subsidiary has received written notice of, any Action in connection with a Contract that is a Government Contract.

(c) Since January 1, 2016, none of the Seller or any Seller Subsidiary has been restricted, suspended or debarred from bidding on contracts or subcontracts with any Governmental Authority in connection with the conduct of the Business, and no such restriction, suspension or debarment has been initiated or, to Seller's Knowledge, threatened or proposed. There is, and since January 1, 2016 has been, no Action by any Governmental Authority relating to any Contract that is a Government Contract or the violation of any Law relating to any Contract that is a Government Contract.

(d) The Seller and the Seller Subsidiaries are in compliance in all material respects with all obligations under each Contract that is a Government Contract, including product testing and quality assurance and security clearance requirements (if any).

Section 3.19 Exclusivity of Representations and Warranties. None of the Seller nor any of its Affiliates, nor any Representatives of any of the foregoing, is making any representation or warranty of any kind or nature whatsoever, oral or written, express or implied, in connection with this Agreement, any of the Ancillary Agreements or the transactions contemplated hereby or thereby, except as expressly set forth in this ARTICLE III, any certificate delivered pursuant to Section 8.2(a)(iii) or any Ancillary Agreement, and such Persons hereby disclaim any such other representations or warranties.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to the Seller as of the date hereof and as of the Closing Date as follows:

Section 4.1 Organization. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all necessary corporate, company or partnership power and authority to enable it to own, lease and operate its properties and to carry on its business as presently conducted.

Section 4.2 Authority. The Buyer has full corporate, company or partnership power and authority to execute and deliver this Agreement and each of the Ancillary Agreements, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by the Buyer of this Agreement and each of the Ancillary Agreements and the consummation by the Buyer of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate, company or partnership action. The Buyer has duly executed and delivered this Agreement and, on or prior to the Closing will have duly executed and delivered each of the Ancillary Agreements, and, assuming due execution and delivery by each of the other parties hereto and thereto, this Agreement constitutes, and each of the

Ancillary Agreements will after the Closing constitute, the Buyer's legal, valid and binding obligation, enforceable against it in accordance with its terms subject, as to enforcement, to applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting creditors' rights generally and to general equitable principles.

Section 4.3 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance by the Buyer of this Agreement do not, the execution, delivery and performance by the Buyer of each of the Ancillary Agreements will not, and the consummation of the transactions contemplated by this Agreement and each of the Ancillary Agreements do not and will not:

(i) conflict with or violate the organizational documents of the Buyer;

(ii) conflict with or violate any Law applicable to the Buyer or by which any property or asset of the Buyer is bound or affected; or

(iii) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, or require any Consent pursuant to, any material contract or agreement to which the Buyer is a party;

except, in the case of clauses (ii) and (iii), for (A) compliance with the applicable requirements of HSR and applicable foreign antitrust or trade regulation laws and (B) any such conflicts, violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, reasonably be expected to have a Buyer Material Adverse Effect.

(b) The Buyer is not required to file, seek or obtain any notice, authorization, approval, order, permit or Consent of or with any Governmental Authority in connection with the execution, delivery and performance by the Buyer of this Agreement or the consummation of the transactions contemplated hereby, except where failure to file, seek or obtain such notice, authorization, approval, order, permit or Consent would not, individually or in the aggregate, reasonably be expected to have a Buyer Material Adverse Effect.

Section 4.4 Financing. The Buyer has, and will have at the Closing, sufficient funds to permit the Buyer to consummate the transactions contemplated by this Agreement and the Ancillary Agreements, and to pay all related fees and expenses.

Section 4.5 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Buyer.

Section 4.6 Buyer's Investigation and Reliance.

(a) Other than for the representations and warranties of the Seller expressly set forth in ARTICLE III and the representations and warranties of the Seller or any of its Affiliates expressly set forth in any Ancillary Agreement, the Buyer and its Affiliates are not relying in any respect on, and the Seller and its Affiliates shall have no Liability to the Buyer and its Affiliates with respect to, any representation, warranty, statement, document, prediction or other piece of information, written or oral, express or implied, made or provided by the Seller or any of its Affiliates, or any Representative of any of the foregoing (including any management presentation, any discussions regarding due diligence, any projections or other forecasts as to future performance, and any materials included in any "electronic data room") in entering into this Agreement or the Ancillary Agreements or in consummating any of the transactions contemplated hereby or thereby, and the Buyer, on behalf of itself and its Affiliates, agrees that it will not bring any claim for indemnification or any Action in respect of any such representation, warranty, statement, document, prediction or other piece of information.

(b) The Buyer acknowledges that, should the Closing occur, the Buyer will acquire the Transferred Assets on an "as is" and "where is" basis, and that the Seller and its Affiliates and its and their Representatives have made no representations or warranties with respect to the merchantability or fitness for any particular purpose of any of the Transferred Assets.

(c) As of the date hereof, the Buyer has no reason to believe that any of the representations or warranties made by the Seller in ARTICLE III are untrue or inaccurate in any respect.

(d) The Buyer, its Affiliates and its and their Representatives have been provided with reasonable access to the Business and the Seller's Representatives, properties, assets, offices, facilities, books and records relevant to the Business and the Transferred Assets, and reasonable access to all other information that the Buyer and its Affiliates have requested in connection with its and their investigation of the Business, the Transferred Assets, and the transactions provided for in this Agreement. The Buyer is a sophisticated party and has made its own independent investigation, review and analysis regarding the Business, which investigation, review and analysis was conducted by the Buyer together with expert advisors, including legal counsel that it has engaged for such purpose.

(e) Without limiting the generality of any of the foregoing, the Buyer understands and acknowledges that the Seller is not transferring the core systems, software, and hardware used by the Seller and the Seller Subsidiaries, nor are certain employees who operate such systems, software, and hardware transferring to the Buyer.

(f) Nothing in this Section 4.6 is intended to modify or limit in any respect any of the representations or warranties of the Seller contained in ARTICLE III or, in the case of subsection (e), the scope of the Transferred Assets.

Section 4.7 Exclusivity of Representations and Warranties. None of the Buyer nor any of its Affiliates, nor any Representative of any of the foregoing, is making any representation or warranty of any kind or nature whatsoever, written or oral, express or implied, in connection with this Agreement, the Ancillary Agreements or the transactions provided for in this Agreement or any Ancillary Agreement, except as expressly set forth in this ARTICLE IV, any certificate delivered pursuant to Section 8.1(a)(iii) or any Ancillary Agreement, and such Persons hereby expressly disclaim any such other representations or warranties.

ARTICLE V
COVENANTS

Section 5.1 Conduct of Business Prior to the Closing. Except as otherwise contemplated by this Agreement or as set forth in Section 5.1 of the Disclosure Schedules, between the date of this Agreement and the Closing Date, unless the Buyer shall otherwise provide its prior written consent, the Business shall be conducted only in the ordinary course of business in all material respects and/or in accordance with the Transition Strategy, and the Seller shall, and shall cause each of the Seller Subsidiaries to, use its commercially reasonable efforts to preserve in all material respects the present commercial relationships with key Persons with whom the Seller or any Seller Subsidiary deals in connection with the conduct of the Business in the ordinary course and/or as provided for in the Transition Strategy, subject to actions taken in preparation for the Closing, including the pursuit of applicable third party consents. Without limiting the generality of the foregoing, except as otherwise contemplated by this Agreement or as set forth in Section 5.1 of the Disclosure Schedules, between the date of this Agreement and the Closing Date, without the prior written consent of the Buyer, the Seller shall not, and shall cause each of the Seller Subsidiaries not to, in connection with the Business:

(a) sell, transfer, encumber or otherwise dispose of any Transferred Assets or any interest therein;

(b) sell, lease (as lessor), license (as licensor), or otherwise subject to any Encumbrance (other than Permitted Encumbrances) any Transferred Asset;

(c) (A) (i) enter into any Contract and/or (ii) amend, modify, extend or renew existing Contracts, in each case, that would be a Material Contract if entered into prior to the date hereof, other than any such Contracts entered into, amended, modified, extended or renewed in the ordinary course of business or in a manner consistent with the Transition Strategy or (B) enter into any Contract with a customer of the Business that has rights or obligations affecting both the Business, on the one hand, and other businesses of the Seller or any of the Seller Subsidiaries, on the other hand;

(d) grant or announce any increase in the salaries, bonuses or other compensation payable to or benefits provided to any Business Employee proposed to be hired by the Buyer, other than (i) as required by Law, (ii) as required by any Seller Employee Plans, programs or Contracts existing on the date hereof as set forth on Section 3.9(b) of the Disclosure Schedules, (iii) for bonuses paid in the ordinary course of business or for periodic salary increases in the ordinary course of business or (iv) otherwise in the ordinary course of business; provided, that Seller shall provide Buyer with reasonably prompt notice (which notice shall be prior to the Closing) of any change in any Business Employee's Base Compensation, Work Location and Other Employment Terms prior to the Closing; or

(e) formally announce an intention to, or enter into any Contract to, do any of the foregoing.

Section 5.2 Collection of Accounts Receivable; Payment of Accounts Payable.

Without limiting the generality of the provisions of Section 5.1, prior to the Closing, Seller and each of the Seller Subsidiaries shall:

(a) collect accounts receivable of the Business in the ordinary course of business, consistent with Seller's and its Subsidiaries' past practice with respect to the Transferred Contracts; and

(b) pay accounts payable of the Business in the ordinary course of business, consistent with Seller's and its Subsidiaries' past practice.

Section 5.3 Covenants Regarding Information.

(a) From the date hereof until the Closing Date, upon reasonable notice, the Seller shall, and shall cause each of the Seller Subsidiaries to, afford the Buyer and its Representatives reasonable access to the bookings, billings, and collections information of the Seller and each of the Seller Subsidiaries to the extent exclusively relating to the Business; *provided, however*, that any such access or furnishing of information shall be conducted at the Buyer's expense, during normal business hours, under the supervision of the personnel of the Seller or the applicable Seller Subsidiary and in such a manner as not unreasonably to interfere with the normal operations of the Seller or the applicable Seller Subsidiary and the Business. Notwithstanding anything to the contrary in this Agreement, the Seller shall not be required to disclose, or cause any of the Seller Subsidiaries to disclose, any information to the Buyer or its Representatives if the Seller determines, in its good faith discretion, that (i) such disclosure would jeopardize any attorney-client or other legal privilege, (ii) such disclosure would contravene any applicable Laws, fiduciary duty or binding agreement entered into prior to the date hereof, (iii) such information is pertinent to any litigation in which the Seller or any of its Affiliates, on the one hand, and the Buyer or any of its Affiliates, on the other hand, are engaged, (iv) such information should not be disclosed due to its competitively sensitive nature, or (v) such information relates to any Return filed by the Seller or any Affiliate thereof or any of their respective predecessor entities.

(b) In order to facilitate the resolution of any claims made against or incurred by the Seller or any Seller Subsidiary in relation to the Business, for a period of seven years after the Closing or, if shorter, the applicable period specified in the Buyer's document retention policy, the Buyer shall (i) retain the books and records relating to the Business relating to periods prior to the Closing and (ii) afford the Representatives of the Seller reasonable access (including the right to make, at the Seller's expense, photocopies), during normal business hours, to such books and records.

(c) In order to facilitate the resolution of any claims made against or incurred by the Buyer in relation to the Business, for a period of seven years after the Closing or, if shorter, the applicable period specified in the Seller's or the applicable Seller Subsidiary's document retention policy, the Seller shall, and shall cause each of the Seller Subsidiaries to, (i) retain the books and records relating to the Business relating to periods prior to the Closing which shall not otherwise have been delivered to the Buyer and (ii) upon reasonable notice, afford the Representatives of the Buyer reasonable access (including the right to make, at the Buyer's expense, photocopies), during normal business hours, to such books and records to the extent exclusively relating to the Business.

Section 5.4 [Reserved].

Section 5.5 **Notification of Certain Matters**. Until the Closing, each party hereto shall promptly notify the other party in writing of any fact, change, condition, circumstance or occurrence or nonoccurrence of any event of which it is aware that will or is reasonably likely to result in any of the conditions set forth in ARTICLE VIII becoming incapable of being satisfied.

Section 5.6 **Non-Disclosure**. With the exception of disclosure permitted pursuant to Section 5.11, each of the parties shall hold, and shall cause its Representatives to hold, in confidence all documents and information furnished to it by or on behalf of the other party in connection with the transactions provided for in this Agreement pursuant to the terms of the (i) Mutual Non-Disclosure Agreement dated June 27, 2018, as amended by that certain Amendment to Mutual Non-Disclosure Agreement made as of September 24, 2018, (ii) Exclusivity Agreement dated as of September 14, 2018, and (iii) Clean Team Confidentiality Agreement, dated as of August 9, 2018, as applicable, between the Buyer and the Seller (as amended and in effect from time to time, the "***Non-Disclosure Agreements***"), which shall continue in full force and effect until the Closing Date, at which time the Non-Disclosure Agreements and the obligations of the parties under this Section 5.6 shall terminate; *provided, however*, that after the Closing Date, the Non-Disclosure Agreements shall terminate only in respect of that portion of the Information and Highly Confidential Information (as defined in the respective Non-Disclosure Agreement) to the extent exclusively relating to the Business. If for any reason this Agreement is terminated prior to the Closing Date, the Non-Disclosure Agreements shall nonetheless continue in full force and effect in accordance with their respective terms. Additionally, Buyer hereby acknowledges and agrees that, until a customer becomes a Consented Customer (as defined in the Transition Services Agreement), Buyer shall use the Business Records and any other documentation relating to such customer solely for purposes of assignment and migration of the relevant Transferred Contract, and Buyer shall not disclose any such Business Records or other documentation to any third party except as necessary for such assignment and migration purposes.

Section 5.7 **Consents and Filings; Further Assurances.**

(a) Each of the parties shall use all commercially reasonable efforts to take, or cause to be taken, all appropriate action to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements as promptly as practicable, including to obtain all Consents as may be necessary or advisable for the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, in each case, subject to the provisions set forth in Section 2.5.

(b) Without limiting the generality of the parties' undertakings pursuant to Section 5.7(a), each party will use commercially reasonable efforts to file, as promptly as practicable after the date of this Agreement, all notices, reports and other documents required to be filed by such party with any Governmental Authority with respect to the Asset Sale and the other transactions contemplated by this Agreement, and to submit promptly any additional information requested by any such Governmental Authority. Without limiting the generality of the foregoing, promptly after the date of this Agreement, and no later than ten Business Days following the date hereof, the parties shall cause to be prepared and filed the notifications required under HSR in connection with the Asset Sale, which shall specifically request early termination of the waiting period prescribed by HSR (and Buyer and Seller shall each use their commercially reasonable efforts to seek and obtain such early termination). Buyer shall be responsible for all filing fees in connection with such notification. Buyer and Seller shall respond as promptly as practicable to (i) any inquiries or requests received from the Federal Trade Commission, U.S. State Department or the Department of Justice for additional information or documentation and (ii) any inquiries or requests received from any state attorney general or other Governmental Authority in connection with national security, antitrust or related matters. Each of the Seller and the Buyer, to the extent it has knowledge of such facts, shall (A) give the other party prompt notice of the commencement of any Action by or before any Governmental Authority with respect to the Asset Sale or any of the other transactions contemplated by this Agreement; (B) keep the other party informed as to the status of any such Action; and (C) promptly inform the other party of any communication to or from the Federal Trade Commission, the Department of Justice or any other Governmental Authority regarding the Asset Sale. Each of the Seller and the Buyer will consult and reasonably cooperate with one another, and will consider in good faith the views of one another, in connection with any analysis, appearance, presentation, memorandum, brief, argument, opinion or proposal made or submitted by either of them in connection

with any Action under or relating to national security matters, HSR or any other foreign, federal or state antitrust, anticompetition or fair trade Law with respect to the Asset Sale and the other transactions contemplated by this Agreement. In addition, except as may be prohibited by any Governmental Authority or by any applicable Law, in connection with any Action under or relating to HSR or any other foreign, federal or state antitrust, anticompetition or fair trade Law or any other similar Action relating to the Asset Sale to which either the Seller or the Buyer is a party, each of the Seller and the Buyer will permit authorized Representatives of the other to be present at each meeting or conference in connection with any such Action that is attended by a member of any Governmental Authority, and to have access to and be consulted in connection with any document, opinion or proposal made or submitted to any Governmental Authority in connection with any such Action. Notwithstanding the foregoing, either party may, as it deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other party under this Section 5.7(b) as "outside counsel only." Such materials and the information contained therein shall be given only to the outside counsel of the recipient party, and the recipient party shall cause such outside counsel not to disclose such materials or information to any employees, officers, directors or other Representatives of the recipient party, unless express written permission is obtained in advance from the source of the materials.

(c) Notwithstanding anything to the contrary herein, if any order is made by any Governmental Authority or any Action is threatened or instituted challenging any of the transactions contemplated by this Agreement as violative of any antitrust Law, Buyer shall, and shall cause its Affiliates to, take any and all such commercially reasonable action as may be required (i) by the applicable Governmental Authority (including the Antitrust Division of the United States Department of Justice or the Federal Trade Commission) in order to resolve such objections as such Governmental Authority may have to such transactions under such antitrust Law or (ii) by any domestic or foreign court or similar tribunal, in any suit brought by any Governmental Authority challenging the transactions contemplated by this Agreement as violative of any antitrust Law, in order to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order or decision that has the effect of materially delaying or preventing the consummation of the transactions contemplated by this Agreement; *provided, however*, that such commercially reasonable efforts shall not include any obligation to defend through litigation any claim asserted in court by any Person in order to avoid entry of, or to have vacated or terminated, any decree, order or judgment (whether temporary, preliminary or permanent) that would prevent the Closing by the Termination Date.

(d) Without limiting the foregoing, each of the parties shall promptly notify the other party of any communication it or any of its Affiliates receives from any Governmental Authority relating to the matters that are the subject of this Agreement and permit the other party to review in advance any proposed communication by such party to any Governmental Authority. Neither party to this Agreement shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry unless it consults with the other party in advance and, to the extent permitted by such Governmental Authority, gives the other party the opportunity to attend and participate at such meeting. Subject to the Non-Disclosure Agreements, the parties shall coordinate and cooperate fully with each other in exchanging such information and providing such assistance as the other party may reasonably request in connection with the foregoing. Subject to the Non-Disclosure Agreements, the parties shall provide each other with copies of all correspondence, filings or communications between them or any of their Representatives, on the one hand, and any Governmental Authority or members of its staff, on the other hand, with respect to this Agreement and the transactions provided for in this Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, no party shall be required in connection with obtaining a Consent under any Transferred Contract of any third Person that is not a Governmental Authority to agree to the payment of any consideration (monetary or otherwise) to, or the concession or provision of any right to, or the amendment or modification in any manner adverse to the Seller or the Buyer or any of their respective Affiliates of such Transferred Contract with, any such third Person. Notwithstanding anything in this Agreement to the contrary, in no event will Buyer be obligated to propose or agree to accept any undertaking or condition, to enter into any consent decree, to make any divestiture, to accept any operational restriction, or take any other action that, in the reasonable judgment of Buyer, could reasonably be expect to limit the right of Buyer to own or operate all or any portion of its businesses or assets or the Transferred Assets.

Section 5.8 **Use of Trademarks**. The Seller is not conveying ownership rights or granting the Buyer or any Affiliate of the Buyer a license to use any of the Trademarks or domain names of the Seller or any of its Affiliates (including the following Trademarks and any variations or derivations thereof: "VeriSign", "Verisign", "VeriSign Security Services", "Verisign Security Services," "Powered by Verisign," or "Powered by VeriSign," or any Trademark or domain name incorporating the name "VeriSign" or "Verisign"). In the event the Buyer or any Affiliate of the Buyer violates any of Seller's trademark rights, the Seller may proceed against it in law or in equity for such damages or other relief as a court may deem appropriate. The Buyer acknowledges that such violation may cause the Seller and its Affiliates irreparable harm which may not be adequately compensated for by money damages. The Buyer therefore agrees that in the event of any actual or threatened violation of Seller's trademark rights, the Seller shall be entitled, in addition to other remedies that it may have, to a temporary restraining order and to preliminary and final injunctive relief against the Buyer or such Affiliate of the Buyer to prevent any violations of such rights.

Section 5.9 **Wrong Pockets**. After the Closing: (a) if the Seller or any of its Affiliates receives or otherwise discovers it is in possession of any asset that is a Transferred Asset, the Seller promptly shall remit, or shall cause to be remitted, such asset to the Buyer and (b) if the Buyer or any of its Affiliates receives or otherwise discovers that it is in possession of any asset that is an Excluded Asset, the Buyer promptly shall remit, or shall cause to be remitted, such asset to the Seller.

Section 5.10 **Bulk Transfer Laws**. The Buyer hereby waives compliance by the Seller with the provisions of any so-called "bulk transfer" or "bulk sales" laws of any jurisdiction in connection with the sale of the Transferred Assets to the Buyer.

Section 5.11 **Public Announcements**. From and after the date hereof, neither party shall issue any press release or make any public statement with respect to this Agreement or the transactions provided for in this Agreement without first obtaining the other party's written approval, except that no such approval shall be necessary to the extent disclosure is required by applicable Law or any listing agreement of any party hereto; *provided* that prior to issuing any press release regarding this Agreement or the transactions contemplated hereby, it shall (to the extent reasonably practicable and permitted by applicable Law) provide the other party with prior notice and an opportunity to comment on any such press release (and consider in good faith such comments), other than any press release issued by Seller following the initial earnings press release following the date hereof and after the Closing Date that does not materially deviate from Seller's initial earnings press release (provided that, with respect to respect to such initial earnings press release, Seller shall only be obligated to provide Buyer with prior notice of and an opportunity to comment on (and consider in good faith such comments to) the portion of such press release relating to the transactions provided for in this Agreement).

Section 5.12 **Communications with Customers and Suppliers**. Prior to the Closing, the parties shall reasonably cooperate with each other in coordinating their communications with any customer, supplier or other contractual counterparty of the Business in relation to the transactions provided for in this Agreement and by the Ancillary Agreements. Prior to the Closing, without the prior written consent of the Seller, the Buyer shall not, and shall cause its Affiliates and its and their Representatives not to, contact or otherwise engage in any communications with any customer, supplier or other contractual counterparty of the Business.

Section 5.13 **Corporate Insurance**. The Buyer acknowledges that the policies and insurance coverage maintained on behalf of the Business are part of the corporate insurance program maintained directly or indirectly by the Seller (such policies, the "***Corporate Policies***"), and, after the Closing, such coverage will not be available to the Business or the Buyer or any Buyer Subsidiary. In furtherance of the foregoing, after the Closing, the Buyer shall not, and shall cause its Affiliates not to, bring any claim for recovery under any of the Corporate Policies, even if such Person may be so entitled in accordance with the terms of such Corporate Policies.

Section 5.14 **Further Assurances**. Subject to Section 2.5, each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

Section 5.15 Non-Competition.

(a) For a period of thirty-six (36) months following the Closing Date (such period, the "***Restrictive Period***"), the Seller hereby covenants and agrees that the Seller shall not, and shall cause its Subsidiaries (together with Seller, "***Seller Restricted Entities***") to not, engage in any Restricted Business (as defined below) in the United States or any non-U.S. jurisdiction where Seller Restricted Entities engaged in any Restricted Business during the twelve (12) month period prior to the Closing.

(b) For the avoidance of doubt and notwithstanding anything to the contrary in Section 5.15(a) or otherwise, nothing prevents a Seller Restricted Entity from performing activities that are not restricted by Section 5.15(a) or that are otherwise set forth below:

(i) operating any new or existing business of any Seller Restricted Entity (other than a Restricted Business in a jurisdiction restricted by Section 5.15(a));

(ii) utilizing, developing, testing, incorporating, licensing or otherwise providing services (including the services of a Restricted Business): (a) to domain name system ("***DNS***") participants, including the Internet Corporation for Assigned Names and Numbers ("***ICANN***"), root server operators, recursive name server operators, registries, registrars, registrants, second level domain name operators, and resellers (the "***Registry Services Business***"); and (b) or otherwise carrying out any activity as a result of: (A) the adoption of any "Consensus Policy," "Temporary Policy," or "Specification," or other unilateral requirement, by ICANN, or (B) any requirement of any Governmental Authority, including the United States Department of Commerce;

(iii) engaging in a Restricted Business in any location solely for a Seller Restricted Entity's internal operations;

(iv) utilizing, licensing, developing, testing, incorporating or otherwise providing public recursive DNS services or Seller's recursive service known as "Recursive DNS Basic Service", in each case, as offered by Seller as of the Closing Date or in the future;

(v) purchasing or otherwise acquiring by merger, purchase of assets, stock or controlling interest or otherwise any Person or business the acquisition of which would otherwise cause non-compliance with Section 5.15(a) (such acquired Person or business, the "***Acquired Entity***"), and continue the operations of such Person or business following such acquisition, so long as:

(A) the applicable Seller Restricted Entity divests or enters into an agreement to divest (subject only to the satisfaction of customary closing conditions), within 12 months after such acquisition, the portion (if any) of such Acquired Entity that would otherwise cause non-compliance with Section 5.15(a) (or the Restrictive Period would otherwise end within such 12 month period);

(B) the activities of such Acquired Entity that would cause non-compliance with Section 5.15(a) constitute a De Minimis Business (as defined below); or

(vi) engaging in any business restricted in Section 5.15(a) that is carried on by any Person that acquires any equity securities or assets of the Seller or any Seller Subsidiaries after the date of this Agreement*, provided, however*, that such Person was not an Affiliate of a Seller Restricted Entity as of immediately prior to the Closing Date;

(vii) acquiring, owning or managing (through a mutual fund, employee benefit plan, trust not for the benefit of any Seller Restricted Entity or similar investment pool or vehicle) any class of securities of any Person regardless of whether such Person engages in a Restricted Business;

(viii) with respect to any Person engaged in a Restricted Business prohibited under Section 5.15(a), holding or making investments with a non-controlling interest in any such Person, whether through ownership of voting securities or by contract; or

(ix) taking any action necessary to comply with orders or requests from law enforcement or Governmental Authorities.

(c) For the avoidance of doubt, nothing in Section 5.15(a) shall restrict Seller or its Affiliates from performing services (i) for any customer of the Business as of the Closing Date through the time such customer consents to the assignment of its Contract to the Buyer and migrates to Buyer's technology platform or (ii) pursuant to the Transition Services Agreement.

(d) If any Subsidiary of the Seller ceases to be a Subsidiary of the Seller, the restrictions set forth in Section 5.15(a) shall thereafter no longer apply to such Subsidiary.

(e) Each of the Seller and the Buyer acknowledges that (i) the Seller and the Seller Subsidiaries have expended, and following the Closing, the Buyer and its Affiliates will continue to expend, substantial amounts of time, money and effort to develop business strategies, employee and customer relationships and goodwill of the Business; (ii) the restrictions contained in this Section 5.15 (and Section 5.16) are reasonable and necessary to protect the legitimate interests of the Seller and the Buyer; (iii) the restrictions contained in this Section 5.15 (and Section 5.16) are reasonable with respect to duration, geographic area and scope; and (iv) any breach by the Seller or any Seller Restricted Entity or the Buyer or any Buyer Restricted Entity (any of the foregoing, as used in this clause (iv), a "***Breaching Entity***") of any of the restrictions contained in this Section 5.15 (and Section 5.16) may result in irreparable harm and damages that may not be adequately compensated by a monetary award, and further that such potential harm outweighs the potential harm to any such Breaching Entity of the enforcement of the restrictions contained in this Section 5.15 (or Section 5.16), and accordingly, each of the Seller (in the event the Breaching Entity is the Buyer or a Buyer Restricted Entity) and the Buyer (in the event the Breaching Entity is the Seller or a Seller Restricted Entity) will be entitled to seek injunctive or other equitable relief to prevent or redress any such breach.

(f) For purposes of this Section 5.15 (and, as applicable, Section 5.16), the following terms shall have the following meanings:

"***De Minimis Business***" means, with respect to any Acquired Entity, any business unit, division or product line the annual revenues of which (A) account for less than 20% of the annual gross revenues of such Acquired Entity, measured using the last full fiscal year of such Acquired Entity and (B) are less than $10,000,000.

"***Restricted Business***" means any business offering that: (a) provides a fee-based, standalone DDoS Protection Service; fee-based, standalone Managed DNS Service; fee-based, standalone Recursive DNS Service (other than Seller's Public Recursive DNS Service or Recursive DNS Basic Service); or fee-based, standalone DNS Firewall Service and that, in each case, is substantially similar to the services offered pursuant to the Transferred Contracts during the twelve (12) month period immediately prior to the Closing (collectively, for the purposes of this Section 5.15, the "***Services***"); or (b) is comprised solely of two or more of the Services.

Section 5.16 Non-Solicitation.

(a) As an inducement for the Seller to enter into this Agreement and to consummate the Asset Sale, for a period of twelve (12) months following the Closing Date, the Seller shall not, and shall cause Seller Subsidiaries not to, on its or their own behalf or in coordination with or on behalf of others, and in any form or manner whatsoever, solicit, recruit or hire any Transferred Employee or any employee of Buyer or any of its Subsidiaries who became known to Seller or with whom Seller interfaced in connection with the Asset Sale; *provided*, *however*, that the foregoing shall not prohibit (A) a general solicitation to the public of general advertising or similar methods of solicitation by search firms not specifically directed at such employees, or (B) any Seller Restricted Entity from

soliciting or recruiting or subsequently hiring any such employee who was solicited or recruited six or more months following the cessation of employment of such employee by the Buyer or any of its Affiliates.

(b) As an inducement for the Seller to enter into this Agreement and to consummate the Asset Sale, for a period of twelve (12) months following the Closing Date, the Buyer shall not, and shall cause each of its Subsidiaries (the Buyer and its Subsidiaries collectively, the "***Buyer Restricted Entities***") not to, on its or their own behalf or in coordination with or on behalf of others, and in any form or manner whatsoever, solicit, recruit or hire any employee of Seller or a Seller Subsidiary who became known to Buyer or with whom Buyer interfaced in connection with the Asset Sale (other than any Business Employee who does not become a Transferred Employee); *provided*, *however,* that the foregoing shall not prohibit (A) a general solicitation to the public of general advertising or similar methods of solicitation by search firms not specifically directed at any such employees, or (B) any Buyer Restricted Entity from soliciting or recruiting or subsequently hiring any such employee six or more months following the termination of employment of such employee by the Seller or any of its Affiliates.

(c) If any Subsidiary of the Seller or Buyer ceases to be a Subsidiary of the Seller or Buyer, as applicable, the restrictions set forth in this Section 5.16 shall thereafter no longer apply to such Subsidiary.

ARTICLE VI
EMPLOYEE MATTERS

Section 6.1 Offers and Terms of Employment.

(a) The Seller shall terminate, effective as of the Closing Date, the employment of each of the Business Employees listed in Section 6.1(a)(i) of the Disclosure Schedules (each such Business Employee, a "***U.S. Offeree***"), but shall not terminate the employment of the Business Employees listed in Section 6.1(a)(ii) of the Disclosure Schedules (each such Business Employee, a "***U.K. Employee***") (the transfer of such U.K. Employees being instead subject to the provisions of Section 6.7); provided, however, that Seller shall not terminate the employment of Inactive Business Employees until such Inactive Business Employee presents themselves to Buyer for active employment (or it is determined that such Inactive Business Employee will not return to active employment within six (6) months of the Closing Date or such earlier date with respect to which any reemployment rights they may have cease). No later than three days prior to, and effective as of, the commencement of business on the Closing Date, the Buyer shall, or shall cause a Buyer Subsidiary to, offer employment to each U.S. Offeree, such employment to be deemed to commence as of 12:01 AM, Eastern Time, on the Closing Date; provided, however, offers of employment to Inactive Business Employees shall be contingent on each such Inactive Business Employee presenting himself/herself to Buyer for active employment within six months of the Closing (or such later date with respect to which the Inactive Business Employee has reemployment rights under applicable law) and the effective date of Inactive Business Employees' employment with Buyer shall be the date such Inactive Business Employee commences active employment with Buyer. Each such offer of employment shall be in writing and a copy of the form thereof shall be provided to the Seller for the Seller's reasonable review and comment at least five Business Days prior to the date it is distributed to the applicable U.S. Offeree. Each U.S. Offeree who accepts his or her offer of employment and commences employment with Buyer shall be referred to herein as a "***Transferred U.S. Employee***". A U.S. Offeree who performs work at his or her then applicable place of employment in the Business on the first Business Day immediately following the Closing Date shall be deemed for all purposes of this Agreement to have accepted the offer of employment and to be a Transferred U.S. Employee for all purposes of this Agreement. The Buyer shall provide written notice to the Seller not later than two Business Days following receipt of any acceptance or declination of employment by any U.S. Offeree.

(b) The Buyer shall cause each offer of employment pursuant to Section 6.1(a) to provide for (x) an annual salary or hourly wage rate, as applicable (such U.S. Offeree's "***Base Compensation***"), that is substantially comparable to such U.S. Offeree's Base Compensation immediately prior to the Closing Date and (y) a work location (a "***Work Location***") not more than 20 miles from the U.S. Offeree's Work Location immediately prior to the Closing Date. The Buyer shall cause each offer of employment pursuant to Section 6.1(a) to provide for (i) annual bonus and cash incentive compensation opportunities (but not equity or equity-linked incentives) and (ii) employee benefits (excluding equity based arrangements) (items (i) and (ii) collectively, the "***Other***

Employment Terms") that are substantially comparable, in the aggregate, to the Other Employment Terms of the U.S. Offeree immediately prior to the Closing Date.

(c) During the one-year period immediately following the Closing Date or any longer period required by applicable Law (such period, the "***Coverage Period***"), the Buyer shall, and shall cause each Buyer Subsidiary that employs a Transferred U.S. Employee to, continue to provide each Transferred U.S. Employee with such Base Compensation, Work Location and Other Employment Terms that are no less favorable to such Transferred U.S. Employee than those required to be initially provided to such Transferred U.S. Employee by the Buyer or the applicable Buyer Subsidiary pursuant to this Section 6.1.

(d) With respect to any Transferred U.S. Employee who, during the Coverage Period, (i) is terminated without cause or (ii) elects to terminate his or her employment with the Buyer or a Buyer Subsidiary within thirty days after the Buyer or such Buyer Subsidiary notifies such Transferred U.S. Employee of the Buyer's or such Buyer Subsidiary's intent to (A) reduce such Transferred U.S. Employee's Base Compensation or (B) assign such Transferred U.S. Employee to a Work Location more than 20 miles from the Transferred U.S. Employee's Work Location immediately prior to the Closing Date, the Buyer shall provide, or shall cause the applicable Buyer Subsidiary to provide, severance benefits in an amount equal to no less than the severance benefits such Transferred U.S. Employee would be entitled to receive under the Buyer's or such Buyer Subsidiary's severance policies in effect at the time of the Transferred U.S. Employee's termination of employment with the Buyer or such Buyer Subsidiary.

(e) If any Transferred U.S. Employee requires a visa, work permit or employment pass or other approval for his or her employment to commence with the Buyer or any Buyer Subsidiary following the Closing Date, the Buyer shall, or shall cause the applicable Buyer Subsidiary to, promptly file any and all necessary applications or documents and shall take, or cause the applicable Buyer Subsidiary to take, all actions (and bear, or cause the applicable Buyer Subsidiary to bear, any related fees and costs) needed to secure the necessary visa, permit, pass or other approval in advance of the Closing Date, and the Seller shall provide such assistance as reasonably requested by the Buyer in connection therewith.

Section 6.2 Allocation of Liabilities.

(a) Effective from and after the Closing, the Buyer shall, or shall cause one or more of the Buyer Subsidiaries to, be solely responsible for all employment and employee benefits-related Liabilities solely to the extent that such Liabilities arise on or after the Closing Date and that relate to the employment of any Transferred U.S. Employee by Buyer or any Buyer Subsidiary, and neither the Seller nor any Seller Subsidiary shall have any Liability with respect to any such Transferred U.S. Employee (or any dependent or beneficiary of such Transferred U.S. Employee) that relates to such Transferred U.S. Employee's employment with the Buyer or any Buyer Subsidiary.

(b) From and after the Closing, the Seller shall be, or shall cause one or more of the Seller Subsidiaries to be, solely responsible for any and all Liabilities arising in connection with any actual or threatened claim by any Transferred U.S. Employee that his or her employment in connection with the Business or otherwise with the Seller or any Seller Subsidiary was, as of the Closing Date (or, with respect to Inactive Business Employees, such later date such Inactive Business Employees terminate employment from Seller or any Seller Subsidiary), actually or constructively terminated as a direct or indirect result of or otherwise in connection with the consummation of the transactions contemplated by this Agreement, provided that Buyer shall be solely responsible for any Liabilities arising in connection with (i) the failure of Buyer or an Affiliate thereof to comply with applicable Law or Buyer's obligations, in connection with the providing of offers or hiring of Business Employees as required under this Article VI; (ii) the revocation of an offer of employment to a Business Employee by Buyer or an Affiliate thereof prior to Closing; or (iii) the termination of employment of a Transferred U.S. Employee by Buyer or an Affiliate thereof following the Closing.

(c) The Buyer agrees that it shall be solely responsible for satisfying the continuation coverage requirements of Section 4980B of the Code for all Transferred U.S. Employees (and their spouses and dependents) who are "M&A qualified beneficiaries", as such term is defined in Treasury Regulation 54.4980B-9.

(d) Except with respect to any Liabilities that automatically transfer to the Buyer or any Buyer Subsidiary pursuant to applicable Law, or as otherwise provided in this ARTICLE VI, effective from and after the Closing Date, the Seller and the Seller Subsidiaries shall remain responsible for any and all employment and employee benefits-related Liabilities of the Seller, any Seller Subsidiary or any Seller Employee Plan incurred or arising out of a period ending on or prior to the Closing Date in respect of any current or former Business Employee (or any dependent or beneficiary of such Business Employee), including any accrued commissions.

(e) Buyer shall pay, or cause to be paid, on behalf of Seller, retention bonuses to certain of the Transferred Employees within thirty (30) days of the start date of the applicable Transferred Employee's employment with Buyer or Buyer's Subsidiary, as applicable, in the amounts set forth in Schedule 6.2(e) (any payments due thereunder, the "***Retention Bonuses***"), less any required employee withholding (the "***Withholding Amount***"). The payment of the Retention Bonuses shall require any Transferred Employee who terminates his or her employment with Buyer (other than for a position elimination) within twelve (12) months of Closing to repay the full amount of his or her retention bonus to Buyer, and Buyer will remit any such repaid funds to Seller within ten (10) Business Days to an account designated in writing by Seller. As and when such Retention Bonuses are paid to the relevant Transferred Employees, Buyer will provide written notice thereof to Seller setting forth (i) the Retention Bonus amounts paid to the relevant Transferred Employees, inclusive of the Withholding Amount, and (ii) the employer portion of any payroll, social security, unemployment or similar employer-side Tax imposed on such amounts (collectively, the "***Aggregate Bonus Amount***"), together with any information reasonably necessary for Seller to confirm such amounts. Within five (5) Business Days following delivery of such notice, Seller shall pay to Buyer, by wire transfer of immediately available funds to an account designated in writing by Buyer, the Aggregate Bonus Amount, with any disputes as to the Aggregate Bonus Amount to be addressed pursuant to the dispute resolution provisions of this Agreement.

Section 6.3 Participation in Buyer Employee Plans.

(a) Effective as of the Closing Date, except as otherwise provided in this ARTICLE VI, each Transferred U.S. Employee shall cease to participate in any Seller Employee Plan (other than as a former employee of the Seller or any Seller Subsidiary to the extent, if any, permitted by the terms of such Seller Employee Plan). Effective from and after the Closing, the Buyer shall, or shall cause one or more of the Buyer Subsidiaries to, establish or have in effect Buyer Employee Plans for the benefit of the Transferred U.S. Employees (and their dependents and beneficiaries) in accordance with the requirements of this ARTICLE VI and the Transferred U.S. Employees' respective offers of employment or continuations of employment, as applicable.

(b) From and after the Closing Date and to the extent permitted by the terms of the applicable Buyer Employee Plans, the Buyer shall, or shall cause one or more of the Buyer Subsidiaries to, recognize the service of each of the Transferred U.S. Employees prior to the Closing Date with the Seller or any applicable Seller Subsidiary and any of their respective predecessors as service with the Buyer or the applicable Buyer Subsidiary for eligible and vesting purposes (other than vesting of future equity awards) and for purposes of determining future vacation and paid time off accruals and severance amounts under the Buyer Employee Plans to the extent such service was recognized under the Seller Employee Plans immediately prior to the Closing Date, except to the extent the recognition of such service would result in the duplication of benefits for the same period of service. Buyer shall use commercially reasonable efforts to cause each Transferred U.S. Employee to be immediately eligible to participate, without any waiting time, in any and all Buyer Employee Plans (to the extent such Transferred U.S. Employee participated under a similar Seller Employee Plan immediately prior to the Closing Date). With respect to any Buyer Employee Plan that is a medical, dental or other health plan, the Buyer shall, or shall cause one or more of the Buyer Subsidiaries to, use commercially reasonable efforts to (a) waive or cause to be waived any pre-existing condition exclusions and requirements that would result in a lack of coverage of any pre-existing condition of a Transferred U.S. Employee (or any dependent thereof) that would have been covered under the Seller Employee Plan in which such Transferred U.S. Employee (or eligible and enrolled dependent thereof) was a participant immediately prior to the Closing Date, and credit or cause to be credited any time accrued against applicable waiting periods relating to such pre-existing condition, (b) ensure that any medical, dental or other health expenses incurred by a Transferred U.S. Employee (or family member thereof) in the calendar year that includes the Closing Date are recognized for purposes of calculating any deductible, co-payment, out-of-pocket maximum, benefit limitations

or similar provisions for such calendar year under the Buyer Employee Plans and (c) waive any health eligibility, actively-at-work or medical examination requirements under the Buyer Employee Plans (to the same extent such requirements were otherwise met or waived under the similar Seller Employee Plan immediately prior to the Closing Date).

(c) As soon as reasonably practicable following the Closing, Seller shall pay and settle all accrued and unused vacation of the Transferred U.S. Employees as of the Closing Date in accordance with the books and records of Seller, in accordance with applicable Law and the terms of the relevant Seller Employee Plan, but regardless of whether accrued and unused vacation is normally paid out upon termination of employment by Seller.

(d) Seller shall take such actions as are necessary to fully vest each Transferred U.S. Employee in such Transferred U.S. Employee's accounts under Seller's tax-qualified 401(k) plan and shall allow such Transferred U.S. Employee to rollover such Transferred U.S. Employee's account balance (excluding notes associated with plan loans). The Buyer agrees to cause its tax-qualified defined contribution plan for U.S. employees to allow each Transferred U.S. Employee who has one or more account balances in the Seller's tax-qualified 401(k) plan to make a "direct rollover" of such account balances from the Seller's defined contribution plan if such Transferred U.S. Employee elects to make such a rollover.

Section 6.4 **WARN Act Compliance**. The Buyer agrees to provide any required notice under the Worker Adjustment and Retraining Notification Act, as amended (the "***WARN Act***"), and any similar Law, including any state or local Law substantially similar to the WARN Act, and to otherwise comply with the WARN Act and any such other similar Law with respect to any "plant closing" or "mass layoff" (as defined in the WARN Act) or group termination or similar event affecting Transferred U.S. Employees (including as a result of the consummation of the transactions contemplated by this Agreement) and occurring from and after the Closing. The Seller shall comply with the WARN Act or any similar Law with respect to any "plant closing" or "mass layoff" (as defined in the WARN Act) or group termination or similar event affecting Business Employees and occurring prior to the Closing. During the 90-day period immediately following the Closing, the Buyer agrees not to take, and to cause each of the Buyer Subsidiaries not to take, any action that would, individually or in the aggregate, cause the termination of any Business Employee that occurs on or before the Closing Date to constitute a "plant closing" or "mass layoff" or group termination under the WARN Act or any similar Law, or create any Liability or penalty to the Seller or any Seller Subsidiary for any employment terminations under applicable Law. On the Closing Date, the Seller shall notify the Buyer of any "employment loss" (as that term is defined in the WARN Act) of any Business Employees in the 90-day period prior to the Closing.

Section 6.5 **No Amendments or Third-Party Beneficiaries**.

(a) Nothing contained in this Agreement shall (i) constitute or be deemed to be an amendment to any Buyer Employee Plan or Seller Employee Plan or (ii) require the Buyer to amend, modify, affect, or terminate any Buyer Employee Plan (other than as may be required to reflect the obligations of the Buyer set forth in Section 6.3).

(b) The provisions of this Section 6.5 are for the sole benefit of the parties to this Agreement and nothing herein, express or implied, is intended or shall be construed to confer upon or give to any Person (including for the avoidance of doubt any Business Employee), other than the parties hereto and their respective permitted successors and assigns, any legal or equitable or other rights or remedies (with respect to the matters provided for in this Section 6.5) under or by reason of any provision of this Agreement.

Section 6.6 **Tax Filing and Payment Obligations**. The Buyer and the Seller hereby agree to use the "alternate procedure" described in Section 5 of IRS Revenue Procedure 2004-53, 2004-2 C.B. 320, with respect to the Seller's Tax filing and payment obligations relating to the Business and the Transferred U.S. Employees.

Section 6.7 **U.K. Employees**.

(a) The parties intend and acknowledge that the transactions provided for in this Agreement will constitute a transfer to which the Transfer of Undertakings (Protection of Employees) Regulations ("***TUPE***") apply, and agree that, as a consequence, the respective employment contracts made between the Seller and each

U.K. Employee shall have effect from and after the Closing Date as if originally made between the Buyer and each such U.K. Employee.

(b) From the date hereof to the Closing Date, the Buyer and the Seller shall comply with its obligations under Regulation 13 of TUPE in respect of the U.K. Employees.

(c) From and after the Closing, the Buyer shall save, defend, indemnify and hold harmless the Seller and the Seller Subsidiaries from and against any losses, damages, Liabilities, deficiencies, claims, interest, awards, judgments, penalties, costs and expenses (collectively, "***Losses***") to the extent arising out of or resulting from:

(i) any failure by the Buyer to comply with its obligations under Regulation 13 of TUPE, or any award of compensation under Regulation 15 of TUPE, excluding, in each case, any such failure in respect of, or any such award that relates to, any Excluded U.K. Employee;

(i i) any claim or demand by any U.K. Employee (whether in contract, tort, under statute, pursuant to European law or otherwise) from any act, fault or omission of the Buyer occurring before, on, or after the Closing Date; or

(iii) any claim (including any individual employee entitlement under or consequent on such a claim) by any trade union or other body or Person representing the U.K. Employees arising from or connected with any failure by the Buyer to comply with any legal obligation to such trade union, body or Person that relates to the U.K. Employees (and excluding any such claim that relates to any Excluded U.K. Employee).

(d) From and after the Closing, Seller shall indemnify and hold harmless Buyer and its Subsidiaries from and against any Losses to the extent arising out of or resulting from any failure by the Seller or any Seller Subsidiary to comply with its obligations under TUPE in relation to a failure to inform and consult prior to the Closing, including any award of compensation under Regulation 15 of TUPE, expect where such failure is directly caused by the Buyer or any of its Subsidiaries (including any failure by the Buyer to comply with Regulation 13(4) of TUPE).

(e) If any contract of employment of an Excluded U.K. Employee is deemed or alleged to have effect as if originally made between the Buyer or an Affiliate thereof and such person, or any liability regarding the employment of an Excluded U.K. Employee is deemed or alleged to have transferred to the Buyer or an Affiliate thereof as a result of the provisions of TUPE and this Agreement:

(i) the Buyer shall, within 5 Business Days of becoming aware of the application or alleged application of TUPE to any such contract or liability notify Seller in writing that such employment contract is deemed or alleged to have effect as if originally made between such Excluded U.K. Employee and the Buyer or an Affiliate thereof;

(i i) subject to compliance with Section 6.7(e)(i), the Buyer may terminate any relevant Excluded U.K. Employee's employment within 5 Business Days of notifying Seller under Section 6.7(e)(i); and

(iii) Seller shall save, defend indemnify and hold harmless Buyer and its Subsidiaries from and against any Losses to the extent arising out of or resulting from the termination in relation to such contractual notice period as is required to terminate the employment of such Excluded U.K. Employee and, in relation to any such Excluded U.K. Employee whose employment is terminated in accordance with Section 6.7(e)(ii), any Losses arising out of or resulting from such Excluded U.K. Employee's employment prior to and from Closing until the termination date (or, if shorter, until the period of 12 weeks from Closing) in accordance with Section 6.7(a)(ii). The Buyer shall (X) use reasonable endeavors to minimize any Losses in respect of which Buyer is indemnified pursuant to this Section 6.7(e)(iii); (Y) comply with all reasonable instructions from Seller with a view to minimizing any Losses in respect of which Buyer is indemnified pursuant to this Section 6.7(e)(iii); and (Z) promptly provide Seller with all information reasonably and lawfully requested in order to enable Seller to give instructions as envisaged by Section 6.7(e)(iii), and the Buyer shall not be indemnified pursuant to this Section 6.7(e)(iii) in respect of any Losses to the extent that (but only to the extent that) any Losses are directly caused by any failure of the Buyer to comply with the obligations set forth in (X), (Y) or (Z).

(f) In the event that TUPE is deemed not to apply to the transactions contemplated hereby, the parties agree that the provisions of this ARTICLE VI shall apply to the U.K. Employees as if such U.K. Employees were U.S. Offerees (except to the extent such provisions could not be applied due to differences in applicable Law). For purposes of this Agreement, the term "***Transferred Employees***" means, collectively, (i) the Transferred U.S. Employees and (ii) the U.K. Employees who are employed by the Buyer or a Buyer Subsidiary after the Closing, whether by operation of TUPE or pursuant to the terms of this Section 6.7(e)(i).

ARTICLE VII
TAX MATTERS

Section 7.1 **Transfer Taxes**. The Buyer and the Seller shall each be responsible for and pay for, fifty percent (50%) of any and all Transfer Taxes imposed in connection with, this Agreement and each of the Ancillary Agreements and the transactions contemplated hereby and thereby. In the event that any such Transfer Taxes are required under applicable Law to be collected, remitted or paid by the Seller or any of the Seller Subsidiaries or any agent thereof, on the one hand, or Buyer, on the other hand, the other party shall pay fifty percent (50%) of such Transfer Taxes to the responsible party, as applicable, at the Closing or thereafter, as applicable, as requested by the responsible party. Notwithstanding the foregoing, all payments due to the Sellers shall be made without any deduction or withholding on account of any Taxes, except as required by a change in applicable Law after the date hereof, in which case the Buyer shall deduct such required amounts and remit them to the appropriate taxing authority, and such withheld amounts shall be treated as paid to Sellers for all purposes under this Agreement; provided that, at least twenty (20) Business Days prior to making any such deduction or withholding, Buyer shall notify the Sellers in writing of the amount and basis of such deduction and withholding and shall cooperate in good faith with the Sellers to use reasonable efforts identified by the Sellers to eliminate or mitigate any such requirement to deduct or withhold to the extent permitted by applicable Law. The Seller shall prepare and timely file all Returns required to be filed in respect of any and all Transfer Taxes, provided that the Buyer shall prepare any such Returns that are the primary responsibility of the Buyer under applicable Law. The preparation of any such Returns shall be subject to the other party's approval, which approval shall not be unreasonably withheld, conditioned or delayed.

Section 7.2 **Tax Characterization of Adjustments**. The Seller and the Buyer agree to treat, and cause their respective Affiliates to treat, for Tax purposes any indemnification payment made pursuant to this Agreement or any of the Ancillary Agreements as an adjustment to the Purchase Price, unless otherwise required by a change in Law occurring after the date hereof, a closing agreement with an applicable Governmental Authority or a final non-appealable judgment of a court of competent jurisdiction.

Section 7.3 **Certain Apportionments**. The Seller, or a relevant Seller Subsidiary, as applicable, is and shall remain solely responsible for and pay for all Taxes arising from or relating to the Transferred Assets and the Business for all periods ending on or prior to the Closing Date. The Buyer, or a relevant Buyer Subsidiary, as applicable, shall be solely responsible for and pay for all Taxes arising from or relating to the Transferred Assets and the Business for all periods ending after the Closing Date. For purposes of determining the Liability of the Seller and the Seller Subsidiaries and the Buyer and the Buyer Subsidiaries for Taxes with respect to the Transferred Assets or the Business, the amount of any Taxes based on or measured by income or receipts of the Business for the portion of the Straddle Period up to and through the Closing Date shall be determined based on an interim closing of the books as though the Taxable period of the Seller, or a relevant Seller Subsidiary, as applicable, ended on the Closing Date. The amount of other Taxes of the Business for the portion of the Straddle Period up to and through the Closing Date shall be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the Straddle Period ending on and including the Closing Date and the denominator of which is the number of days in such Straddle Period.

ARTICLE VIII
CONDITIONS TO CLOSING

Section 8.1 **Conditions to Obligations of the Seller**. The obligation of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may, to the extent permitted by applicable Law, be waived in writing by the Seller in its sole discretion:

(a) Representations, Warranties and Covenants.

(i) The representations and warranties of the Buyer contained in ARTICLE IV shall be true and correct as of the date hereof and as of the Closing Date as though made on the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), except where the failure to be so true and correct (without giving effect to any limitation or qualification as to "materiality" (including the word "material") or "Material Adverse Effect" set forth therein) would not, individually or in the aggregate, reasonably be expected to have a Buyer Material Adverse Effect.

(ii) The Buyer shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

(iii) The Seller shall have received from the Buyer a certificate, dated as of the Closing Date, certifying as to the matters set forth in the preceding clauses (i) and (ii), signed by a duly authorized officer of the Buyer.

(b) No Injunctions or Restraints. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement, and the waiting period applicable to the consummation of the Asset Sale under HSR shall have expired or been terminated.

Section 8.2 Conditions to Obligations of the Buyer. The obligation of the Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may, to the extent permitted by applicable Law, be waived in writing by the Buyer in its sole discretion:

(a) Representations, Warranties and Covenants.

(i) (A) The representations and warranties of the Seller contained in Section 3.1, Section 3.2, Section 3.3(a)(i) and Section 3.15 (collectively, the "***Fundamental Representations***") shall be, except for any de minimis inaccuracies, true and correct as of the date hereof and as of the Closing Date as though made on the Closing Date (except to the extent such Fundamental Representations expressly relate to an earlier date, in which case as of such earlier date), and (B) each of the other representations and warranties of the Seller contained in ARTICLE III shall be true and correct as of the date hereof and as of the Closing Date as though made on the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), except, in the case of this clause (B), where the failure to be so true and correct (without giving effect to any limitation or qualification as to "materiality" (including the word "material") or "Material Adverse Effect" set forth therein) would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ii) The Seller shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

(iii) The Buyer shall have received from the Seller a certificate, dated as of the Closing Date, certifying as to the matters set forth in the preceding clauses (i) and (ii), signed by a duly authorized officer of the Seller.

(b) No Injunctions or Restraints. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement, and the waiting period applicable to the consummation of the Asset Sale under HSR shall have expired or been terminated.

(c) No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Material Adverse Effect.

Section 8.3 Frustration of Closing Conditions. No party may rely on the failure of any condition set forth in this ARTICLE VIII to be satisfied if such failure was caused by such party's failure to use efforts to cause the Closing to occur as required by Section 5.7.

ARTICLE IX
INDEMNIFICATION

Section 9.1 Survival of Representations, Warranties, Covenants and Agreements.

(a) The representations and warranties of the Seller and the Buyer contained in ARTICLE III and ARTICLE IV, respectively, shall survive the Closing for a period of twelve (12) months after the Closing Date; *provided, however*, that the Fundamental Representations shall survive the Closing for a period of seven (7) years after the Closing Date and the representations and warranties of Seller set forth in Section 3.13 (Taxes) shall survive until the expiration of the statute of limitations (excluding any extensions thereof) applicable to subject matter of such representations and warranties.

(b) All covenants and agreements contained in this Agreement that by their terms contemplate actions or performance following the Closing shall survive until fully performed or, if a time period is specified in a covenant or agreement, through such specified time period, and all other covenants and agreements contained in this Agreement shall not survive the Closing, provided that, in either such case, the ability to make claims for any breach thereof shall terminate one hundred eighty (180) days thereafter.

(c) The survival periods set forth in Section 9.1(a) and Section 9.1(b) are in lieu of, and the parties expressly waive, any otherwise applicable statute of limitations, whether arising at law or in equity.

Section 9.2 Indemnification by the Seller. From and after the Closing, the Seller shall save, defend, indemnify and hold harmless the Buyer and its Affiliates, and their respective officers, directors, employees and agents (collectively, the "***Buyer Indemnified Parties***") from and against any Losses to the extent arising out of or resulting from:

(a) any breach of any representation or warranty made by the Seller contained in ARTICLE III or in any certificate delivered pursuant to Section 8.2(a)(iii);

(b) any breach of any covenant or agreement of the Seller contained this Agreement; or

(c) any Excluded Liability.

Section 9.3 Indemnification by the Buyer. From and after the Closing, the Buyer shall save, defend, indemnify and hold harmless the Seller and its Affiliates, and their respective officers, directors, employees and agents (collectively, the "***Seller Indemnified Parties***") from and against any Losses to the extent arising out of or resulting from:

(a) any breach of any representation or warranty made by the Buyer contained in ARTICLE IV or in any certificate delivered pursuant to Section 8.1(a)(iii);

(b) any breach of any covenant or agreement of the Buyer contained in this Agreement; or

(c) any Assumed Liability; or

(d) Buyer's ownership or operation of or provision of services relating to the Transferred Assets after the Closing, except to the extent caused by the breach by Seller or any Seller Subsidiary of this Agreement or the Transition Services Agreement.

Section 9.4 Procedures.

(a) In order for a Buyer Indemnified Party or a Seller Indemnified Party (an "***Indemnified Party***") to be entitled to any indemnification provided for under this Agreement as a result of a Loss or a claim or demand made by any Person against the Indemnified Party (a "***Third Party Claim***"), such Indemnified Party shall deliver notice thereof to the party against whom indemnity is sought (the "***Indemnifying Party***") promptly after receipt by such Indemnified Party of written notice of the Third Party Claim, describing in reasonable detail (i) the facts giving rise to any claim for indemnification hereunder, (ii) the amount or method of computation of the amount

of such claim, (iii) each individual item of Loss included in the amount so stated, to the extent known, (iv) the date such item was paid or properly accrued, and (v) the nature of the breach of representation, warranty, covenant or agreement with respect to which such Indemnified Party claims to be entitled to indemnification hereunder (all of the foregoing, the "***Claim Information***"), and shall provide any other information with respect thereto as the Indemnifying Party may reasonably request. The failure to provide such notice, however, shall not release the Indemnifying Party from any of its obligations under this ARTICLE IX except to the extent that the Indemnifying Party is prejudiced by such failure.

(b) The Indemnifying Party shall have the right, upon written notice to the Indemnified Party within 30 days of receipt of notice from the Indemnified Party of the commencement of a Third Party Claim, to assume the defense thereof at the expense of the Indemnifying Party with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the Indemnifying Party fails to assume the defense of any such Third Party Claim within such 30-day period, the Indemnified Party may assume control of the defense of the Third Party Claim. The party that does not undertake the defense of the relevant Third Party Claim shall have the right to employ separate counsel and to participate in the defense thereof at its own expense, and the party undertaking the defense of the relevant Third Party Claim shall keep the other party reasonably informed of the progress of such defense. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party shall agree to any settlement, compromise or discharge of such Third Party Claim that the Indemnifying Party may recommend if (i) the sole relief provided for is monetary damages that will be paid entirely by the Indemnifying Party and (ii) the settlement, compromise or discharge does not involve a finding or admission of wrongdoing or any violation of Law by the Indemnified Party. Whether or not the Indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party shall not admit any Liability with respect to, or settle, compromise or discharge, or offer to settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent, which consent may not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary in this Section 9.4(b), the Indemnifying Party shall not have the right to assume the defense of any Third Party Claim (and the Indemnified Party shall be entitled to re-assume the defense of any Third Party Claim the defense of which was previously assumed by the Indemnifying Party) if (A) the Third Party Claim would reasonably be expected to result in an injunction or equitable relief against the Indemnified Party that would, in either case, have a material effect on the operation of the business of such Indemnified Party (which, in the case of the Buyer Indemnified Parties, shall mean a material effect on the operation of the Business), (B) it involves criminal or quasi-criminal allegations, (C) upon petition by the Indemnified Party, the relevant court or arbitrator rules that the Indemnifying Party failed or is failing to vigorously defend such Third Party Claim, or (D) if the amount of Losses reasonably expected to result from such Third Party Claim that are in excess of the Cap would exceed the amount of Losses reasonably expected to result from such Third Party Claim that are below the Cap.

(c) In the event any Indemnified Party should have a claim against any Indemnifying Party hereunder that does not involve a Third Party Claim being asserted against or sought to be collected from such Indemnified Party, the Indemnified Party shall deliver notice of such claim containing the Claim Information promptly to the Indemnifying Party, and shall provide any other information with respect thereto as the Indemnifying Party may reasonably request. The failure to provide such notice, however, shall not release the Indemnifying Party from any of its obligations under this ARTICLE IX except to the extent that the Indemnifying Party is prejudiced by such failure. The Indemnified Party shall reasonably cooperate and assist the Indemnifying Party in determining the validity of any claim for indemnity by the Indemnified Party and in otherwise resolving such matters. Such assistance and cooperation shall include providing reasonable access to and copies of information, records and documents relating to such matters, furnishing employees to assist in the investigation, defense and resolution of such matters and providing legal and business assistance with respect to such matters. For the avoidance of doubt, the Indemnified Party shall not be entitled to commence any Action against the Indemnifying Party for indemnification pursuant to this Section 9.4(c) unless the notice and procedural provisions set forth herein shall have been satisfied prior thereto.

Section 9.5 Limits on Indemnification

(a) Notwithstanding anything to the contrary contained in this Agreement:

(i) the Seller shall not be liable to any Buyer Indemnified Party for any claim for indemnification pursuant to Section 9.2(a) unless and until the aggregate amount of indemnifiable Losses that may be recovered from the Seller equals or exceeds $750,000 (the "***Deductible***"), in which case the Seller shall be liable only for the Losses in excess of the Deductible; *provided, however*, that no Loss resulting from any single claim (or series of related claims arising out of the same facts, events or circumstances) may be claimed by any Buyer Indemnified Party or shall be reimbursable by the Seller or shall be included in calculating the aggregate Losses for purposes of this clause (i) unless the Loss resulting from such single claim (or series of related claims arising out of the same facts, events or circumstances) exceeds $25,000 (the "***Minimum Loss Amount***"); *provided, further, however*, that neither the Deductible nor the Minimum Loss Amount shall apply to any Losses with respect to any Fundamental Representations or the representations and warranties of Seller set forth in Section 3.13 (Taxes);

(ii) the maximum aggregate amount of indemnifiable Losses that may be recovered from the Seller by Buyer Indemnified Parties pursuant to Section 9.2(a) shall not exceed an amount equal to (x) $5,000,000 plus (y) ten percent (10%) of the Post-Closing Payment (the "***Cap***"); *provided, however*, that the Cap shall not apply to any Losses with respect to any Fundamental Representations or the representations and warranties of Seller set forth in Section 3.13 (Taxes); *provided, further*, that, upon the finalization of the Post-Closing Payment in accordance with Section 2.9 and the parties have determined the final amount of the Cap, the Cap will be deemed to have been such amount as of the Closing Date and any Buyer Indemnified Party shall be entitled to recover Losses for claims, whether such claims arose prior to or after the finalization of the Post-Closing Payment and the Cap, from the Seller up to, but not exceeding, the Cap, subject to the limitations set forth in this Section 9.5;

(iii) the maximum aggregate amount of Losses that may be recovered from the Seller by Buyer Indemnified Parties pursuant to Section 9.2 or otherwise shall not exceed the Purchase Price; and

(iv) no party hereto shall have any Liability under any provision of this Agreement for any consequential, special, punitive, exemplary, or speculative damages, except to the extent such damages (A) are recovered by third parties in connection with Losses indemnified under this Agreement or (B) are Losses that constitute lost profits, consequential damages or diminution in value damages ("***Specified Losses***") that were the direct, probable, and reasonably foreseeable consequence of the relevant breach and were not occasioned by special circumstances relating to the Indemnified Party; *provided, however*, that in no case will any Specified Losses be deemed to result from a failure to achieve a Customer Migration Event if a Post-Closing Payment (of any amount) becomes payable pursuant to this Agreement.

(b) The amount of any and all Losses under this ARTICLE IX shall be determined net of any insurance, indemnity, reimbursement arrangement, contract, or other recovery actually received or realized by the Indemnified Party or its Affiliates in connection with the facts giving rise to the right of indemnification, in each case net of costs of collection and the net present value of any retro-premiums or premium increases resulting therefrom (each, an "***Alternative Recovery***"). The Indemnified Party shall use commercially reasonable efforts to seek recovery under all such Alternative Recoveries with respect to any Loss to the same extent as such Indemnified Party would if such Loss were not subject to indemnification hereunder. Each party hereby waives, to the extent permitted under its applicable insurance policies, any subrogation rights that its insurer may have with respect to any indemnifiable Losses. In the event that the Indemnified Party receives or realizes the recovery of any amount pursuant to an Alternative Recovery for which it has already been indemnified by the Indemnifying Party hereunder, the Indemnified Party will promptly refund an equal amount to the Indemnifying Party.

(c) A party shall not recover under this Agreement and any Ancillary Agreement for the same Loss.

(d) Nothing in this Agreement shall modify any party's common law obligation in respect of mitigation of damages.

(e) If any representation or warranty made by the Seller contained in this Agreement is qualified by materiality, "Material Adverse Effect" or a derivative thereof, such qualification will be ignored and

deemed not included in such representation or warranty for purposes of determining whether there has been a breach or inaccuracy of such representation or warranty and for purposes of calculating the amount of Losses with respect to any such breach or inaccuracy.

Section 9.6 **Tax Matters** All Tax refunds and Tax credits with respect to any period ending on or prior to the Closing Date shall be for the account of the Seller and, if such Tax refund or Tax credit is received by the Buyer, the Buyer shall pay the amount of such refund or credit to the Seller within ten (10) days of the receipt or realization thereof.

(b) Anything in this ARTICLE IX to the contrary notwithstanding, to the extent there is inconsistency between the provisions of this ARTICLE IX and the provisions of ARTICLE VII, the rights and obligations of the parties with respect to indemnification for Tax matters shall be governed by ARTICLE VII.

Section 9.7 **U.K. Employee Matters**. Anything in this ARTICLE IX to the contrary notwithstanding, to the extent there is inconsistency between the provisions of this ARTICLE IX and the provisions of Section 6.7, the rights and obligations of the parties with respect to indemnification for U.K. Employee matters shall be governed by Section 6.7.

Section 9.8 **Exclusivity.**

(a) Effective as of the Closing, the sole and exclusive remedy of the Seller, the Buyer and the other Seller Indemnified Parties and Buyer Indemnified Parties with respect to any claims, whether direct claims or those arising out of Third Party Claims, relating to or arising out of this Agreement or the transactions contemplated hereby (other than fraud that cannot be waived as a matter of Delaware law and claims for specific performance of the covenants and agreements contained herein) shall be pursuant to the indemnification provisions set forth in this ARTICLE IX. In furtherance of the foregoing, each of the Seller and the Buyer, on behalf of itself and the other Seller Indemnified Parties and Buyer Indemnified Parties (as applicable), hereby waives, from and after the Closing, to the fullest extent permitted by Delaware law, all rights, claims and causes of action (other than fraud that cannot be waived as a matter of Delaware law and claims for specific performance of the covenants and agreements contained herein), regardless of the Law or legal theory upon which such right, claim or cause of action may be sought to be based, and regardless of whether at law or in equity, in contract or in tort or otherwise, that it may have against any other party arising under this Agreement or the transactions contemplated hereby, except pursuant to the indemnification provisions set forth in this ARTICLE IX. The provisions of this paragraph (a) shall not apply to any claims relating to or arising out of the Ancillary Agreements or the transactions contemplated thereby.

(b) **Right of Setoff**. From and after the Closing, the Buyer, on behalf of itself and its Affiliates, shall be entitled to set off and deduct from the Post-Closing Payment any amounts payable by Seller or any of its Affiliates under this Agreement or any other Ancillary Agreement to the extent such payment obligation is pursuant to a final non-appealable judgment of a court of competent jurisdiction or settlement, compromise or other agreement between the parties with respect to such payment obligation (in each case, subject to the limitations of liability set forth in this Agreement or the relevant Ancillary Agreement, as applicable, to the extent such limitations are applicable).

Section 9.9 **Termination of Indemnification**. The obligation of an Indemnifying Party to indemnify and hold harmless an Indemnified Party pursuant to Section 9.2 or Section 9.3 (as applicable) shall terminate when the applicable representation or warranty or covenant terminates pursuant to Section 9.1; *provided, however*, that if an Indemnified Party shall have, before the expiration of the applicable survival period, made a claim in good faith compliance with Section 9.4, the applicable Indemnifying Party's obligation to indemnify and hold harmless such Indemnified Party shall not terminate with respect to such claim.

ARTICLE X
TERMINATION

Section 10.1 **Termination**. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of the Buyer and the Seller;

(b) by the Seller, if the Seller is not in material breach of its obligations under this Agreement and the Buyer breaches or fails to perform in any respect any of its representations, warranties or covenants contained in this Agreement and such breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 8.1, (ii) cannot be or has not been cured within 30 days following delivery of written notice of such breach or failure to perform and (iii) has not been waived by the Seller;

(c) by the Buyer, if the Buyer is not in material breach of its obligations under this Agreement and the Seller breaches or fails to perform in any respect any of its representations, warranties or covenants contained in this Agreement and such breach or failure to perform (i) would give rise to the failure of a condition set forth in Section 8.2, (ii) cannot be or has not been cured within 30 days following delivery of written notice of such breach or failure to perform and (iii) has not been waived by the Buyer; or

(d) by either the Seller or the Buyer if the Closing has not occurred by March 31, 2019 (the "***Termination Date***"); provided, that the right to terminate this Agreement under this Section 10.1(d) shall not be available if the failure of the party so requesting termination to fulfill any obligation under this Agreement shall have been the cause of the failure of the Closing to occur on or prior to the Termination Date.

The party seeking to terminate this Agreement pursuant to this Section 10.1 (other than Section 10.1(a)) shall give prompt written notice of such termination to the other party.

Section 10.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 10.1, this Agreement shall forthwith become void and there shall be no Liability on the part of either party except (a) for the provisions of each of Section 5.6, Section 5.11, this Section 10.2 and ARTICLE XI and (b) that nothing herein shall relieve either party from Liability for any willful and intentional breach of this Agreement or any agreement made as of the date hereof or subsequent thereto pursuant to this Agreement.

ARTICLE XI
GENERAL PROVISIONS

Section 11.1 Fees and Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with or related to this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby shall be paid by the party incurring such fees or expenses, whether or not such transactions are consummated. In the event of termination of this Agreement, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by the other. Notwithstanding the above, the Buyer will be solely responsible for all filing fees in connection with any filings made in connection with HSR.

Section 11.2 Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each party.

Section 11.3 Waiver; Extension. At any time prior to the Closing, the Seller, on the one hand, and the Buyer, on the other hand, may (a) extend the time for performance of any of the obligations or other acts of the other party contained herein, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document, certificate or writing delivered by such party pursuant hereto, or (c) waive compliance by the other party with any of the agreements or conditions contained herein. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in a written agreement signed on behalf of such party. No failure or delay of either party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of either party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such party.

Section 11.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile, upon written confirmation of receipt by facsimile, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-

day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(i) if to the Seller, to:

VeriSign, Inc.
12061 Bluemont Way
Reston, VA 20190
Attention: General Counsel
Telephone: (703) 948-3200
Facsimile: (703) 435-4921

with copies (which shall not constitute notice) to:

VeriSign, Inc.
12061 Bluemont Way
Reston, VA 20190
Attention: Kevin Ristau, Vice President and Associate General Counsel
Telephone: (703) 948-3200
Facsimile: (703) 435-4921
Electronic mail: kristau@verisign.com

Orrick Herrington & Sutcliffe LLP
1152 15th St., NW
Washington, D.C. 20005
Attention each of: Geoff Willard / David Ruff / Julianne English
Facsimile to each of: 202.339.8500 (Attn: G. Willard) and
212.506.5151 (Attn: D. Ruff and J. English)

(ii) if to the Buyer, to:

Neustar, Inc.
21575 Ridgetop Circle
Sterling, VA 20166
Attn: Chief Financial Officer
Facsimile: (571) 434-3404
Electronic mail: Carolyn.ullerick@team.neustar

with a copy (which shall not constitute notice) to:

Golden Gate Private Equity, Inc.
One Embarcadero Center, 39th Floor
San Francisco, CA 94111
Attention: Rishi Chanda; Stephen Oetgen
Facsimile: (415) 983-2701

Neustar, Inc.
21575 Ridgetop Circle
Sterling, VA 20166
Attn: General Counsel
Facsimile: (571) 434-5725

Nob Hill Law Group, P.C.
247 Michelle Lane
Alamo, CA, 94507

Section 11.5 **Interpretation**. When a reference is made in this Agreement to an Article, Section, paragraph, clause or Exhibit, such reference shall be to an Article, Section, paragraph, clause or Exhibit of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender as the circumstances require, and in the singular or plural as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. The Disclosure Schedules and all Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation", unless otherwise specified. The words "hereof", "hereto", "hereby", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "or" is not exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if". The words "will" and "shall" shall be construed to have the same meaning and effect as the word "must". The words "asset" and "property" shall be deemed to have the same meaning, and to refer to all assets and properties, whether real or personal, tangible or intangible. Any agreement, instrument or Law defined or referred to herein means such agreement, instrument or Law as from time to time amended, modified or supplemented, unless otherwise specifically indicated. References to any Law include references to any associated rules, regulations and official guidance with respect thereto. References to a Person are also to its predecessors, successors and assigns. Unless otherwise specifically indicated, all references to "dollars" and "$" are references to United States dollars, the lawful money of the United States of America. References to "days" mean calendar days unless otherwise specified. References to times of the day are to the Eastern Time zone unless otherwise specified. The parties have participated jointly in the drafting and preparation of this Agreement ach party hereto has been represented by counsel in connection with this Agreement and the transactions contemplated hereby and, accordingly, any rule of Law or any legal doctrine that would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived.

Section 11.6 **Entire Agreement**. This Agreement (including the Exhibits and Schedules hereto), the Ancillary Agreements and the Non-Disclosure Agreements constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the parties with respect to the subject matter hereof and thereof.

Section 11.7 **Parties in Interest**. This Agreement is and will be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except with respect to the provisions of ARTICLE IX, which shall inure to the benefit of the Persons benefiting therefrom who are intended to be third-party beneficiaries thereof.

Section 11.8 **Governing Law**. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal, substantive laws of the State of Delaware, without regard to the laws of Delaware or of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware or of any other jurisdiction.

Section 11.9 **Submission to Jurisdiction**. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by any party or its successors or assigns against the other party shall be brought and determined in the Court of Chancery of the State of Delaware, *provided*, that if jurisdiction is not then available in the Court of Chancery of the State of Delaware, then any such legal action

or proceeding may be brought in any federal court located in the State of Delaware or any other Delaware state court, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. Each of the parties agrees not to commence any action, suit or proceeding relating thereto except in the courts described above in Delaware, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in Delaware as described herein. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts in Delaware as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

Section 11.10 **Disclosure Generally**. Notwithstanding anything to the contrary contained in the Disclosure Schedules or in this Agreement, the information and disclosures contained in any section of the Disclosure Schedules shall be deemed to be disclosed and incorporated by reference in any other section of the Disclosure Schedules as though fully set forth in such other section to the extent that the applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any section of the Disclosure Schedules shall not be construed to mean that such information is required to be disclosed by this Agreement. Such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or other similar terms in this Agreement.

Section 11.11 **Assignment; Successors**. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by either party without the prior written consent of the other party, and any such assignment without such prior written consent shall be null and void; provided, that Buyer shall be permitted to assign, in whole or in part, its rights and obligations under this Agreement to any Subsidiary or controlled Affiliate of Buyer (it being understood and agreed, for the avoidance of doubt, that any such Subsidiary or controlled Affiliate designated prior to the Closing by Buyer shall be the initial and sole purchaser of the assets attributed to such designee for all legal, Tax and other purposes, without any obligation for such assets to be purchased by Buyer and then assigned or transferred to such designated Subsidiary or controlled Affiliate) if such designated Subsidiary or controlled Affiliate agrees in writing to be bound by this Agreement, and provided that Buyer will remain primarily liable for its obligations under this Agreement notwithstanding an assignment by it. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 11.12 **Enforcement**. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Court of Chancery of the State of Delaware, provided, that if jurisdiction is not then available in the Court of Chancery of the State of Delaware, then in any state or federal court located in the State of Delaware, this being in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any law to post security as a prerequisite to obtaining equitable relief.

Section 11.13 **Severability**. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this

Agreement shall nevertheless remain in full force and effect so long as either (a) the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party, or (b) such party waives its rights under this Section with respect thereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 11.14 Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.15 Counterparts. This Agreement may be executed and delivered in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

Section 11.16 Facsimile or .pdf Signature. This Agreement may be executed and delivered by facsimile, .pdf or other electronic signature and a facsimile, .pdf or other electronic signature and delivery shall constitute an original for all purposes.

Section 11.17 Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Seller and the Buyer have caused this **ASSET PURCHASE AGREEMENT** to be executed as of the date first written above by their respective officers thereunto duly authorized.

.

VERISIGN, INC

By: /s/ Todd B. Strubbe
Name: Todd B. Strubbe
Title: Executive Vice President and COO

NEUSTAR, INC.

By: /s/ Carolyn Ullerick
Name: Carolyn Ullerick
Title: CFO

Exhibit A
Procedures for Determining Customer ACV

1. Customer ACV shall include cross-sell and upsell recurring revenues from the following specified products: Managed DNS, Recursive DNS, DNS Firewall, DDoS On-Demand, DDoS Always-On and DDoS Web Application Firewall (collectively, "***DDoS and DNS Services***") derived from Active Customers, and (ii) any amount by which Buyer's or its Affiliates' annual contract revenues from Active Customers common to both Buyer (or its direct Affiliates) and Seller (or its direct Affiliates) exceed Buyer's (or its relevant Affiliate's) annual contract revenues from such common customers and products during the twelve months immediately preceding the Closing.

2. Customer ACV shall include upsell and cross-sell recurring revenues from the following specified products: Web Performance Monitoring, Firewall, IP Geopoint and Vulnerability and Penetration Testing (collectively, " ***Other Security Services***") derived from Seller's Active Customers.

3. Other than with respect to DDoS and DNS Services, the calculation of Customer ACV shall not include any upsell or cross sell revenues for any Buyer customer as of the Closing Date for any other Buyer service.

4. Recurring revenue shall be calculated in accordance with applicable FASB revenue recognition policies and be exclusive of set-up fees, professional services, consulting or similar one-time charges. For clarity, usage for Managed DNS Services shall be included in the calculation of recurring revenue on the basis of the average monthly usage fees for Active Customers (in the aggregate) during the Customer Migration Period, multiplied by 12, and shall not be considered a one-time charge.

5. Recurring revenue will not include any portion of revenue that is derived directly from reselling a third party's product or services.

Exhibit C
Bill of Sale and Assignment and Assumption Agreement

(See attached)

BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made and entered as of _____ ___, 2018, by and between Verisign, Inc., a Delaware corporation ("Seller"), and Neustar, Inc., a Delaware corporation ("Buyer"), pursuant to that certain Asset Purchase Agreement, dated as of _____ ___, 2018, by and among Buyer and Seller (the "Asset Purchase Agreement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement.

WHEREAS, the Asset Purchase Agreement provides for the sale, assignment, transfer, conveyance and delivery of the Transferred Assets to Buyer;

WHEREAS, the Asset Purchase Agreement provides for the assumption and, thereafter, payment, discharge, performance and otherwise satisfaction when due the Assumed Liabilities by Buyer; and

WHEREAS, all Transferred Assets shall be sold, assigned, transferred, conveyed and delivered to Buyer and all Assumed Liabilities shall be assumed and, thereafter, paid, discharged, performed and otherwise satisfied when due by Buyer.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1 . Bill of Sale. For good and valuable consideration, Seller, on behalf of itself and the relevant Seller Subsidiaries, hereby sells, assigns, conveys, transfers and delivers unto Buyer, its successors and assigns all of its right, title and interest in and to all of the Transferred Assets, as the same exists as of the date hereof, and Buyer hereby accepts the foregoing sale, assignment, conveyance, transfer and delivery.

2 . Assignment and Assumption. Buyer hereby assumes and, thereafter, shall pay, discharge, perform and otherwise satisfy when due the Assumed Liabilities.

3 . Further Assurances. Seller covenants and agrees that it will do or cause to be done all such further acts, and shall execute and deliver, or cause to be executed and delivered, all transfers, assignments and conveyances, evidences of title, notices, powers of attorney and assurances reasonably necessary or desirable to put Buyer, its successors and assigns, in actual possession and operating control of the Transferred Assets, or as Buyer shall reasonably require to better assure and confirm title of Buyer to the Transferred Assets.

4 . Asset Purchase Agreement. This Agreement is executed pursuant to, in furtherance of and is subject to, the terms and conditions of the Asset Purchase Agreement. This Agreement shall not replace, substitute, expand or extinguish any obligation or provision of the Asset Purchase Agreement. In the event of any irreconcilable conflict or inconsistency between the terms of the Asset Purchase Agreement and the terms hereof, the terms of the Asset Purchase Agreement shall control.

5. Miscellaneous.

(a) This Agreement, and all claims relating to or arising out of the relationship of the parties hereto with respect to the subject matter hereof, shall be governed by, construed under and interpreted in accordance with the internal, substantive laws of the State of Delaware, without giving effect

to the principles of conflict of laws thereof or of any other jurisdiction that would require the application of any other law.

(b) This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

(c) This Agreement may be executed and delivered (x) in counterparts, each of which when so executed and delivered shall be deemed an original, but all of which together shall constitute one and the same instrument; and (y) by facsimile, .pdf, DocuSign or other electronic signature, and such delivery shall constitute an original for all purposes.

(d) No amendment of any provision of this Agreement shall be effective, unless the same shall be in writing and signed by Seller, on the one hand, and Buyer, on the other hand. Any failure of any party to comply with any obligation, agreement or condition hereunder may only be waived in writing by the other party, but such waiver shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. No failure by any party to take any action with respect to any breach of this Agreement or default by another party shall constitute a waiver of such party's right to enforce any provision hereof or to take any such action.

(e) In case any term, provision, covenant or restriction contained in this Agreement is held to be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining terms, provisions, covenants or restrictions contained herein, and of such term, provision, covenant or restriction in any other jurisdiction, shall not in any way be affected or impaired thereby.

[Signatures on the following pages.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

SELLER:

VERISIGN, INC.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

BUYER:

NEUSTAR, INC.

By: _____
Name: _____
Title: _____

Exhibit D
Intellectual Property License Agreement

(See attached)

INTELLECTUAL PROPERTY LICENSE AGREEMENT

THIS INTELLECTUAL PROPERTY LICENSE AGREEMENT (this "**Agreement**") is made and entered into as of [●], 2018 (the "**Effective Date**"), by and between Neustar, Inc., a Delaware corporation ("**Buyer**"), and VeriSign, Inc., a Delaware corporation ("**Seller**"). Each of Seller and Buyer are referred to herein individually as a "**Party**" and together as the "**Parties**".

RECITALS

A. The Parties have entered into an Asset Purchase Agreement, dated as of [●], 2018 (the "**Purchase Agreement**"), pursuant to which, among other things, Buyer is purchasing certain assets of Seller and Seller Subsidiaries relating to Seller's Managed DNS, DDoS Protection and Recursive DNS/Firewall businesses.

B. The Purchase Agreement requires the Parties to enter into a license agreement whereby Seller will grant certain licenses to Buyer in certain Intellectual Property Rights owned by Seller.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises recited in this Agreement as well as the associated payments and other consideration recited in the Purchase Agreement, the Parties agree as follows, to become effective upon the Effective Date:

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.1. Certain Definitions. Capitalized terms used, but not defined herein, are as defined in the Purchase Agreement. As used in this Agreement, the following terms have the following meanings:

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

"**API**" means an application programming interface which includes interface definitions and documentation.

"**Buyer**" has the meaning set forth in the preamble.

"**Buyer API**" means Buyer's API used for managing or retrieving information from Buyer's implementations related to the Transferred Contracts.

"Buyer API Materials" means Buyer's end user documentation and files provided by Buyer, in each case that relate to the Buyer API.

"**Buyer Field**" means the performance of the Transferred Contracts in connection with the Business (as defined in the Purchase Agreement), as it exists immediately prior to the Closing Date, or after further natural development; *provided* that such natural development of the Business shall not, under any circumstance, include domain name registry or registrar services.

"**Confidential Information**" means (a) any and all information, including technical or business information or know-how, customer or personnel information, cost data, proposed products, processes, services or other data, that (i) is fixed in a tangible medium and

furnished by one Party to the other under this Agreement and marked as the confidential or proprietary information of the disclosing Party, (ii) is provided orally by one Party to the other under this Agreement and stated to be confidential or proprietary at the time it is provided to the other Party or in a writing that is provided to the other Party within thirty (30) days thereafter that generally describes such information as confidential, (iii) relates to a Party's non-public operations, policies, procedures, techniques, accounts and personnel, whether or not specifically identified as confidential or (iv) relates to the subject matter or the terms and conditions of this Agreement, and (b) any and all other information of or relating to a Party or its Affiliates, including its or their Intellectual Property Rights or its or their customers, suppliers or other third parties doing business with the disclosing Party, product specifications, proprietary data, know-how, formulas, customer lists, supplier lists, details of contracts, pricing policies, operational methods, marketing plans or strategies, bidding information, practices, policies or procedures, product development techniques or plans, technical processes, financial statements, projections and budgets, historical and projected sales data, the names and backgrounds of key personnel and related personnel materials and notes, analyses, summaries and other prepared materials containing or based on the foregoing. Seller's Confidential Information includes, but is not limited to the Seller Licensed Patents whose text is not yet publicly available and the Seller API Materials, and Buyer's Confidential Information includes, but is not limited to the Buyer API Materials.

"**Effective Date**" has the meaning set forth in the preamble.

"**Party**" and "**Parties**" have the respective meanings set forth in the preamble.

"**Patent**" means a patent or patent application, and any Related Patent to such patent or patent application.

"**Purchase Agreement**" has the meaning set forth in the recitals.

"**Related Patent**" means, with respect to a patent or patent application (the "**Subject Patent**"), any other patent or patent application that is a continuation, divisional, continuation-in- part, reissue, certificates foreign counterpart, extension or renewal thereof, but only to the extent that there is common subject matter in such other patent or patent application that is entitled, in whole or in part, to the priority date of the Subject Patent.

"**Seller**" has the meaning set forth in the preamble.

"**Seller APIs**" means Seller's APIs used for managing or retrieving information from Seller's DDoS Protection Service, Managed DNS Service, Recursive DNS Plus Service and DNS Firewall Service.

"**Seller API Materials**" means Seller's end user documentation and RESTful API Modeling Language ("**RAML**") files, as provided by Seller, in each case that relate to the Seller APIs.

"**Seller Licensed Patents**" means (a) the patents and patent applications set forth on Exhibit A, (b) any patents issuing on the patent applications set forth on Exhibit A and (c) any Related Patents to such patents and patent applications.

Section 1.2. Interpretation. The words "hereof," "herein," and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Terms defined in the singular shall have correlative

meanings when used in the plural, and vice versa. The headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to an Article or Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

ARTICLE II

GRANT OF LICENSES BY SELLER

Section 2.1. Patent License. Subject to the terms and conditions of this Agreement and the Purchase Agreement, Seller hereby grants to Buyer and its Affiliates an irrevocable (except as set forth in Section 3.2), non-exclusive, fully paid-up, royalty-free, non-transferable (except to the extent provided in Section 6.7), worldwide license under the Seller Licensed Patents (a) to make, have made, import, have imported, use, have used, offer to sell, sell, have sold, export, have exported or otherwise dispose of any products and provide any services, and (b) to practice any method, process or procedure claimed in, or otherwise exploit, any of the Seller Licensed Patents; in each of sub-sections (a) and (b) solely within the Buyer Field. Unless the Agreement is terminated in accordance with Section 3.2, the license in this Section 2.1 shall remain in effect for so long as the Seller Licensed Patents are enforceable.

Section 2.2. Sublicense Rights. Buyer may sublicense its licensed rights under Section 2.1, through multiple tiers (commensurate with the scope of such licenses), to Buyer's and its Affiliates' respective vendors, contractors and suppliers that have been engaged by Buyer or any of its Affiliates to design, develop, manufacture or assemble products for, or provide development, support or other services to, Buyer or any of its Affiliates, in each case solely within the Buyer Field; *provided, however*, that sublicenses (under or in connection with which Confidential Information of Seller may be provided to sublicensees) may be granted only to Persons that are legally bound by confidentiality undertakings no less restrictive than those set forth in Article IV.

Section 2.3. Materials License. Subject to the terms and conditions of this Agreement and the Purchase Agreement, Seller hereby grants to Buyer and its Affiliates a limited, non-exclusive, fully paid-up, royalty-free, non-transferable (except to the extent provided in Section 6.7), worldwide license to access and use the Seller API Materials solely to the extent necessary for Buyer to develop, operate, and maintain a translation layer between the Seller APIs and the Buyer API ("**Transition Layer**") which will have the exclusive function of connecting Buyer with customers of Seller within the Buyer Field to help enable the migration of customers of the Business from Seller's platform to Buyer's platform. The foregoing license in this Section 2.3 will, for the purposes of this Agreement, be referred to as the "**Seller Materials License**". For the avoidance of doubt, this Seller Materials License is (a) exclusively for the Seller API Materials, (b) exclusively for the development, operation and maintenance of the Transition Layer, and (c) Buyer acquires no right or license to the Seller APIs, Seller's platform or any of Seller's systems, or the content or data of Seller's customers within the Buyer Field, which will be subject to the separate written agreement of the Parties. Buyer may sublicense its licensed rights under the Seller Materials License, through multiple tiers (commensurate with the scope of such licenses), to Buyer's and its Affiliates' respective vendors, contractors and suppliers that have been engaged by Buyer or any of its Affiliates to develop the Transition Layer; *provided, however*, that sublicenses may be granted only to Persons

that are legally bound by confidentiality undertakings no less restrictive than those set forth in Article IV. Seller shall provide the Seller APIs and all Seller API Materials within five (5) business days after the Effective Date.

Section 2.4. No Other Licenses. All right, title and interest in and to the Seller Licensed Patents and the Seller API Materials shall remain the exclusive property of Seller and its third-party licensors. Except as expressly set forth in this Article II, no other licenses are granted by Seller to Buyer or its Affiliates under this Agreement, directly or indirectly, either expressly or by implication, estoppel or otherwise. Notwithstanding anything to the contrary, no right or license is granted by Seller under this Agreement to any software, documentation, copyrights, trade secrets or other intellectual property rights, either directly or indirectly, by implication, estoppel, or otherwise, even if such right or license is needed for Buyer to exercise the licenses granted with respect to the Seller Licensed Patents under Section 2.1 and the Seller API Materials under Section 2.3.

Section 2.5. Compliance with Laws. Buyer shall comply with all applicable Laws in its performance of its obligations and exercise of its rights under this Agreement.

ARTICLE III

TERM AND TERMINATION

Section 3.1. Term. This Agreement shall commence on the Effective Date and shall continue in effect, unless earlier terminated pursuant to Section 3.2, until (a) with respect to the Seller Licensed Patents, the last to expire of the Seller Licensed Patents and (b) with respect to the Seller Materials License, until the three (3) year anniversary of the Effective Date.

Section 3.2. Termination for Breach. Either Party may terminate the license granted in Section 2.3 or the applicable patent license granted in Section 2.1 (and any and all other licenses granted in Section 2.1 to patents related to the same or similar service as covered by such applicable patent license) and any and all terms of this Agreement related thereto, only upon written notice thereof to the other Party in the event such other Party has materially breached the terms of this Agreement related thereto, including, without limitation, Section 2.2, Section 2.5 or Section 6.7, and fails to cure such breach within thirty (30) Business Days after receipt of written notice thereof. For the avoidance of doubt, infringing or allegedly infringing activity by Buyer outside of the Buyer Field will not result in Seller revoking, rescinding or terminating the license granted in Section 2.1, though Seller reserves all other rights and remedies at law, in contract or in equity (including the right to seek monetary damages, an injunction or obtain specific performance, which rights and remedies Buyer acknowledges), with respect to the breach of this Agreement or infringement or alleged infringement of any Seller Licensed Patent in connection with which Buyer hereby waives any requirement that Seller post a bond or other security, or prove actual damages or that monetary damages are not an adequate remedy, or make a showing of irreparable harm.

Section 3.3. Survival. Article I, Article IV, Article V, Article VI and Sections 2.4, 2.5 and 3.4 shall survive the expiration or termination of this Agreement.

ARTICLE IV

CONFIDENTIALITY

Section 4.1. Generally. The Parties acknowledge that in connection with this Agreement, each Party may obtain access to Confidential Information of the other Party. Each Party shall not, and shall ensure that its Affiliates shall not (a) use Confidential Information of the other Party except as contemplated herein, (b) use or cause to be used Confidential Information for its own account or for the benefit of any third party and (c) directly or indirectly disclose, reveal, divulge or communicate Confidential Information of the other Party other than to the authorized officers, employees and financial and legal advisors of such Party and its Affiliates who are legally bound by confidentiality undertakings no less restrictive that those set forth herein. Each Party may disclose Confidential Information of the other Party pursuant to any order or requirement of a court, administrative agency or other governmental body; *provided, however*, that such disclosing Party shall give reasonable and, if practicable, advance notice to the other Party of such order or requirement in order to give the other Party a reasonable opportunity to enjoin such disclosure, to limit the scope of such disclosure or to seek other protective orders.

Section 4.2. Exclusions. Notwithstanding anything to the contrary contained herein:

(a) the restrictions and obligations in Section 4.1 shall not apply to any information that (i) is or becomes generally known to the public or in the applicable industry, other than as a result of a breach of this Agreement or the Purchase Agreement and other than personally identifiable information, which shall remain Confidential Information of a Party even if generally known to the public or in the applicable industry, (ii) is known to the receiving Party at the time of disclosure without violation of any confidentiality restriction and without any restriction on the receiving Party's further use or disclosure, as demonstrated by written records in existence at the time of disclosure, (iii) was rightfully disclosed to the receiving Party by another person without restriction, or (iv) was independently developed by the receiving Party without access or reference to the Confidential Information disclosed by the disclosing Party, as demonstrated by written records created at the time of such independent development; and

(b) Confidential Information of Seller shall not include any information included within the definition of Transferred Assets.

ARTICLE V

LIMITATION OF LIABILITY

Section 5.1. Limitation on Damages. BUYER'S SOLE REMEDY AGAINST SELLER FOR ANY LOSS OR DAMAGE RELATED TO OR ARISING OUT OF THIS AGREEMENT WILL BE PROVEN DIRECT, ACTUAL DAMAGES AND SELLER WILL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, RELIANCE, SPECIAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF ITS PERFORMANCE OR NON-PERFORMANCE UNDER THIS AGREEMENT, WHETHER OR NOT SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND THE MAXIMUM LIABILITY OF SELLER RELATED TO OR ARISING OUT OF THIS AGREEMENT WILL NOT EXCEED $1,000.

Section 5.2. Disclaimer of Warranties. SELLER DOES NOT MAKE ANY REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND WHATSOEVER TO BUYER WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT (INCLUDING ANY OF THE SELLER LICENSED PATENTS AND SELLER API MATERIALS), WHETHER EXPRESS, IMPLIED, ORAL, WRITTEN, OR OTHERWISE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT AND ANY REPRESENTATION,

WARRANTY OR COVENANT ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE. WITHOUT LIMITING THE FOREGOING IN THIS SECTION 5.2, AND THE PARTIES ACKNOWLEDGE AND AGREE THAT THE SELLER LICENSED PATENTS ARE PROVIDED "AS IS", "AS AVAILABLE" AND "WHERE AVAILABLE" AND THAT SELLER MAKES NO REPRESENTATIONS, WARRANTIES OR COVENANTS AS TO THE SELLER LICENSED PATENTS.

ARTICLE VI

MISCELLANEOUS

Section 6.1. No Obligation. Neither Party shall be required under this Agreement to maintain any patents or patent applications in force. Nothing set forth herein shall restrict either Party from transferring, assigning or licensing any patent or patent application owned by such Party; *provided, however*, that any transfer, assignment, or license of the patents licensed hereunder, shall be made subject to the licenses granted in this Agreement.

Section 6.2. Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each Party.

Section 6.3. Waiver. No failure or delay of either Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of either Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

Section 6.4. Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile, upon written confirmation of receipt by facsimile, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

(a) if to Seller, to:

VeriSign, Inc.
12061 Bluemont Way
Reston, VA 20190
Attention: General Counsel
Telephone: (703) 948-3200
Facsimile: (703) 435-4921
Electronic mail: legal@verisign.com

with copies (which shall not constitute notice) to:

VeriSign, Inc.

12061 Bluemont Way
Reston, VA 20190
Attention: Kevin Ristau, Vice President and Associate General Counsel
Telephone: (703) 948-3200
Facsimile: (703) 435-4921
Electronic mail: kristau@verisign.com

and

Orrick Herrington & Sutcliffe LLP
1152 15th St., NW
Washington D.C. 20005
Attention each of: Geoff Willard & Glynna Christian

(b) if to Buyer, to:

Neustar, Inc.
21575 Ridgetop Circle
Sterling, VA 20166
Attn: Chief Financial Officer
Facsimile: (571) 434-3404
Electronic mail: Carolyn.ullerick@team.neustar

with a copy (which shall not constitute notice) to:

Golden Gate Private Equity, Inc.
One Embarcadero Center, 39th Floor
San Francisco, CA 94111
Attention: Rishi Chanda; Stephen Oetgen
Facsimile: (415) 983-2701

Neustar, Inc.
21575 Ridgetop Circle
Sterling, VA 20166
Attn: General Counsel
Facsimile: (571) 434-5725

Nob Hill Law Group, P.C.
247 Michelle Lane
Alamo, CA, 94507

Section 6.5. Changes to Contact Information. Either Party may change its contact information for notices and other communications hereunder by notice to the other Party.

Section 6.6. Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the

internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware.

Section 6.7. Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by a Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld, and any such assignment without such prior written consent shall be null and void; *provided, however*, that (a) this Agreement may be assigned without consent by Seller, in whole or in part, in connection with the sale of Seller or substantially all of its assets (whether by merger, stock sale, asset purchase or otherwise) or the transfer or sale of substantially all of the assets of any business unit, Affiliate, division or product line (by means of reorganization, asset sale, stock sale, merger or otherwise) of Seller to which this Agreement relates, and (b) this Agreement may be assigned without consent by Buyer, in whole or in part, in connection with (i) the sale of Buyer or substantially all of its assets (whether by merger, stock sale, asset purchase or otherwise) or the transfer or sale of substantially all of the assets of any business unit, Affiliate, division or product line (by means of reorganization, asset sale, stock sale, merger or otherwise) of Buyer to which this Agreement relates or (ii) the sale by Buyer of all of the Transferred Assets. Notwithstanding the above, from the Effective Date until the end of the Term of the Transition Services Agreement is (as defined therein), Buyer must obtain Seller's prior written consent and Seller may reasonably withhold its consent (and any such assignment without such prior written consent shall be null and void) to Buyer's assignment of this Agreement to an acquirer of all or a material portion of Buyer's Digital Defense and Performance Solutions business (*i.e.*, Security Solutions) if such acquirer (A) is listed on Schedule 6.6 of the Transition Services Agreement or (B) is domiciled in a country (other than Spain, Italy, Taiwan or Israel) that has a score of 65 or lower on the 2017 version of the Corruption Perceptions Index published by Transparency International. In addition, neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by Buyer to any Person that is designated on, or is directly or indirectly controlled by one or more Persons designated on, the U.S. Department of the Treasury, Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns, and on the successors and assigns of any patent or patent application that is the subject of a license granted to under this Agreement.

Section 6.8. Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as either (a) the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party, or (b) such Party waives its rights under this Section with respect thereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that this Agreement is fulfilled to the extent possible.

Section 6.9. Counterparts. This Agreement may be executed and delivered in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to

the other Party. This Agreement further may be executed and delivered electronically (including by DocuSign or similar service or by facsimile or .pdf signature) and any such electronic signature shall constitute an original for all purposes.

Section 6.10. No Presumption Against Drafting Party. Each Party acknowledges that such Party has been represented by legal counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting Party has no application and is expressly waived.

Section 6.11. Entire Agreement. This Agreement (including the Exhibits hereto), the Purchase Agreement and the Ancillary Agreements constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the parties with respect to the subject matter hereof and thereof. For the avoidance of doubt, nothing contained in this Agreement shall amend, limit, or modify the right and obligations of any Party under the Purchase Agreement or any other Ancillary Agreement.

Remainder of this page intentionally left blank; signature page follows.

IN WITNESS WHEREOF, the Parties have caused this INTELLECTUAL PROPERTY LICENSE AGREEMENT to be executed by their duly authorized representatives on the day and year first above written.

BUYER:

NEUSTAR, INC.

By: __
Name: __
Title: __

SELLER:

VERISIGN, INC.

By: __
Name: __
Title: __

[Counterpart Signature Page to Intellectual Property License Agreement]

Exhibit E
Transition Services Agreement

(See attached)

EXHIBIT E

TRANSITION SERVICES AGREEMENT

between

VERISIGN, INC.,
a Delaware corporation,

and

NEUSTAR, INC.,
a Delaware corporation

DATED AS OF [•], 2018

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT is dated as of [], 2018, between VERISIGN, INC., a Delaware corporation ("Seller" or "Verisign"), and Neustar, Inc., a Delaware corporation ("Buyer"). Seller and Buyer are sometimes referred to herein as a "Party" or, collectively, as the "Parties".

RECITALS

WHEREAS, Buyer and Seller have entered into that certain Asset Purchase Agreement dated as of [], 2018, between Buyer and Seller (the "Purchase Agreement") pursuant to which Seller has agreed to transfer to Buyer, and Buyer has agreed to purchase and assume, the Transferred Assets and the Assumed Liabilities (each as defined in the Purchase Agreement); and

WHEREAS, the Purchase Agreement requires the execution and delivery by the Parties of this Agreement, pursuant to which Buyer desires to purchase from Seller, and Seller desires to provide or cause to be provided to Buyer and its Affiliates, in accordance with and subject to the terms and conditions of this Agreement (as defined below), certain transition services for specified periods following the Closing (as defined in the Purchase Agreement).

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements contained herein and in the Purchase Agreement, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby agree as follows:

Article I

DEFINITIONS AND INTERPRETATION

Section 1.1. Certain Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Agreement" means this Transition Services Agreement, including all Appendices and schedules hereto, and all amendments hereto and thereto made in accordance with Section 6.8.

"Buyer Parties" means Buyer and the Affiliates of Buyer receiving Transition Services pursuant to this Agreement.

"Buyer Personnel" means the personnel of Buyer or the applicable Buyer Party.

"Confidential Information" means: (a) any information, including technical or business information or know-how, customer or personnel information, cost data, proposed products, processes, services or other data, that (i) is fixed in a tangible medium and furnished by one Party to the other under this Agreement (ii) is provided orally by one Party to the other under this Agreement, (iii) relates to a Party's non-public operations, policies, procedures, techniques,

accounts and Personnel, whether or not specifically identified as confidential or (iv) relates to the subject matter or the terms and conditions of this Agreement; and (b) any other information of or relating to a Party or its Affiliates, including its or their Intellectual Property Rights or its or their customers, suppliers or other third parties doing business with the disclosing Party, product specifications, proprietary data, know-how, formulas, customer lists, supplier lists, details of contracts, pricing policies, operational methods, marketing plans or strategies, bidding information, practices, policies or procedures, product development techniques or plans, technical processes (including customer support techniques), financial statements, projections and budgets, historical and projected sales data, the names and backgrounds of key Personnel and related Personnel materials and notes, analyses, summaries and other prepared materials containing or based on the foregoing.

"Consented Customer" means a customer under any Transferred Contract who has consented to the assignment of its Contract from Seller (or any Affiliate thereof) to Buyer (or an Affiliate thereof), but who has not migrated to Buyer's technology platform.

"Covered Services" means Verisign DDoS Protection Service, Verisign Managed DNS Service, Verisign Recursive DNS Plus Service, and Verisign DNS Firewall Service.

"Personnel" means Buyer Personnel or Seller Personnel, as the context requires.

"Seller Personnel" means the personnel of Seller or its Affiliates.

"Supported Customer" means any existing customer under any Transferred Contract that has not yet migrated from Seller's technology platform to Buyer's technology platform.

"Transition Services" means the transition services listed in Appendix A (Transition Services), as well as any tasks or responsibilities that are necessary aspects of the services that are identified or expressly described therein, as may be amended by the Parties by mutual written agreement from time to time in accordance with Section 6.8.

Section 1.2. Other Defined Terms. The following terms have the meanings defined for such terms in the Sections set forth below:

Baseline Assumption2.5(b)	Performance Covenant2.3
Baselined Period2.5(b)	Purchase AgreementRecitals
BuyerPreamble	Seller Party2.2
Buyer Party Indemnitees4.3(c)	Seller Party Indemnitees4.3(a)
Contract Manager2.10(a)	Seller's Systems2.9(a)
Final Term5.1	Term2.1(c)
Initial Transition Services Term2.1(c)	Third Party Losses4.3(a)
Mandatory Change2.1(b)	Third-Party Provider2.2
Optional Transition Services Term2.1(c)	
PartiesPreamble	
PartyPreamble	

Section 1.3. Interpretation. When a reference is made in this Agreement to an Article, Section, paragraph, clause, Schedule or Appendix, such reference shall be to an Article, Section, paragraph, clause, Schedule or Appendix of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender as the circumstances require, and in the singular or plural as the circumstances require. Any capitalized terms used in any Schedule or Appendix but not otherwise defined therein shall have the meaning as defined in this Agreement. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation", unless otherwise specified. The words "hereof", "hereto", "hereby", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "or" is not exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if". The word "will" shall be construed to have the same meaning and effect as the word "shall". The words "asset" and "property" shall be deemed to have the same meaning, and to refer to all assets and properties, whether real or personal, tangible or intangible. Any agreement, instrument or Law defined or referred to herein mean such agreement, instrument or Law as from time to time amended, modified or supplemented, unless otherwise specifically indicated. References to any Law include references to any associated rules, regulations and official guidance with respect thereto. References to a Person are also to its predecessors, successors and assigns. Unless otherwise specifically indicated, all references to "dollars" and "$" are references to the lawful money of the United States of America. References to "days" mean calendar days unless otherwise specified. References to times of the day are to the Eastern Time zone unless otherwise specified.

Article II

TRANSITION SERVICES

Section 2.1. Transition Services; Term.

(a) Upon the terms and subject to the conditions set forth herein and in consideration of the fees payable by Buyer pursuant to Article III, Seller shall provide, cause its Affiliates to provide, or otherwise make available, to Buyer, the Transition Services for the Term. A detailed description of each Transition Service to be provided by Seller to Buyer hereunder is set forth in Appendix A.

(b) Buyer shall promptly notify Seller upon becoming aware of a change to the scope of the Transition Services that is required in order for Buyer to comply with existing, new or changes in any law that materially affects a service required to be provided under the Transferred Contracts (each a "Mandatory Change").

(i) Upon receipt of notice of a Mandatory Change, (A) Seller shall reasonably promptly implement such Mandatory Change for the period specified by Buyer (subject to Section 2.5(b)) in good faith and perform its obligations with respect to such Mandatory Change and (B) each Party shall use its commercially reasonable efforts to negotiate in good faith the additional terms,

conditions and charge, if any, for such Mandatory Change, to be documented in an amendment to Appendix A, provided that in the event the Parties are unable to agree on the additional charge, if any, for such Mandatory Change, Buyer shall pay Seller the full amount of any and all actual and direct out-of-pocket expenses (including (x) base salary, wages, bonus (not to exceed 15% of base salary) and other benefits and (y) the depreciated portion of capital expenditures for hardware and software) incurred by the applicable Seller Party in connection with the provision of such additional Transition Services. Seller shall have the discretion to use a Third-Party Provider as necessary to perform any such Mandatory Change, the cost of which shall be passed-through to Buyer without any profit or mark-up; provided, that Seller provides Buyer with prior written notice of its use of any Third-Party Provider, which notice shall include the estimated cost of such Third-Party Provider.

(ii) Upon receipt of notice of a Mandatory Change, if and to the extent Seller disputes Buyer's determination that such change in Transition Services is a Mandatory Change, Buyer's and Seller's respective Contract Managers shall meet and resolve any disagreements concerning such Mandatory Change pursuant to Section 2.10 hereof.

(c) Subject to Section 2.5(b), Seller shall provide the applicable Transition Services for the period specified for each Transition Service outlined in Appendix A and any Transition Service resulting from a Mandatory Change for a period of up to (12) months after the Closing (the "Initial Transition Services Term"); provided, however, that, subject to the termination rights set forth in Article V hereof, Buyer shall have the option to extend the Initial Transition Services Term for up to two (2) periods of ninety (90) days each (each an "Optional Transition Services Term" and together with the Initial Transition Services Term, the "Term") upon written notice to Seller no less than sixty (60) days prior to the expiration of the Initial Transition Services Term or sixty (60) days prior to the expiration of the initial Optional Transition Services Term, as applicable.

Section 2.2. Seller's Affiliates and Third-Party Providers. In providing, or otherwise making available, the Transition Services to Buyer, Seller shall have the right to use Seller Personnel or employ the services of contractors, subcontractors, vendors or other third-party providers (each, a "Third-Party Provider"); provided, however, that Seller shall remain obligated to Buyer for all obligations undertaken by Seller Personnel and Third-Party Providers. Each of Seller, its Affiliates and any other Person used by Seller to provide Transition Services shall be referred to as a "Seller Party".

Section 2.3. Nature and Quality of Transition Services. Buyer understands and agrees that Seller is not in the business of providing Transition Services to third parties and that the Transition Services shall be performed in a manner that is substantially consistent with the manner in which such Transition Services were generally performed by Seller or a Seller Party for the Business prior to the Closing Date (except as such Transition Services differ because of the need to follow legal corporate formalities), which shall mean, with respect to the Transition Services set forth in Schedule 1 of Appendix A, substantially consistent with the services performed by Seller during the twelve (12) month period immediately prior to the Closing Date in respect of the Transferred Contracts, and with respect to the Transition Services set forth in Schedules 2-4 of Appendix A, consistent with diligent, commercially reasonable efforts performed in a workmanlike, professional manner, in view of prevailing industry standards (the immediately preceding provision,

the "Performance Covenant"). Notwithstanding anything to the contrary herein, Seller shall not be liable under this Agreement for any failure to provide or make available Transition Services as set forth herein to the extent such failure was the direct result of Personnel of the relevant Seller Party performing the services in accordance with written instructions provided by Buyer where such instructions are inconsistent with the manner in which such Transition Services were generally performed by Seller or a Seller Party for the Business or under the terms of the Transferred Contracts prior to the Closing Date. In no event shall Seller be required to make any customization to the Transition Services (or Seller's systems or processes) that is unique to the Buyer.

Section 2.4. [Reserved]

Section 2.5. Limitations. In addition to any other limitation or exclusion of Seller's obligations or liability hereunder, the Parties agree as follows:

(a) *Buyer as Sole Beneficiary*. Buyer acknowledges and agrees that access to and use of the Transition Services is provided solely for the use of Buyer and its Affiliates, and for the operation of the Business, which includes provision of products and/or services of the Business to Buyer's customers, during the Term. Except in the operation of the Business, Buyer shall not directly or indirectly resell to or allow access to or use of Transition Services by any other Person or for any other purpose without the prior written consent of Seller, which consent may be granted or withheld in Seller's sole discretion. Except in the operation of the Business, in no event shall any third party engaged by Buyer be entitled to access the Transition Services or any systems of Seller, its Affiliates or Third-Party Providers and in no event shall Buyer, its Affiliates or its respective employees, third-party technology consultants or other personnel be entitled to modify any systems or processes of Seller, its Affiliates or Third-Party Providers.

(b) *Other Limitations*. Unless otherwise agreed to in writing by Seller, Seller shall not be obligated to provide, or cause to be provided, any Transition Service (i) in a volume or quantity or at a level of service which exceeds the greater of (A) the volumes, quantities or levels of the services provided to or by the Business as of the Closing Date or (B) as applicable to a particular Transition Service, the volumes, quantities or levels of services provided for in a Transferred Contract as in effect on the Closing Date, (ii) in a jurisdiction in which such Transition Service was not provided prior to the Closing Date and where a license or permit from a Governmental Authority is required to perform the Transition Service in such jurisdiction and Seller does not hold such license or permit and cannot obtain such Transition Service from a duly licensed Third-Party Provider upon commercially reasonable terms, or (iii) in a manner that would materially interfere with the conduct of Seller's registry services businesses as such businesses are conducted as of the date of the Purchase Agreement and with respect to the Transition Services provided in Schedule 1 of Appendix A, as such businesses are conducted as of or following the date of this Agreement; provided, however, that new top level domain names or registry services launched after the Closing Date will be deemed to be a part of Seller's registry services businesses as of the date of this Agreement, and provided further that in the event Seller determines that the provision of any Transition Service should be altered or limited in an manner by virtue of this clause (iii), Seller shall use commercially reasonable efforts to modify the manner in which such Transition Services are provided such that they no longer materially interfere with the conduct of Seller's registry

services businesses. Certain of the Transition Services descriptions in Appendix A may expressly set forth assumptions regarding the volume or quantity of service expected to be provided, based upon corresponding volumes or quantities prior to the Closing Date, taking into account anticipated or reasonable growth or decline of the Business (each, a "Baseline Assumption" and collectively, the "Baseline Assumptions"). If the volumes, quantities or levels of the services provided with respect to any Transition Service are outside of the ranges provided for Baseline Assumptions for such Transition Service for a period of three (3) months or more (the "Baselined Period"), then each of Buyer and Seller shall use its commercially reasonable efforts to negotiate an amendment to Appendix A to account for such cost increase or decrease, and if no such agreement is reached within thirty (30) days thereafter, the applicable fee shall be adjusted, in the first (1st) month thereafter, in proportion to the increase or decrease in the applicable baseline volume averaged over such Baselined Period. In no event shall Seller be obligated under this Agreement to maintain the employment of any specific employee during the Term, and, without limitation of any of the other terms and conditions of this Agreement (including Section 2.2), Seller shall retain the sole right to select, employ, pay, supervise, administer, direct and discharge any of the Seller Personnel who will perform the Transition Services.

Section 2.6. Force Majeure. Subject to Seller's compliance with the Performance Covenant, the obligations of Seller to provide a Transition Service will be suspended to the extent necessary during the period and to the extent that Seller (or the other relevant Seller Party) is prevented, hindered or delayed from providing such Transition Service by any cause beyond the reasonable control of Seller (or the other relevant Seller Party), including by acts of God, civil disturbances, accidents, acts of war or conditions arising out of or attributable to war (whether declared or undeclared), terrorism, rebellion, insurrection, riot, invasion, fire, storm, flood or earthquake, except to the extent that the impact thereof could not have been averted or mitigated through the use of commercially reasonable efforts, or through the proper implementation of commercially reasonable disaster recovery or business continuity planning. In such event, (i) Seller shall give written notice of such suspension to Buyer, as soon as reasonably practicable but no later than five Business Days after its start, stating the date and extent of such suspension, the cause thereof, its likely or anticipated potential duration, and the general effect of the event on Seller's ability to perform its obligations under this Agreement, (ii) Seller (or the relevant Seller Party) shall (A) use all commercially reasonable efforts to mitigate and overcome such cause and (B) resume the provision of such Transition Service as soon as reasonably practicable after the removal of such cause, (iii) Buyer shall not be required to pay amounts in respect of such Transition Service hereunder to Seller in respect of such period of time during which Seller (or the other relevant Seller Party) is prevented from providing such Transition Service and (iv) the applicable Term for the provision of such Transition Service shall be extended (subject to payment of the fees set forth in Article III with respect to such extension period) for a period equal to the time lost by reason of such cause. If, however, Seller (or the relevant Seller Party) cannot perform such delayed Transition Service for a period of 30 days due to such cause, then Buyer reserves the right to terminate such Transition Service and make corresponding changes to Appendix A (including a reduction in any amounts otherwise due hereunder to Seller with respect to fees and charges for the Transition Service so terminated accruing after the date of such termination, but without further liability to Seller). Any changes necessitated by the terms of this paragraph shall be evidenced as soon as practicable by an amendment to the relevant Transition Service outlined in Appendix A, to the extent an amendment

is deemed necessary by Seller or Buyer. After the period of disability but before the end of the applicable Term, Buyer may reinstate such Transition Service upon written notice to the Seller.

Section 2.7. Information. During the Term, Buyer shall provide Seller or an applicable Seller Party with all information available to Buyer reasonably requested by Seller or the applicable Seller Party as reasonably necessary or desirable for the performance of the Transition Services.

Section 2.8. Access.

(a) To the extent reasonably required for Seller or a Seller Party to perform, or otherwise make available, the Transition Services, Buyer shall cooperate with Seller or the applicable Seller Party in the provision of the Transition Services. To the extent reasonably requested by Buyer, Seller shall provide Buyer with reasonable access to the Business Records relating to the Transferred Contracts (for such Consented Customers) and Transition Services as set forth in Appendix A.

(b) Whenever present at the other Party's premises, a Party shall (i) limit access to those of its employees, agents or contractors with a bona fide need to have such access in connection with the exercise of its rights or fulfillment of its obligations hereunder and (ii) comply and shall cause its Personnel to comply in all material respects with all applicable on-site rules, regulations, policies and procedures of the other Party and all reasonable instructions or directions, in each case issued by such Party and provided to the other Party in advance, and otherwise conduct themselves in a businesslike manner.

Section 2.9. Seller's Systems.

(a) In the course of providing the Transition Services and subject to the terms and conditions of the Purchase Agreement and this Agreement, Seller grants Buyer a limited, non-exclusive, non-transferable, non-sublicensable, revocable license to access and use Seller's interfaces in a read-only manner (which access shall include the ability to download and export applicable Supported Customer files and data), including, but not limited to, Covered Services customer portals and related application programming interfaces, as determined in Seller's sole discretion (the "Seller's Systems").

(b) Section 2.9(a) is subject to and conditioned upon the following:

(i) Buyer shall (a) limit access and use of the Seller's Systems to only Buyer Personnel who are specifically authorized to have such access and (b) not permit either direct or indirect use of the Seller's Systems by any other third party. Buyer shall (1) ensure that Buyer Personnel accessing the Seller's Systems have entered into confidentiality agreements containing provisions substantially as protective as the confidentiality provisions in Purchase Agreement and this Agreement and (2) be liable for the acts and/or omissions of Buyer Personnel.

(ii) Buyer and Buyer Personnel shall:

(A) comply with all industry best practices with regards to security procedures and requirements when using and accessing the applicable Seller's Systems;

(B) limit use and access (1) only to those portions of the Seller's Systems for which they are authorized and (2) solely with respect to the Transition Services; and/or

(C) maintain reasonable security measures to protect the applicable Seller's Systems from any access by (1) unauthorized third parties and/or (2) any virus, worm, trojan horse, harmful code or attachment.

(iii) Unless expressly provided for in the Purchase Agreement or this Agreement, Buyer and Buyer Personnel shall not undertake, or attempt to undertake, the following prohibited activities:

(A) accessing and using the Seller's Systems (1) for any unlawful, unauthorized, infringing, defamatory, malicious or fraudulent purpose or (2) in violation of applicable law;

(B) modifying, disassembling, decompiling, reverse engineering, creating derivative works of, or making any other attempt to discover or obtain the source code for any portion of the Seller's Systems;

(C) hacking, pinging, flooding, mail bombing, denial of service attacks or any other activities that disrupt the use of or interfere with the ability of others to effectively use the Seller's Systems;

(D) tampering with, altering, destroying, violating, compromising or circumventing any (1) security or audit measures employed by Seller and/or (2) data of Seller;

(E) disabling, damaging, disrupting or impairing the normal operation of, any of the Seller's Systems (including, but not limited to, materially interfering with or disrupt Seller's network or third-party networks connected to Seller's network);

(F) establishing any type of external network connectivity with or into the Seller's Systems, including WAN or Internet connectivity, without the prior written consent of Seller (email acceptable); and/or

(G) use the Seller's Systems in a manner that constitutes excessive or abusive usage in Seller's good faith discretion.

(c) Buyer shall cooperate with Seller in any investigation of any apparent violation of Section 2.9(b), including, but not limited to, an unauthorized access to the Seller's Systems or unauthorized use of data and information within the Seller's Systems. If Seller determines, in its good faith discretion that Buyer or Buyer Personnel has failed to comply with any part of Section 2.9(b)(iii)(A), (C), (D) or (E), or undertakes or attempts to undertake any of the prohibited activities described in Section 2.9(b), then Seller may (i) with respect to Sections 2.9(b)(iii)(A), (C) or (E), immediately (x) without notice (and no opportunity to cure) suspend or deny or (y) subject to notice

(which may delivered via electronic mail) and an opportunity to cure for a twenty-four (24) hour period after Seller provides such notice, terminate, Buyer's or such Buyer Personnel's access to the Seller's Systems or (ii) with respect to any other provision of Section 2.9(b) (subject to notice (which may delivered via electronic mail) and an opportunity to cure for a twenty-four (24) hour period after Seller provides such notice) suspend, deny or terminate Buyer's or such Buyer Personnel's access to the Seller's Systems. Such action is in addition to any other rights Seller may have under this Agreement or under applicable Law, and Seller shall have no liability with respect to any action taken, or inaction, in connection with Section 2.9(b).

(d) Buyer acknowledges and agrees that neither it nor Buyer Personnel have any expectation of privacy when accessing or using the Seller's Systems. Without limiting any of its other rights under this Agreement or under applicable Law, Seller shall have the right to restrict and monitor the use of the Seller's Systems, and to access, seize and copy any information, data or files developed, processed, transmitted, displayed, reproduced or otherwise accessed in conjunction with such use. Seller may exercise its rights reserved hereunder solely: (i) to verify the performance or use of the Transition Services; or (ii) to ensure compliance by Buyer or Buyer Personnel with the obligations expressly set forth in this Section 2.9. Buyer will advise Buyer Personnel concerning the rights stated hereunder.

(e) Except for any limited license expressly granted in this Agreement, Buyer acknowledges that Seller retains all right, title and interest in and to the Seller's Systems.

(f) In connection with Buyer's use of and access to the Seller's Systems under Section 2.9, any and all information relating to such use and access (including, but not limited to, all user names, passwords and other authentication techniques used by Buyer to access the Seller's Systems) shall be handled in accordance with the confidentiality provisions set forth in Section 6.18 of this Agreement and, for the avoidance of doubt, any information retained by Seller as permitted by Section 2.9(d) shall be deemed Confidential Information of Buyer.

(g) THE SELLER'S SYSTEMS ARE PROVIDED "AS IS," "WHERE IS," "AS AVAILABLE" AND WITHOUT ANY WARRANTY WHATSOEVER AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, SELLER DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT AND ANY WARRANTY ARISING OUT OF A COURSE OF PERFORMANCE, DEALING OR TRADE USAGE. SELLER DOES NOT WARRANT THAT USE OF THE SELLER'S SYSTEMS WILL BE UNINTERRUPTED OR ERROR FREE.

(h) In connection with the foregoing provisions of this Section 2.9, Seller hereby covenants and agrees to use commercially reasonable efforts to provide Buyer with use of and access to the Seller's Systems (the "Access Covenant").

(i) The rights granted to Buyer pursuant to this Section 2.9 apply only with respect to access to Supported Customer files and data contained in the Seller's Systems. Additionally, Buyer hereby acknowledges and agrees that, subject to Seller's continued compliance with the Access Covenant, Buyer's sole remedy for a breach by Seller of its obligations under Section 2.9 is continued

access to and provision of, for the Term, the information contemplated under the heading "Customer Data Migration" in Schedule 2 of Appendix A.

Section 2.10. Contract Manager.

(a) Seller and Buyer shall each appoint an individual to act as its primary point of operational contact for the administration and operation of this Agreement, as follows: each individual appointed by Seller or Buyer, as applicable, as such Party's primary point of operational contact pursuant to this Section 2.10 (each, a "Contract Manager") shall have overall responsibility for coordinating for the Party he or she represents all activities undertaken by such Party hereunder, for the performance of such Party's obligations hereunder, for coordinating the performance of the Transition Services, for acting as a day-to-day contact with the other Party, for making available to the other Party the data, facilities, resources and other support services required for the performance of the Transition Services in accordance with the terms of this Agreement, and for resolving any disagreements concerning Mandatory Changes pursuant to Section 2.1. Seller and Buyer may change their respective Contract Managers from time to time upon notice to the other and shall notify the other of such change as promptly as practicable.

(b) Except as mutually agreed by the Contract Managers, the Contract Managers shall confer by telephone at least weekly to discuss the Transition Services and their provision, including the monitoring of compliance therewith by Seller, the management of any associated risks arising from the Transition Services and the resolution of any problems or issues associated with the Transition Services. Such telephone conferences shall take place at the times agreed by the Contract Managers.

(c) Seller and Buyer hereby designate the following individuals to act as their respective Contract Managers for purposes of this Agreement:

(i) Contract Manager for Seller:

Name: John Cochran
Title: Sr. Director
Phone: (703) 948-4438
Email: jcochran@verisign.com

(ii) Contract Manager for Buyer:

Name: Shailesh Shukla (or Authorized Designee)
Title: Vice President & General Manager
Phone: +1 (415) 659-1479
Email: Shailesh.Shukla@team.neustar, with copies to Saber Martin (Saber.Martin@team.neustar or +1 (703) 464-4065)

(d) The Contract Managers may appoint certain Personnel who will serve as the primary contact persons for specific Transition Services. A Party may add an additional Contract Manager or change its Contract Manager by providing written notice to the other Party.

Section 2.11. Acknowledgements, Representations and Warranties.

(a) *Seller's Representations and Warranties*. In connection with the Transition Services, Seller represents, warrants and covenants that:

(i) Seller will comply in all material respects with all applicable Laws, ordinances, rules and regulations in performing the Transition Services;

(ii) (A) Seller possesses sufficient legal right, title or interest in or to any of its Intellectual Property Rights that will be used in performing the Transition Services, and (B) to the best of its knowledge, the Transition Services will not infringe on, violate or misappropriate any Intellectual Property Rights of any third party (in either case, other than the consents and approvals required in connection with the assignment of the Transferred Contracts or the sharing of Business Records or other data thereunder));

(iii) To the knowledge of Seller, the provision of such Transition Services does not violate any agreement or license to which Seller, its Affiliates or any other service provider hereunder are subject as of the effective date of this Agreement, or otherwise require any waiver, permit, consent or similar approval from any third party (other than the consents and approvals required in connection with the assignment of the Transferred Contracts or the sharing of Business Records or other data thereunder);

(iv) to the best of its knowledge, the provision of the Transition Services will not materially interfere with the conduct of Seller's registry services business as such businesses are conducted as of the date of the Purchase Agreement; and

(v) to the best of its knowledge, the Transition Services constitute all of the services that are necessary or reasonably to be expected for the orderly transition of the Transferred Assets.

(b) *Buyer's Acknowledgement; Representations and Warranties*. In connection with the Transition Services, Buyer represents, warrants and covenants that, to the best of its knowledge, the Transition Services constitute all of the services that are necessary or reasonably to be expected for the orderly transition of the Transferred Assets. Buyer understands that the Transition Services provided hereunder are transitional in nature and are furnished solely for the purpose of accommodating and facilitating the transfer of the Business from Seller to Buyer. Buyer agrees to transition the performance of the Transition Services to its own internal organization or other third-party suppliers for the Transition Services no later than the end of the Term.

Section 2.12. Exception to Obligation to Provide Transition Services. Notwithstanding anything to the contrary contained herein, Seller shall not be obligated to provide any Transition Services if (i) there is a change in applicable Law to which Seller, its Affiliates or any Third-Party Provider are subject in respect of the Transition Services to be provided hereunder, and (ii) Seller reasonably determines that the provision of such Transition Services would likely violate such applicable Law; provided that, in any such case, Seller shall use commercially reasonable efforts to provide the relevant Transition Service (or a substantially similar function) in a manner that would

comply with such applicable Law. In the event that any Transition Service is not provided by virtue of this Section 2.12, Buyer shall not be required to pay amounts in respect of such Transition Service in respect of the period of time during which Seller (or the other relevant Seller Party) is not provided.

Section 2.13. Excuse of Performance. Seller's delay or failure to perform its obligations under this Agreement shall be excused to the extent such delay or nonperformance is directly caused by (a) the acts or omissions of Buyer or a third party acting for or on behalf of Buyer to the extent such acts or omissions are necessary for Seller to perform its obligations hereunder, or (b) the failure of Buyer to perform any obligations of Buyer under this Agreement, following notice to Buyer of such failed performance and a reasonable opportunity to cure. Seller shall use commercially reasonable efforts to perform its obligations notwithstanding such failure or nonperformance; provided, however, that Buyer shall work with Seller to remedy the failure and Buyer shall be responsible for any additional reasonable costs incurred by Seller in connection with performing the Transition Services as a result of such failure.

Article III

COMPENSATION FOR SERVICES

Section 3.1. Fees. As compensation for each Transition Service to be provided pursuant hereto and subject to Section 3.2 below, Buyer shall pay Seller the fees as set forth below:

Term	Fees
(Initial Transitions Term) Closing Date through June 30, 2019	$1,350,000.00 per month
(Initial Transitions Term) July 1, 2019 through December 31, 2019	$1,250,000.00 per month
(Optional Transitions Service Term 1) January 1, 2020 through March 31, 2020	$1,375,000.00 per month
(Optional Transitions Service Term 2) April 1, 2020 through June 30, 2020	$1,700,000.00 per month

Section 3.2. Termination or Reduction of Fees. At any time subsequent to eight (8) months after the date of this Agreement, Buyer may, upon thirty (30) days' prior written notice (which, for the avoidance of doubt, may not be provided by Buyer prior to eight (8) months after the date of this Agreement):

(a) terminate the Transition Services with respect to the DDoS Protection Service if the Parties have achieved DDoS Protection Service Customer Completed Migration (as defined in Appendix A) for every customer of such service, in which case the fees payable pursuant to Section 3.1 shall be reduced by 65% for the remainder of the Term;

(b) terminate the Transition Services with respect to the Managed DNS Service, Recursive DNS Service and DNS Firewall Service if the Parties have achieved MDNS Customer Completed Migration and Recursive DNS and DNS Firewall Customer Completed Migration (each as defined in Appendix A) for every customer of such services, in which case the fees payable pursuant to Section 3.1 shall be reduced by 25% for the remainder of the Term; and

provided that if Buyer has terminated the Transition Services in full in accordance with both subsections (a) and (b) above, then this Agreement shall terminate in full per the terms of Article V, and there shall be no fees payable pursuant to Section 3.1 for the remainder of the Term.

Section 3.3. Payment of Fees and Charges. Payment of the amounts due by Buyer hereunder shall be made monthly in advance, based on invoices issued by Seller to Buyer in the manner set forth in Section 3.4. If this Agreement commences on a date other than the first day of a calendar month, Buyer shall not be obligated to pay any service fees or other amounts hereunder, including any proration thereof, for such calendar month. If this Agreement or a particular Transition Service is terminated on a date other than the last day of a calendar month, the fees for all of or the applicable Transition Services, as the case may be, shall be prorated based on the service fees set forth in Section 3.1 above. Any payments pursuant to this Agreement shall be made within thirty (30) days after the date of the Seller's invoices.

Section 3.4. Invoices; Documentation. Seller shall invoice Buyer in advance for all charges for the Transition Services provided to Buyer pursuant to this Agreement. Such invoices shall be in a form reasonably acceptable to Buyer and include sufficient detail to support an audit and review by Buyer. From time to time on written request by Buyer in respect of a Transition Service, Seller shall provide to Buyer such information in Seller's possession with respect to such invoices as Buyer may reasonably request for the purpose of supporting the fees represented by such invoices, and Seller shall make its personnel available to answer such questions as Buyer may reasonably ask for such purpose. Payment by Buyer of the amounts due by hereunder shall be prepaid on a monthly basis in accordance with the invoices issued by Seller to Buyer in the manner set forth in this Section 3.4.

Section 3.5. Taxes. The amounts set forth herein with respect to fees, charges, expenses and other amounts due hereunder are exclusive of all Taxes (other than taxes based on net income or franchise or other taxes imposed in lieu of a tax on net income). Buyer shall be responsible for and pay any sales, use, excise and value-added and other similar taxes imposed as a result of its receipt of Transition Services or with respect to the payments due to Seller hereunder (other than Seller's Taxes based on its net income or franchise or other taxes imposed in lieu of a tax on net income). Any Taxes for which Buyer is responsible must be listed as separate line items on Seller's invoice. All payments due to Seller shall be made without any deduction or withholding on account of any Tax except as required by Law in which case the sum payable by Buyer in respect of which such deduction or withholding is to be made shall be increased to the extent necessary to ensure that, after making such deduction or withholding, Seller receives and retains (free from any liability in respect thereof) a net sum equal to the sum it would have received but for such deduction or withholding being required. Any Taxes required to be paid by Seller in connection with this Agreement or the performance hereof will be promptly reimbursed to Seller by the Buyer and such

reimbursement shall be in addition to the amounts required to be paid by the Buyer as set forth in Section 3.1 and Section 3.2. Buyer shall not be obligated to pay any penalties, interest or late charges imposed as a result of Seller's failure to remit such Taxes to the taxing authority on a timely basis.

Article IV

LIMITATION OF LIABILITY; DISCLAIMER OF WARRANTIES; INDEMNIFICATION

Section 4.1. Limitation of Liability. Each Party's maximum, cumulative and sole liability to the other Party under this Agreement for damages (based on breach of warranty, breach of contract, negligence, strict liability in tort or any other legal or equitable theory) shall not exceed Nineteen Million, Six Hundred Thousand Dollars ($19,600,000) in respect of the Transition Services; provided that the foregoing shall not (i) limit a Party from seeking equitable relief in accordance with Section 6.19 or (iii) apply to any claim based on the fraud, gross negligence or willful misconduct of the other Party or its Affiliates. No Party hereto shall have any liability under any provision of this Agreement for any consequential, special, punitive, exemplary, or speculative damages, except to the extent such damages (A) are recovered by third parties in connection with losses indemnified under this Agreement or (B) are losses that constitute lost profits, consequential damages or diminution in value damages ("Specified Losses") that were the direct, probable, and reasonably foreseeable consequence of the relevant breach and were not occasioned by special circumstances relating to the indemnified party; provided, however, that in no case will any Specified Losses be deemed to result from a failure to achieve a Customer Migration Event if a Post-Closing Payment (of any amount) becomes payable pursuant to the Purchase Agreement). A Party shall not recover under this Agreement and the Purchase Agreement for the same Loss.

Section 4.2. Disclaimer of Warranties.

(a) Except as expressly set forth in Section 2.11 and subject to Section 4.1 (Limitation of Liability), Buyer (on behalf of it and its Affiliates) acknowledges and agrees that Seller (on behalf of itself and its Affiliates) makes no representation or warranty with respect to the Transition Services; provided, however, that for the avoidance of doubt, the foregoing shall not limit the Seller's representations and warranties under the Purchase Agreement.

(b) EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER (ON BEHALF OF ITSELF AND ITS AFFILIATES) HEREBY EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES REGARDING THE TRANSITION SERVICES, WHETHER EXPRESS OR IMPLIED OR STATUTORY, INCLUDING ANY REPRESENTATION OR WARRANTY IN REGARD TO QUALITY, PERFORMANCE, NONINFRINGEMENT, MERCHANTABILITY OR FITNESS OF THE TRANSITION SERVICES FOR A PARTICULAR PURPOSE.

Section 4.3. Indemnification.

(a) Subject to Section 4.3(c) and Section 4.3(d), Buyer agrees to indemnify, defend and hold harmless each Seller Party, its Affiliates and each of its and their directors, officers, employees, agents and representatives (collectively, the "Seller Party Indemnitees") from and against any and

all claims, actions, demands, judgments, losses, costs, expenses, damages and liabilities (including reasonable, out-of-pocket attorneys' fees and other expenses of litigation) by a third party ("Third Party Losses") arising out of or connected with any breach by Buyer of its representations and covenants hereunder, except, in each case, for those arising out of the fraud, willful misconduct, or gross negligence of any of the Seller Party Indemnitees or breach of this Agreement by Seller.

(b) Subject to Section 4.3(c) and Section 4.3(d), Buyer agrees to indemnify, defend and hold harmless each Seller Indemnified Party from and against any and all Third Party Losses for which a customer of the Business (after the earlier of (x) when such customer has consented to the assignment of its Transferred Contract to Buyer and (y) the commencement of a Customer Migration Event with respect to such customer and such customer alleges contractual rights have transferred to Buyer by "course of performance", "course of dealing" or similar contractual theory (such earlier time, the "Assignment Period")) is obligated to indemnify Buyer or an Affiliate thereof pursuant to, and subject to the limitations of, the terms of a Transferred Contract.

(c) Subject to Section 4.3(a) and Section 4.3(b), Seller agrees to indemnify, defend and hold harmless Buyer, its Affiliates and each of its and their directors, officers, employees, agents and representatives (collectively, the "Buyer Party Indemnitees") from and against any and all Third Party Losses arising out of or connected with any breach by Seller of its representations and covenants hereunder, except, in each case, for those arising out of the fraud, willful misconduct or gross negligence of any of the Buyer Party Indemnitees or breach of this Agreement by Buyer.

(d) Subject to Section 4.3(a) and Section 4.3(b), Seller agrees to indemnify, defend and hold harmless each Buyer Indemnified Party from and against any and all Third Party Losses for which a customer of the Business (prior to the Assignment Period) is obligated to indemnify Seller or an Affiliate thereof pursuant to, and subject to the limitations of, the terms of a Transferred Contract.

(e) An indemnified party shall use its commercially reasonable efforts to mitigate any Losses for which it is entitled to indemnification pursuant to this Section 4.3. The indemnifying party shall have the right, but not the obligation, and the indemnified party shall afford the indemnifying party the opportunity, to the extent reasonably possible, to take all available steps to minimize Losses for which the indemnified party is entitled to indemnification before the indemnified party actually incurs such Losses.

Article V

TERM AND TERMINATION

Section 5.1. Effective Date and Final Term. This Agreement shall become effective on the Closing Date and, unless terminated earlier pursuant to Section 5.2 below, shall remain in full force and effect until the date (the "Final Term") of expiration of the last Term to expire for any Transition Service hereunder.

Section 5.2. Termination. This Agreement may be terminated at any time prior to the Final Term:

(a) by the mutual written consent of Seller and Buyer;

(b) by either Party for a material breach of this Agreement (including any payment default, unless Buyer is disputing the obligation to make such payment in good faith and in accordance with Section 3.3(b)) by the other Party that is not cured within thirty (30) days after written notice by the terminating Party;

(c) by Buyer, with respect to all Transition Services, upon at least sixty (60) days' prior written notice, subject to Buyer's payment of all fees due to Seller for the remaining portion of the relevant Term; or

(d) by Buyer in accordance with Section 3.2.

Section 5.3. Effect of Termination. Upon the termination or expiration of this Agreement or any Transition Service, no Party shall have any rights or obligations hereunder or thereunder except as set forth in Section 5.4. Nothing provided herein shall limit or restrict any rights or privileges provided in the Purchase Agreement or the other Ancillary Agreement, or in this Agreement to the extent such rights or privileges are intended to survive the applicable termination.

Section 5.4. Survival. Subject to Section 4.1, nothing herein shall relieve either Party from liability for any breach of this Agreement occurring prior to the termination or expiration hereof. The provisions of Article I, Section 2.11, Article III, Article IV, Article VI, Section 5.3, and this Section 5.4 shall survive the expiration or termination of this Agreement.

Article VI

GENERAL PROVISIONS

Section 6.1. Waiver; Extension. Either Party may (a) extend the time for performance of any of the obligations or other acts of the other Party contained herein, as agreed to in writing by the Parties, or (b) waive compliance by the other Party with any of the agreements contained herein. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in a written agreement signed on behalf of such Party. Unless otherwise specifically agreed in writing to the contrary, no failure or delay of either Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. Any agreement on the part of either Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such Party.

Section 6.2. Expenses; Payments.

(a) Except as otherwise provided herein, all fees and expenses incurred in connection with or related to this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such fees or expenses, whether or not such transactions are consummated.

(b) Unless otherwise indicated, all dollar amounts stated in this Agreement are stated in U.S. currency, and all payments required under this Agreement shall be paid in U.S. currency in immediately available funds.

Section 6.3. Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile, upon written confirmation of receipt by facsimile, (b) on the first Business day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

(i) if to Seller, to:

VeriSign, Inc.
12061 Bluemont Way
Reston, VA 20190
Attention: General Counsel
Telephone: (703) 948-3200
Facsimile: (703) 435-4921

with copies (which shall not constitute notice) to:

VeriSign, Inc.
12061 Bluemont Way
Reston, VA 20190
Attention: Kevin Ristau, Vice President and Associate General Counsel
Telephone: (703) 948-3200
Facsimile: (703) 435-4921
Electronic mail: kristau@verisign.com

Orrick, Herrington & Sutcliffe LLP
1152 15th St., NW
Washington, D.C. 20005
Attention each of: Geoff Willard / David Ruff
Facsimile to each of: 202.339.8500 (Attn: G. Willard) and
212.506.5151 (Attn: D. Ruff)

(ii) if to Buyer, to:

Neustar, Inc.
21575 Ridgetop Circle
Sterling, VA 20166
Attention: Chief Financial Officer
Facsimile: (571) 434-3404
Electronic mail: Carolyn.ullerick@team.neustar

with copies (which shall not constitute notice) to:

Golden Gate Private Equity, Inc.
One Embarcadero Center, 39th Floor
San Francisco, CA 94111
Attention: Rishi Chandna; Stephen Oetgen
Facsimile: (415) 983-2701

Section 6.4. Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as either (a) the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party, or (b) such Party waives its rights under this Section 6.4 with respect thereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 6.5. Entire Agreement. This Agreement (including the Appendices hereto), the Purchase Agreement and the Ancillary Agreements constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the Parties with respect to the subject matter hereof and thereof.

Section 6.6. Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld by Seller; provided, however, that Seller may reasonably withhold its consent to Buyer's assignment of this Agreement to an acquirer of all or a material portion of Buyer's Digital Defense and Performance Solutions business (i.e., Security Solutions) if such acquirer (i) is listed on Schedule 6.6 hereof, (ii) is domiciled in a country (other than Spain, Italy, Taiwan or Israel) that has a score of 65 or lower on the 2017 version of the Corruption Perceptions Index published by Transparency International, or (iii) is

designated on, or is directly or indirectly controlled by one or more persons designated on, the U.S. Department of the Treasury, Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List; provided, further, that, subject to the limitations set forth in subsections (i), (ii) and (iii) above, for the avoidance of doubt, no consent shall be required from Seller for any assignment by Buyer to an acquirer of all or a material portion of any other business of Buyer (other than Buyer's Digital Defense and Performance Solutions business (i.e., Security Solutions)), in connection with a sale of all or a material portion of the capital stock or other equity interests or the assets or business of Buyer or an assignment to any subsidiary or controlled Affiliate of Buyer, in each case, if such assignee agrees in writing to be bound by this Agreement. Buyer will remain primarily liable for its obligations hereunder, notwithstanding any assignment hereunder. Any assignment in contravention of this Section 6.6 shall be null and void. Subject to the preceding sentences of this Section 6.6, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

Section 6.7. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party, and nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the Parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except with respect to the provisions of Section 4.3, which shall inure to the benefit of the Persons benefiting therefrom who are intended to be third-party beneficiaries thereof.

Section 6.8. Amendments. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each Party.

Section 6.9. Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware.

Section 6.10. Submission to Jurisdiction. Each of the Parties irrevocably agrees that any Action arising out of or relating to this Agreement brought by either Party or its successors or assigns against the other Party shall be brought and determined in the Court of Chancery of the State of Delaware, provided, however, that if jurisdiction is not then available in the Court of Chancery of the State of Delaware, then any such Action may be brought in any federal court located in the State of Delaware or any other Delaware state court, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such Action arising out of or relating to this Agreement. Each of the Parties agrees not to commence any Action relating thereto except in the courts described above in Delaware, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in Delaware as described herein. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient. Each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense,

counterclaim or otherwise, in any Action arising out of or relating to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the courts in Delaware as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the Action in any such court is brought in an inconvenient forum, (ii) the venue of such Action is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

Section 6.11. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

Section 6.12. Counterparts. This Agreement may be executed and delivered in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

Section 6.13. Facsimile or .pdf Signature. This Agreement may be executed and delivered by facsimile, .pdf or other electronic signature (including via DocuSign or similar service) and a facsimile, .pdf or other electronic signature (including via DocuSign or similar service) shall constitute an original for all purposes.

Section 6.14. No Presumption Against Drafting Party. Each Party acknowledges that such Party has been represented by legal counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting Party has no application and is expressly waived.

Section 6.15. Construction of Agreement. Appendix A and Appendix B shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include Appendix A, Appendix B or any other Appendix or attachment to this Agreement. Notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of the body of this Agreement and Appendix A or Appendix B, the provisions of the body of this Agreement shall control (unless Appendix A or Appendix B explicitly provides otherwise). Nothing herein is intended to modify, limit or otherwise affect the representations, warranties, covenants, agreements, and indemnifications contained in the Purchase Agreement, and such representations, warranties, covenants, agreements and indemnifications shall remain in full force and effect in accordance with the terms of the Purchase Agreement.

Section 6.16. Further Assurances. The Parties will use good faith efforts to cooperate with each other in all matters relating to the provision and receipt of the Transition Services. Such cooperation shall include exchanging information and performing true-ups and adjustments.

Section 6.17. Relationship of the Parties. Nothing contained in this Agreement will be deemed or construed as creating a joint venture or partnership between the Parties. No Party is by virtue of this Agreement authorized as an agent, employee or legal representative of the other Party. No Party will have the power to control the activities and operations of the other and their status is, and at all times will continue to be, that of independent contractors with respect to each other. No Party will have any power or authority to bind or commit the other Party. No Party will hold itself out as having any authority or relationship in contravention of this Section 6.17.

Section 6.18. Confidentiality.

(a) The Parties acknowledge that in connection with the provision and receipt of Transition Services, each Party may obtain access to Confidential Information of the other Party. Each Party shall not, and shall ensure that its Affiliates shall not (i) use Confidential Information of the other Party except as contemplated herein, (ii) use or cause to be used Confidential Information for its own account or for the benefit of any third party, and (iii) directly or indirectly disclose, reveal, divulge or communicate Confidential Information of the other Party other than to the authorized officers and employees of such Party and its Affiliates, and in the case of Seller, to any Third-Party Provider as is reasonably required in connection with the exercise of its rights and obligations under this Agreement (and only subject to binding use and disclosure restrictions at least as protective as those set forth herein executed in writing by such employees and independent contractors). Each Party may disclose Confidential Information of the other Party pursuant to any order or requirement of a court, administrative agency or other governmental body; provided, however, that such disclosing Party shall give reasonable and, if practicable, advance notice to the other Party of such order or requirement in order to give the other Party a reasonable opportunity to enjoin such disclosure, to limit the scope of such disclosure or to seek other protective orders.

(b) Notwithstanding anything to the contrary contained herein: (i) the restrictions and obligations in Section 6.18(a) shall not apply to any information that (A) is or becomes generally known to the public or in the applicable industry, other than as a result of a breach of this Agreement or the Purchase Agreement, (B) is known to the receiving Party at the time of disclosure without violation of any confidentiality restriction and without any restriction on the receiving Party's further use or disclosure or (C) is independently developed by the receiving Party without access or reference to the Confidential Information disclosed by the disclosing Party; and (ii) any information included within the definition of Transferred Assets shall constitute Confidential Information of Buyer and not Seller.

(c) Upon the expiration or termination of this Agreement, the receiving Party shall immediately cease using all Confidential Information of the other Party and, promptly after the disclosing Party's request, deliver to the disclosing Party or securely erase, wipe clean and destroy, at the disclosing Party's instruction, all documents or other materials containing, summarizing or referring to Confidential Information of the disclosing Party which are in the receiving Party's possession, power or control, except to the extent the receiving Party is required to retain a copy of particular documents or materials in order to comply with Law or such Party's internal record retention requirements.

Section 6.19. Specific Performance. Each Party acknowledges that the Parties will be irreparably harmed and that there will be no adequate remedy at law for any violation by any Party of any of the covenants or agreements contained in Section 6.18 of this Agreement. It is accordingly agreed that, in addition to any other remedies which may be available upon the breach of any such covenants or agreements, each of the Parties shall be entitled to equitable relief, without proof of actual damages, including an injunction or injunctions or orders for specific performance to prevent breaches of this Agreement and to enforce specifically the terms and provisions of Section 6.18 of this Agreement, in addition to any other remedy to which it is entitled at Law or in equity as a remedy for any such breach or threatened breach. Each Party further agrees that no other Party or any other Person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 6.19, and each Party irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument. Subject to and without limiting the rights arising under Section 5.1, each Party further agrees that the only permitted objection that it may raise in response to any action for equitable relief is that it contests the existence of a breach or threatened breach of Section 6.18 of this Agreement.

Section 6.20. Data Privacy Agreement. Appendix B (Data Privacy Agreement) shall govern the Parties' obligations with respect to the processing activities of each Party relating to Consented Customers under this Agreement.

Remainder of this page intentionally left blank. Signature page follows.

IN WITNESS WHEREOF, the Seller and the Buyer have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

VERISIGN, INC.	**NEUSTAR, INC.**
By:	By:
Name:	Name:
Title:	Title:

APPENDIX A

TRANSITION SERVICES

Schedule 1: Production Services

1. Definitions:

"Consented Customer" means a customer under any Transferred Contract who has consented to the assignment of its Contract from Seller (or any Affiliate thereof) to Buyer (or an Affiliate thereof), but who has not migrated to Buyer's technology platform.

"Covered Services" means Verisign DDoS Protection Service, Verisign Managed DNS Service, Verisign Recursive DNS Plus Service, and Verisign DNS Firewall Service.

"Supported Customer" means any existing customer under any Transferred Contract that has not yet migrated from Seller's technology platform to Buyer's technology platform.

2. Service Descriptions:

Service and Term	Description
Verisign DDoS Protection Service* Service Term: Closing Date through the Term	To allow the migration of the DDoS protection business line to the Buyer, Seller will provide the Seller DDoS Protection Services to Supported Customers in accordance with the Supported Customers' Transferred Contract as such contract exists as of the Closing Date of the Purchase Agreement. For the avoidance of doubt, Seller retains any and all rights to exercise its option to suspend or terminate services for a Supported Customer as expressly outlined under the Transferred Contract, including but not limited to, due to an Infrastructure Limitation or a Disrupting Event and other Seller rights as outlined in the Transferred Contracts. In the event of a suspension or termination due to an Infrastructure Limitation or Disrupting Event or any material modification of services (to the extent permissible under this Agreement or the Purchase Agreement), Seller shall notify Buyer of Seller's action as soon as is reasonably practicable, but in no event later than forty eight (48) hours after such suspension or termination. **Definition of "DDoS Protection Service Customer Completed Migration"**: a Transferred DDoS Contract is considered to have migrated when all of the following have occurred (as applicable): a.Completion of configuration and set-up of the customer's network and portal within the Buyer's environment, b.For Always On Customers, completion of switchover to Buyer's network from Seller's network, c.Completion of migration of all customer Monitored Routers and OpenHybrid Sources (as applicable) as defined in the applicable Transferred Contract, for customers who purchase monitoring and/or OpenHybrid, and d.The earlier of (A) thirty (30) days after conclusion of customer network configuration set-up except for those instances where future test dates have been scheduled and such dates have been communicated to Seller; (B) completion of testing; or (C) notice by migrated customer to Seller or by Buyer that migration is complete, provided that Seller shall be required to promptly notify Buyer of receipt of any such notice if received from a migrated customer. **Definition of "DDoS Customer Lost Migration" -** a Transferred Contract for DDoS Protection Services is considered to be a "Lost Migration" when neither the Seller nor Buyer is providing for DDoS Protection Services associated with the Transferred Contract.
Verisign Managed DNS Service* Service Term: Closing Date through the Term	To allow the migration of the Managed DNS business line to the Buyer, Seller will provide the Seller Managed DNS Service to Supported Customers in accordance with the Supported Customers' Transferred Contract as such contract exists as of the Closing Date of the Purchase Agreement. For the avoidance of doubt, Seller retains any and all rights to exercise its option to suspend or terminate services for a Supported Customer as expressly outlined under the Transferred Contract, including but not limited to due to an Infrastructure Limitation or a Disrupting Event and other Seller rights as outlined in the Transferred Contracts. In the event of a suspension or termination due to an Infrastructure Limitation or Disrupting Event or any material modification of services (to the extent permissible under this Agreement or the Purchase Agreement), Seller shall notify Buyer of Seller's action as soon as is reasonably practicable, but in no event later than forty eight (48) hours after such suspension or termination. **Definition of "MDNS Customer Completed Migration" -** a Transferred MDNS Contract is considered to have a "Completed Migration" when only the Buyer is providing services associated with the Transferred Contract (excluding billing) and notification from Buyer or customer to Seller that the migration is complete. **Definition of "MDNS Customer Lost Migration" -** a Transferred MDNS Contract is considered to be a "Lost Migration" when neither the Seller nor the Buyer is providing Managed DNS Services associated with the Transferred Contract

Service and Term	Description
Verisign Recursive DNS Plus and Verisign DNS Firewall Services* Service Term: Closing Date through the Term	To allow the migration of the Seller Recursive DNS Plus and Seller DNS Firewall Services business line to the Buyer, Seller will provide the Seller Recursive DNS Plus and Seller DNS Firewall Services to Supported Customers in accordance with the Supported Customers' Transferred Contract as the terms exist as of the Closing Date of the Purchase Agreement. For the avoidance of doubt, Seller retains any and all rights to exercise its option to suspend or terminate services for a Supported Customer as expressly outlined under the Transferred Contract, including but not limited to due to a Disrupting Event and other Seller rights as outlined in the Transferred Contracts. In the event of a suspension or termination related to a Disrupting Event or any material modification of services (to the extent permissible under this Agreement or the Purchase Agreement), Seller shall notify Buyer of Seller's action as soon as is reasonably practicable, but no later than forty eight (48) hours after such suspension or termination. **Definition of "Recursive DNS or DNS Firewall Customer Completed Migration" -** a Transferred Contract for Recursive DNS Service or DNS Firewall Service is considered to have a "Completed Migration" when only the Buyer is providing services associated with the Transferred Contract and notification from Buyer or customer to Seller that the migration is complete. **Definition of "Recursive DNS or DNS Firewall Customer Lost Migration" -** a Transferred Contract for Recursive DNS Service is considered to be a "Lost Migration" when neither the Buyer nor the Seller is providing services associated with the Transferred Contract.
Customer Support Service Term: Closing Date through the Term	Seller will provide customer support to Supported Customers in accordance with the Supported Customers' Transferred Contracts as of the Closing Date (as may be amended by Seller or Buyer pursuant to Section 2.5 (or Section 2.9) of the Purchase Agreement), until the earlier of expiration or termination of this Agreement or until affected Supported Customer has completed migration from Seller's technology platform to Buyer's technology platform. Seller Customer Service will provide telephone and email support to Supported Customers on a 24/7 basis. Seller will provide Premium Support as specified in the applicable Transferred DDoS Contract for the Supported Customers. Reporting to Supported Customer shall be provided in accordance with the Transferred Contracts.
Customer Support Referral Service Term: Closing Date through the Term	During the Term of this Agreement, immediately after Customer has completed migration from Seller's technology platform to Buyer's technology platform, Seller will refer Consented Customers to the Buyer's customer support team.

*Seller shall provide Buyer with the service level for the Supported Customers as set forth in the applicable Transferred Contract.

Seller shall be under no obligation to renew a Transferred Contract or to otherwise provide Transition Services with respect to a Supported Customer beyond the term of this Agreement, except as otherwise set forth in the Purchase Agreement.

Seller shall maintain a list of customers for each Transferred Contract who migrate away from Seller's technology platform and Buyer shall maintain a list of customers for each Transferred Contract who migrate onto Buyer's technology platform.

3. Service Level Credits & Billing Adjustments:

In the event that a Supported Customer is eligible for an SLA Credit for Covered Services provided on the Seller's platform, Seller shall provide the credit to the Supported Customer. Such credit shall not be deducted from any

amount remitted, or otherwise due, to Buyer. For the avoidance of doubt, it is the intent of the parties that Seller solely bear the financial obligations associated with issuance of any SLA Credit issued to a Supported Customer for Covered Services and that such not be passed to, or borne by, Buyer in any manner. For the avoidance of doubt, Supported Customer eligibility for SLA Credit for Covered Services shall be provided in accordance with the Transferred Contract.

Processing Billing Adjustments: Customer billing Adjustments shall not be netted against, or added to, TSA fees.

Schedule 2: Migration Support

1. **Service Description:**

Transition Service and Term	Description
Migration Assistance Service Term: Closing Date through the Term	Seller will provide reasonable assistance to Buyer for migration of Supported Customers that have either (a) consented to assignment to Buyer's service offering but have not yet migrated away from Seller to Buyer; or (b) entered into a new contract with Buyer for any of the Covered Services and have not yet fully migrated away from Seller to Buyer. Buyer shall organize all migration activities and shall coordinate any required interactions between Seller and Supported Customers during these migration activities.
Customer Data Migration Service Term: Closing Date through the Term	Until such time as Seller's Systems are available, as outlined in Section 2.9, Seller shall provide the Supported Customers the following technical information: ·DDoS Protection Service historical information, as available, for each customer which includes 12 months of historical mitigation, monitoring and configuration which shall include the following items: (i) customers by primary redirection technique, migration feature and infrastructure; (ii) monitoring/mitigation, whitelist/blacklist and portal metrics; (iii) SSL Mitigations; (iv) return traffic methods for BGP customers; and (v) contract models (as available). ·Managed DNS Service historical information, as available, for each customer which includes 12 months of historical query counts which shall include the following items: (i) total primary and secondary domains and associated queries; (ii) total queries; (iii) total signed zone; (iv) premium and standard feature usage; and (v) access methods (as available). ·DNS Firewall Service historical information, as available, for each customer which includes historical logged events (as available).

2. **Customer, Third Party and Buyer Migrations Costs.** For the avoidance of doubt, Seller is not responsible for any Buyer, customer or other third party costs associated with or relating to Supported Customer migrating the Covered Services either a) away from Seller to Buyer or b) away from Buyer and back to Seller.

Schedule 3: Financial Information, Billing and Collection

1. **Service Descriptions:**

Transition Service and Term	Description
Financial Information Service Term: Closing Date through the Term	Seller will provide assistance to Buyer's accounting personnel to help resolve any accounting issues which may arise from Transferred Assets and Assumed Liabilities. In furtherance thereof, Seller will, to the extent constituting Business Records and subject to the provisions of the Purchase Agreement relating to Business Records, assist with the exchange and transfer of Business Records. Such assistance shall include knowledge and information relating to the following: ·The Transferred Contracts; and ·Financial Information (as defined in the Purchase Agreement) Buyer acknowledges that it has sole responsibility for revenue recognition decisions.
Invoicing Service Term - Closing Date through the Term	Buyer and Seller will cooperate and work to transition billing capabilities for the Transferred Contracts to Buyer's billing and customer relationship management systems as quickly as reasonably practicable. In furtherance thereof, and only until Buyer has transitioned the Supported Customer's that have consented to assignment onto Buyer's billing and customer relationship management systems, Seller will create and distribute to such customers, on behalf of Buyer, billing invoices pursuant to the frequency and method of delivery (whether via email with .pdf attachments of invoices, overnight delivery or other transmittal method) specified in the Transferred Contracts. Seller will assist with the migration process by including electronic attachments provided by Buyer as reasonably practical and as supported by Seller billing systems. The migration process may require the exchange of transaction information from Seller to Buyer for a limited time to support Buyer invoicing to the customer for partial months / dual platform scenarios. Under no circumstances will Seller be obligated to issue billing invoices with respect to any Buyer customers other than Supported Customers.
Accounts Receivable Service Term - Closing Date through the Term	Seller will provide back office support for Supported Customers consistent with its current standard practice - including payment receipt (via current methods), payment application, and reconciliation. For Supported Customers, Seller will route adjustment requests - credits, debits, write-offs, non-pay suspension / termination - to Buyer for approval subject to specific dollar thresholds.
Dunning Service Term - Closing Date through the Term	Seller, on behalf of Buyer, will email past-due notices for all Transferred Contracts for which Seller maintains invoicing responsibilities at regularly scheduled intervals per Seller's customary practices, and respond to phone and email responses to dunning notifications. If personnel previously employed by Seller (e.g., account management, customer support or sales operations personnel) become Transferred Employees, Buyer will provide reasonable access to such personnel to enable Seller to perform its obligations to Buyer hereunder.
Collections Service Term - Closing Date through the Term	With respect to Supported Customers, Seller, on behalf of Buyer, will respond to inbound collection inquiries regarding status of net invoices pursuant to Seller's customary credit and collections processes. Within ten (10) business days after each month-end close during the term of this transition service, Seller and Buyer will conduct a monthly transition services receivables aging and collection review (either in person or via conference call), at which time Seller will make recommendations to Buyer for further action with respect to overdue invoices relating to Supported Customers. If personnel previously employed by Seller (e.g., account management, customer support or sales operations personnel) have become Transferred US Employees, Buyer will provide reasonable access to such personnel to enable Seller to perform its obligations to Buyer hereunder.

All the Transition Services described in this schedule will apply to the Supported Customers under Transferred Contracts.

SCHEDULE 3A: Reporting and Financial Data

Note: the following reports will be provided in a form and with the following contents relating to Supported Customers.

FUNCTION	REPORT (Provided in a format consistent with Seller's current practices to support the Transferred Contracts)	TIMING
Customer Support	Supported Customer support open closed ticket report (i.e., summary of service tickets closed by service type): - by service; - by customer; - by reason code; and - total - Additional metrics: - number of tickets closed during the month; - average time to close a ticket - average time opened for each open ticket at end of reporting period	Monthly (non-close monthly reports to be provided by seventh (7th) business day of each month)
Finance - Close Data	Detailed monthly billings by customer, product, and type (recurring, non-recurring, transactions, and any Sales and Use taxes) for purposes of posting to GL	Monthly (close monthly reports to be provided by fourth (4th) business day of each month)
Finance - Close Data	Aged accounts receivable listing (list of unpaid customer balances at month end by relevant aging bucket)	Monthly (close monthly reports to be provided by fourth 4th) business day of each month)
Finance - Close Data	Detail of any adjustments issued during the month - credits / debits, write-offs	Monthly (close monthly reports to be provided by the fourth (4th) business day of each month)
Sales Operations - Close Data	Contract activity report reflecting any contract renewals, upgrades, downgrades, and cancellations during month including original TCV, new TCV	Monthly (non-close monthly reports to be provided by fourth (4th) business day of each month)
Sales Operations - Close Data	Contract renewals report reflecting future renewals / pending cancellations for remainder of transition period	Monthly (non-close monthly reports to be provided by fourth (4th) business day of each month)

Sales Operations - Sales Force Data	Where available and if applicable, Seller shall provide Buyer the following information: (a)Account information which will include basic account information such as account name, parent account ID (account ID, end user account ID phone number, company address, contact information, account manager, technical account manager and account owner. (b)Current and historical opportunity information associated with the Covered Services, for US customer prospects not currently identified as Supported Customers. Such information should include US Sales Pipeline Sales Prospects, and any other information classified under a similar opportunity classification. (c)Current and historical opportunity information associated with U.S. Supported Customers. Such information should include Sales Pipeline, (e.g. Sales Prospects), and any other information classified under a similar opportunity classification (d)Supported Customer opportunity history information for customers. Data to be provided should include the opportunity type (new, renewal, upsell, downgrade), product, opportunity owner, contract term, close date, applicable fees (annual contract value, total contract value, setup), current stage of the opportunity and respective probability percentages, and opportunity contacts to include the contact role. (e)Contract information which will include the following account name, parent account ID (if applicable), account ID, end user account ID (if applicable), contract id, Seller contract entity, product, term length, type of contract (reseller or direct), auto or manual renewal, cancellation notice period (for auto-renewal customers), corresponding opportunity, applicable fees (annual contract value, total contract value, setup), total discount percentage, effective date, contract end date, billing frequency, and the associated product fields which outline the contracted quantities for the Covered Services. (f)This is for information purposes only and Seller makes no representation to the accuracy of such data. (g)This information should be provided to Buyer in a structured data file, such as a .CSV file, or in another format as mutually agreed between the parties. Seller will work in good faith to provide additional Supported Customer contract records, and identifiers (as available and permitted by Law).	Within fifteen (15) business days after Close.

Customer Deployment and Usage Reports	Reports to be provided: a.Customer Key Master b.DDoS Customer Matrix Detailed c.DDoS Mitigations (for the calendar month just ended) d.MDNS Customer Matrix Detailed (version that includes current feature deployment information) e.MDNS Customer Matrix Detailed (version that includes customer contracted monthly recurring revenue) f.MDNS Additional Data for Nebula MDNS Wholesaler Matrix Detailed	Monthly, as soon as reasonably practical and no later than the tenth (10th) business day of each month
Sales Operations	Seller shall provide sales and account management data for the Transferred Contracts which shall include but not limited to the following: ·Account information which will include basic account information such as account name, parent account ID (if applicable), account ID, end user account ID (if applicable), industry description, phone number, company address, contact information, account manager (if applicable), technical account manager (if applicable) and account owner (if applicable). ·Opportunity history information which will include the opportunity type (new, renewal, upsell, downgrade), opportunity name, product, opportunity owner (if applicable), contract term, close date, applicable fees (annual contract value, total contract value, setup), current stage of the opportunity and respective probability percentages, recent remarks and comments, and opportunity contacts to include the contact role. Contract information which will include the following account name, parent account ID (if applicable), account ID, end user account ID (if applicable), contract id, Seller contract entity, product, term length, type of contract (reseller or direct), corresponding opportunity, applicable fees (annual contract value, total contract value, setup), total discount percentage, standard or non-standard contract according to Seller's contracting policies, effective date, payment terms, renewal type, renewal notification period, contract end date, billing frequency and the associated product fields which outline the contracted quantities for the Covered Services.	

Finance - Reconciliations and Analysis (Post Closing Date)	Roll forward of accounts receivable (prior month A/R plus current month invoicing, less current month cash receipts = current month A/R)	Monthly (non-close monthly reports to be provided by seventh (7th) business day of each month)
Finance - Reconciliations and Analysis (Post Closing Date)	Collections (monthly schedule of cash collections by invoice and by customer)	Monthly (non-close monthly reports to be provided by seventh (7th) business day of each month)
Finance - Remittance	Collected receipts (on post-closing AR - before and after migration) for each month to be remitted to Buyer	By end of the following month

Schedule 4: Transferred Employee User Technology

1. **Service Descriptions:**

Transition Service and Term	Description
Mobile Phone Number Migration Service Term: Closing Date through 45 days following the transfer of any Seller employee to Buyer	·Buyer will only retain mobile phones and no other personal devices issued to Seller's employees who become employees of Buyer or its Affiliates; provided however, Seller shall have the right to delete Seller confidential information. ·After any Transferred Employee of Seller becomes an employee of Buyer or its Affiliates, Seller will contact its mobile phone carrier(s) to release the mobile phone numbers associated with such employees to enable Buyer to port such phone numbers to Buyer's corporate accounts.
Electronic Reply Notifications Service Term: Closing Date through six months following the transfer of any Seller employee to Buyer	· For a period of six (6) months after the Closing Date, Seller will issue an automatic electronic reply notifying the sender of such Transferred Employee's new email address
Employee Data Migration Service Term: Closing Date through 45 days following the transfer of any Seller employee to Buyer	·Except for mobile phones, Seller will retain all hardware associated with Seller's employees who become employees of Buyer or its Affiliates. ·For sales and account management data related to Transferred Contracts residing on laptops of such employees, Seller will, to the extent such data constitutes Business Records and subject to the provisions of the Purchase Agreement relating to Business Records) allow such employees to upload this data to a temporary file server to be created by Seller. After Seller's information security review and approval, this data shall be available for download to the Buyer's environment.

APPENDIX B

DATA PRIVACY AGREEMENT

DATA PROCESSING AGREEMENT TO THE TRANSITON SERVICES AGREEMENT

THIS DATA PROCESSING AGREEMENT ("DPA") is effective as of [*insert date*], by and between:

(1) **[Neustar, Inc.]** a [***insert country/jurisdiction of incorporation***] company whose principal place of business is at [***insert address***] ("**Customer**");

(2) VeriSign Sàrl**,** a Swiss corporation whose principal place of business is at Route du Petit-Moncor 1E, Villars-sur-Glane 1752 ("**Supplier**").

Each of Customer and Supplier may be referred to herein as a "**party**" and together as the "**parties**".

RECITALS

(A) Supplier and its Affiliates provide Customer certain security services ("**Supplier Services**") as may be specified in (i) applicable master agreements between Supplier and Customer; and (ii) related service order forms and other documents, schedules and exhibits incorporated therein (collectively the "**Original Agreement")**.

(B) Supplier entered into an asset purchase agreement with a Buyer on [insert date]. Supplier and Buyer acknowledge that the Supplier Services shall be provided by Supplier to Customer for a transitional period as agreed under a transition services agreement between Supplier and Buyer dated [insert date giving effect to the TSA] ("**TSA**").

(C) In connection with the Supplier Services, the parties anticipate that Supplier may from time to time process certain Personal Data in respect of which the Customer or any member of the Customer Group (as defined below) may be a controller under Data Protection Laws.

(D) The parties agree that, upon suspension, termination or expiry of the TSA, Buyer shall provide the Supplier Services to Customer under a separate data processing agreement between Buyer and Customer.

(E) The parties have agreed to enter into this DPA in order to ensure that adequate safeguards are put in place with respect to the protection of such Personal Data as required by the Data Protection Laws.

Definitions

1.1 The following terms used in this DPA shall have the following meanings:

"Adequate Country" means a country or territory that is recognized under Data Protection Laws from time to time as providing adequate protection for Personal Data;

"Affiliate" means with respect to a party, any corporate entity that directly or indirectly Controls, is Controlled by, or is under Common Control with such party;

"**Buyer**" means the party or parties described as "Buyer" in the TSA.

"**Customer Group**" means Customer and any of its Affiliates;

"**Data Subject Request**" means a request from or on behalf of a data subject relating to access to, or rectification, erasure or data portability in respect of that person's Personal Data or an objection from or on behalf of a data subject to the processing of its Personal Data;

"**Data Protection Laws**" means all privacy laws and regulations including (without limitation) the laws and regulations of the European Union, the EEA and their member states, Switzerland and the United Kingdom applicable to any Personal Data processed under or in connection with this DPA, including, without limitation, the Data Protection Directive 95/46/EC (as the same may be superseded by the General Data Protection Regulation 2016/679 (the "**GDPR**")), the Privacy and Electronic Communications Directive 2002/58/EC (as the same may be superseded by the Regulation on Privacy and Electronic Communications ("**ePrivacy Regulation**")) and all national legislation implementing or supplementing the foregoing and all associated codes of practice and other guidance issued by any applicable data protection authority, all as amended, re-enacted and/or replaced and in force from time to time;

"**EEA**" means European Economic Area and Switzerland;

"**Personal Data**" means all data which is defined as 'Personal Data' under Data Protection Laws and which is provided by the Customer to Supplier or accessed, stored or otherwise processed by Supplier in connection with the Supplier Services;

"**Privacy Shield Principles**" means the EU-US and the Swiss - US Privacy Shield Principles (as may be amended, superseded or replaced) and available from the US Department of Commerce at https://www.privacyshield.gov/EU-US-Framework.

"**Supplier Group**" means Supplier and any of its Affiliates; and

"**controller**", "**data subject**", "**processor**" and "**supervisory authority**" shall have the meanings ascribed to them in the Data Protection Laws.

1.2 An entity "**Controls**" another entity if it: (a) holds a majority of the voting rights in it; (b) is a member or shareholder of it and has the right to remove a majority of its board of directors or equivalent managing body; (c) is a member or shareholder of it and controls alone or pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or (d) has the right to exercise a dominant influence over it pursuant to its constitutional documents or pursuant to a contract; and two entities are treated as being in "**Common Control**" if either controls the other (directly or indirectly) or both are controlled (directly or indirectly) by the same entity.

2. Status of the parties

2.1 The type of Personal Data processed pursuant to this DPA and the subject matter, duration, nature and purpose of the processing, and the categories of data subjects, are as described in Annex 1.

2.2 In relation to Personal Data each party will comply (and will ensure that any of its personnel, agents and subcontractors comply), with the Data Protection Laws. As between the parties, the Customer shall have sole responsibility for the accuracy, quality, and legality of Personal Data and the means by which the Customer acquired Personal Data.

2.3 In respect of the parties' rights and obligations under this DPA regarding the Personal Data, the parties hereby acknowledge and agree that the Customer is the Controller and Supplier is the Processor and accordingly Supplier agrees that it shall process all Personal Data in accordance with its obligations pursuant to this DPA.

2.4 Each party shall appoint an individual within its organization authorised to respond from time to time to enquiries regarding the Personal Data and party shall deal with such enquiries promptly.

3. **Supplier obligations**

3.1 With respect to all Personal Data, Supplier shall:

(a) only process the Personal Data in order to provide the Supplier Services and shall act only in accordance with (i) this DPA and (ii) the Customer's reasonable written instructions;

(b) in the event that applicable law requires Supplier to process Personal Data other than pursuant to the Customer's instruction, notify the Customer (unless prohibited from so doing by applicable law);

(c) as soon as reasonably practicable upon becoming aware, inform the Customer if, in Supplier's opinion, any instructions provided by the Customer under Clause 3.1(a) violate the GDPR;

(d) implement appropriate technical and organisational measures to ensure a level of security appropriate to the risks that are presented by the processing, in particular protection against accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to Personal Data. Such measures include, without limitation, the security measures set out at Annex 2;

(e) ensure that only authorised personnel have access to such Personal Data and that any persons whom it authorises to have access to the Personal Data are under obligations of confidentiality;

(f) as soon as reasonably practicable upon becoming aware (and in any event, where feasible, not later than 72 hours of becoming aware unless the personal data breach is unlikely to result in a risk to the rights and freedoms of natural persons) notify the Customer of any actual incident of unauthorised or accidental disclosure of or access to any Personal Data by any of its staff, sub-processors or any other identified or unidentified third party (a "**Security Breach**");

(g) promptly provide the Customer with reasonable cooperation and assistance in respect of the Security Breach and all information in Supplier's possession concerning the Security Breach relating to the data subject, including the following:

(i) the possible cause and consequences of the Security Breach;

(ii) the categories of Personal Data involved;

(iii) a summary of the possible consequences for the relevant data subjects;

(iv) a summary of the unauthorised recipients of the Personal Data; and

(v) the measures taken by Supplier to mitigate any damage;

(h) not make any announcement relating to the data subject about a Security Breach (a "**Breach Notice**") without:

(i) the prior written consent from the Customer; and

(ii) prior written approval by the Customer of the content, media and timing of the Breach Notice;

2. unless required to make a disclosure or announcement by applicable law.

(i) promptly notify the Customer if it receives a Data Subject Request. The Supplier shall not respond to a Data Subject Request received by the Supplier without the Customer's prior written consent except to confirm that such request relates to the Customer to which the Customer hereby agrees or as otherwise required by applicable law. To the extent Customer does not have the ability to address a Data Subject Request, the Supplier shall upon the Customer's request provide reasonable assistance to facilitate a Data Subject Request to the extent the Supplier is able to consistent with applicable law.

(j) As soon as reasonably practicable following, and in any event within thirty (30) days of, termination or expiry of the Original Agreement or completion of the Supplier Services, Supplier will delete (at the Customer's direction) all Personal Data (including copies thereof) for which Supplier is the Processor and that is processed pursuant to this DPA.

provide such assistance as the Customer reasonably requests (taking into account the nature of processing and the information available to Supplier) to the Customer in relation to the Customer's obligations under Data Protection Laws with respect to:

data protection impact assessments (as such term is defined in the GDPR);

notifications to the supervisory authority under Data Protection Laws and/or communications to data subjects by the Customer in response to any Security Breach; and

the Customer's compliance with its obligations under the GDPR with respect to the security of processing Personal Data.

4. **Sub-processing**

4.1 The Customer grants a general authorization (a) to Supplier to appoint other members of the Supplier Group as sub-processors; and (b) to the Supplier Group to appoint third party vendors as sub-processors as are reasonably necessary to support Supplier's performance of the Supplier Services.

4.2 Supplier will maintain a list of sub-processors, available upon written request by the Customer, and will add the names of new and replacement sub-processors to the list prior to them starting sub-processing of Personal Data. If the Customer has a reasonable objection to any new or replacement sub-processor, it shall notify Supplier of such objections in writing within ten (10) days of the notification and the parties will seek to resolve the matter in good faith. If Supplier is able to provide the Supplier Services to the Customer in accordance with the Original Agreement without using the sub-processor and decides in its discretion to do so, then the Customer will have no further rights under this clause 4.2 in respect of the proposed use of the sub-processor. If Supplier requires to use the sub-processor and is unable to satisfy the Customer as to the suitability of the sub-processor or the documentation and protections in place between Supplier and the sub-processor within sixty (60) days from the Customer's notification of objections, the Customer may within thirty (30) days of the end of the sixty-day period referred to above terminate the applicable Supplier Services as outlined in the Main Agreement but only in relation to the Supplier Services to which the proposed new sub-processor's processing of Personal Data relates or would relate by providing written notice to Supplier having effect thirty (30) days after receipt by Supplier.

4.3 Supplier will ensure that any sub-processor it engages to provide an aspect of the Supplier Services on its behalf in connection with this DPA does so only on the basis of a written contract which imposes on such sub-processor terms substantially no less protective of Personal Data than those imposed

on Supplier in this DPA (the "**Relevant Terms**"). Supplier shall procure the performance by such sub-processor of the Relevant Terms and shall be liable to the Customer for any breach by such person of any of the Relevant Terms.

5. Audit and records

5.1 Supplier shall, in accordance with Data Protection Laws, make available (up to one time each calendar year during the term of the Original Agreement) to the Customer such information in Supplier's possession or control as the Customer may reasonably request with a view to demonstrating Supplier's compliance with the obligations of processors under Data Protection Law in relation to its processing of Personal Data.

5.2 The Customer may exercise its right of audit pursuant to clause 5.1 and under Data Protection Laws through Supplier providing:

(a) an audit report not older than 18 months by a registered and independent external auditor demonstrating that Supplier's technical and organizational measures are sufficient and in accordance with an accepted industry audit standard such as ISO 27001 or SSAE 16 II SOC1 and SOC2);

(b) additional information in Supplier's possession or control to an EU supervisory authority when it requests or requires additional information in relation to the data processing activities carried out by Supplier under this DPA; and

Upon (i) Customer and Supplier mutually agreeing to an audit plan; and (ii) sixty (60) days prior written notice to Supplier, and subject to Supplier's security procedures and obligations of confidentiality, Customer shall have an opportunity to come to Supplier's headquarters during its standard business hours up to one (1) time per calendar year to review copies of all relevant policies and standards relating to the data processing activities carried out by Supplier under this DPA.

6. **Data transfers**

6.1 Supplier makes available the transfer mechanisms which shall apply in the order of precedence set out below to the extent any Processing of Personal Data under this DPA takes place in any country outside the EEA (except if in an Adequate Country):

(a) **Privacy Shield Principles** self-certification applies to VeriSign, Inc. at *https://www.privacyshield.gov/participant?id=a2zt00000008WG8AAM&status=Active*; or

(b) By an alternative transfer mechanism deemed adequate under Data Protection Laws, such mechanism to be determined by Supplier in its sole discretion.

6.2 The Customer acknowledges that the provision of the Supplier Services under the Original Agreement and the Main Agreement may require the processing of Personal Data by sub-processors in countries outside the EEA from time to time.

6.3 If, in the performance of this DPA, Supplier transfers any Personal Data to a sub-processor (which shall include without limitation any Affiliates of Supplier) and without prejudice to clause 4 where such sub-processor will process Personal Data outside the EEA, Supplier shall in advance of any such transfer ensure that a mechanism to achieve adequacy in respect of that processing under the Privacy Shield Principles, or other adequate means as determined by Supplier in its sole discretion.

7. **General**

7.1 This DPA is without prejudice to the rights and obligations of the parties under the Original Agreement which shall continue to have full force and effect. In the event of any conflict between the terms of this DPA and the terms of the Original Agreement, the terms of this DPA shall prevail so far as the subject matter concerns the processing of Personal Data.

7.2 Supplier's maximum aggregate liability to the Customer and to each member of the Customer Group (taken together) under or in connection with this DPA shall be subject to the limitation of liability thresholds as set out in the Original Agreement.

7.3 Notwithstanding the terms and conditions set forth in this DPA, both parties expressly reserve (a) any and all rights and remedies available under applicable law(s) relating to the subject matter hereof; and (b) the right to propose modifications to this DPA in the event of changes in Data Protection Laws.

7.4 This DPA sets out all of the terms that have been agreed between the parties in relation to the subjects covered by it. Other than in respect of statements made fraudulently, no other representations or terms shall apply or form part of this DPA.

7.5 A person who is not a party to this DPA shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Addendum.

7.6 This DPA shall be governed by the laws of England and Wales.

EXECUTED by and on behalf of:
VeriSign Sàrl, Supplier

.....

Name:

Role

EXECUTED by and on behalf of:
[*insert customer name*]

.....

Name:

Role

Annex 1

Details of the Personal Data and Processing Activities

(a) **Types of Data (based on services provided under the Original Agreement)**. The personal data comprises of the following:

The personal data transferred concern the following categories of data (please specify):

1) DDoS Protection Services: data relating to Customer's (i) employees or Customer's designated individuals provided to Supplier via the Supplier Services, by (or at the direction of) Customer; (ii) (for monitored Customers) Monitoring data, which may include, but is not limited to: SNMP data, data relating to OpenHybrid Source(s), and Flow Data (as defined in the Master Agreement); and (iii) (for mitigation Customers) Customer's Internet Traffic directed to Verisign's DDoS Protection Sites.

2) Managed DNS: data relating to Customer's (i) employees or Customer's designated individuals provided to Supplier via the Supplier Services, by (or at the direction of) Customer; and (ii) Queries received by the Supplier Services.

3) Recursive DNS/DNS Firewall: data relating to Customer's employees or Customer's designated individuals provided to Supplier via the Supplier Services, by (or at the direction of) Customer; and (ii) outbound Queries from (a) Customer's employees or (b) Customer's designated individuals utilizing the Supplier Services.

(b) **Duration of Processing.** The duration of the processing (to the extent such processing is necessary) will continue for up to sixty (60) days after expiry/termination of the TSA.

(c) **Nature and Purpose of the Processing**.

1) All Supplier Services

Verisign provides access to the Supplier Services via Customer Portals. The Customer Portals contain various data provided by, or at the direction of the Customer. Types of information that may be stored include but are not limited to: usernames, passwords, names, phone numbers, email addresses, and details regarding the underlying Supplier Services.

2) Verisign's DDoS Protection Services

(i) Mitigation Activities:

Verisign's DDoS Protection Services is not related to the execution or provision of Customer services. The Verisign DDoS Protection Service may consist of a mitigation component that seeks to mitigate a distributed denial of service event that attempts to make Customer services unavailable to its end users. The mitigation component consists of a filtering process to remove malicious or illegitimate packets from Customer's inbound internet traffic. In the event of mitigation, Customer's internet traffic may contain IP addresses, time stamps, protocols requested, and header and payload data. With regard to the state of encryption, data will remain in the format in which it is received. If Customer provides Verisign with SSL keys for HTTPS-based mitigations, Verisign may do the following: decrypt, review such header or payload for malicious or illegitimate inbound Internet traffic, generate access logs or error logs that contain information from the HTTP(S) request headers, re-encrypt inbound Internet traffic, and then transmit that traffic to Customer. However, please note Verisign's process for the intake, decryption and re-encryption of the internet traffic is without intervention or access by a human.

(ii) Monitoring Activities:

The Verisign DDoS Protection Service may consist of a monitoring component that seeks to monitor customer internet traffic in order to detect the occurrence a distributed denial of service attack. In order to monitor customer's internet traffic, customer sends information related to its internet traffic to Verisign for analysis. The monitoring data may contain IP addresses, time stamps, protocols requested, and header and payload data.

3) Verisign's Managed DNS Services

For purposes of providing the Managed DNS service (MDNS), Verisign MDNS servers receive DNS and web forwarding requests (i.e. queries) from recursive DNS servers (typically operated by service providers). MDNS looks up the requested name in its database and returns the associated information, typically an IP address. Each such transaction is logged on Verisign's servers. Verisign does not receive, process or have access to any other parts of the communication between the end-user and the destination resource (e.g., the actual data sent from the user to the resource or vice versa).

4) Verisign Recursive DNS and DNS Firewall Services

For purposes of providing the Recursive DNS and DNS Firewall services (collectively the "DNS Services"), Verisign servers receive DNS request (i.e. queries). The DNS Services will look up the requested name and return the associated information, typically an IP address. Each such transaction is logged on Verisign's servers. Verisign does not receive, process or have access to any other parts of the communication between the end-user and the destination resource (e.g., the actual data sent from the user to the resource or vice versa).

(d) **Categories of Data Subjects:**

The personal data transferred may concern the following categories of data subjects (please specify) based on the Supplier Services outlined in the Original Agreement:

1) DDoS Protection Services. Any person using Customer's services which are being protected or managed by Supplier Services and Customer's (or its affiliates) employees and contractors about whom data is provided to Supplier via the Supplier Services by (or at the direction of) Customer.

2) Managed DNS. Any person using Customer's services who operates their own recursive resolver from their own IP address and Customer's (or its affiliates) employees and contractors about whom data is provided to Supplier via the Supplier Services by (or at the direction of) Customer.

3) Recursive DNS and DNS Firewall. Any person using Customer's services who operates from their own IP address and Customer's (or its affiliates) employees (or its network users) and contractors about whom data is provided to Supplier via the Supplier Services by (or at the direction of) Customer.

Capitalized terms not defined in this Annex shall have the meanings as set forth in the Original Agreement.

Annex 2

Verisign Data Security Measures

Introduction

Verisign has adopted and will continue to maintain appropriate technical and organizational security measures for customer data. These measures involve Verisign infrastructure, software, employees and procedures and take into account the nature, scope and purposes of the processing as specified in the customer's agreement. The security controls and practices are designed and intended to protect the confidentiality, integrity, and availability of customer data against the risks inherent in the processing of personal data, in particular risks from accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to customer data transmitted, stored or otherwise processed. Verisign continually works to strengthen and improve those security controls and practices.

Verisign operates under practices which are aligned with the AICPA, *Trust Services Principles and Criteria* (System and Organization Controls ("SOC")) (www.aicpa.org). Verisign's information security practices establish and govern areas of security applicable to Verisign and customers' use of Verisign's services. Verisign personnel, including employees, contractors, and temporary employees, are subject to these practices and any additional policies that govern their employment or the services they provide to Verisign.

Verisign's approach to information security is comprehensive, implementing a multi-layered strategy where physical security, network infrastructure, software, and employee security practices and procedures all play a key role reinforced by robust governance and oversight.

a) Physical Safeguards

Verisign employs measures specifically designed to prevent unauthorized persons from gaining access to Verisign facilities in which customer data is hosted, including its office locations and all of its production infrastructure. Common controls utilized between office locations and Verisign co-locations/data centers include, for example:

- All physical access is restricted and requires authorization.
- All Verisign premises are controlled and monitored by video with recording capability.
- Entrances are protected by physical barriers designed to prevent unauthorized entry by vehicles.
- Premises are manned 24 hours a day, 365 days a year by security guards who perform, among other things, visual identity recognition and visitor escort management.
- All employees and visitors must visibly wear official identification while onsite.
- Visitors must sign a visitor's register and be escorted and/or observed while onsite.
- Possession of keys/access cards and the ability to access the locations is monitored. Staff leaving Verisign employment must return keys/cards.
- Multiple generators, UPS, HVAC and fire suppression systems have been implemented at all locations.

b) Systems Access Controls

Firewalls, perimeter security controls, VPNs, and access-controlling routers are in place and configured to Verisign's standards to prevent unauthorized communications. Network based intrusion detection systems are configured to detect attacks or suspicious behavior, and vulnerability scans are performed to identify potential weakness to the security and confidentiality of systems and data. Verisign may, depending on the specific service, apply the following controls: (i) authentication via passwords and/or multi-factor authentication; (ii) documented authorization and change management processes; and (iii) logging of access. Software supporting Verisign's infrastructure includes operating systems databases and anti-virus software that is updated as needed. Internally-developed applications perform product delivery functions. In addition, Verisign uses multiple backup/restore utilities to perform daily and periodic backups of production systems.

Verisign's access to its customers' data is restricted to authorized personnel and access is granted after receiving proper approval from management. Only Verisign staff with a need to know will be granted access to customer data for the sole purpose of providing customers with support. In addition, Verisign provides a mechanism by which customers can control access to their environments and to their content by their authorized staff.

c) Transmission and Connection Control

Verisign implements measures to prevent customer data from being read, copied, altered or deleted by unauthorized parties during rest, transmission and transport. This is accomplished by various measures including the use of adequate firewalls, VPN, secure protocol and encryption technologies to protect the gateways and pipelines through which customer data travels. Customers' access to Verisign customer portals is also accomplished through a secure communication protocol provided by Verisign. If access is through a Transport Layer Security ("TLS") enabled connection, that connection is negotiated for at least 128-bit encryption. The private key used to generate the cipher key is at least 2048 bits. TLS is implemented or configurable for all web-based TLS-certified applications deployed at Verisign.

d) Data Segregation

Customer data is logically or physically segregated from that of other customers hosted in Verisign's environments.

e) Confidentiality and Training

Verisign staff that may have access to customer data are subject to confidentiality agreements. Verisign staff are required to periodically complete training.

f) Verisign Information Security Policies

Verisign information security policies establish and govern areas of security applicable to Verisign services and customers' use of those services. Verisign personnel are subject to the Verisign information security policies and any additional policies that govern their employment or the services they provide to Verisign. Relevant information about these policies is available in the applicable SOC 2 or other third-party reports that can be shared with customers upon request.

g) Security Assessments

Verisign employs internal processes for regularly testing, assessing, evaluating and maintaining the

effectiveness of the technical and organizational security measures described here. Verisign may employ third parties to conduct independent reviews and ensure compliance with the following (the availability and scope of reports may vary by service and country):

- AICPA, *Trust Services Principles and Criteria* (System and Organization Controls System and Organization Controls (SOC) 2 Type II)
- Sarbanes-Oxley Act of 2002
- Other independent third-party security testing to review the effectiveness of administrative and technical controls.

Version 1.0
Effective:

Exhibit F
Allocation Schedule

The consideration for the assets as determined for federal income tax purposes pursuant to Treasury Regulation 1.1060-1(c) (the "Tax Purchase Price") shall be allocated as provided in Treasury Regulations Sections 1.1060-1(c) and this Exhibit F ("Allocation Schedule"). References in this Allocation Schedule to a "Class" of assets refers to the designated "Class" as defined in Treasury Regulations Section 1.338-6(b).

Allocation Methodology. The Tax Purchase Price shall be allocated as follows:

First, Tax Purchase Price shall be allocated to any assets that are Class I assets (*i.e.,* cash and general deposit accounts) to the extent thereof ;

Second, any remaining Tax Purchase Price shall be allocated to any assets that are Class II assets (*i.e.*, actively traded personal property within the meaning of Code Section 1092(d)(1) and Treasury Regulations Section 1.1092(d)-1, determined without regard to Code Section 1092(d)(3), and certificates of deposit and foreign currency even if they are not such actively traded personal property) in proportion to and to the extent of the amounts included therefor in the final determination of Specified Current Assets and, for those assets not included in Specified Current Assets, to the extent of their fair market values as of the Closing Date, which Buyer and Seller agree shall be the face amounts of any certificates of deposit, the exchange rate for foreign currency as reported in the *Wall Street Journal*, and the closing prices for other Class II assets on such exchange or trading system as determined in accordance with paragraph (b) of this Allocation Schedule;

Third, any remaining Tax Purchase Price shall be allocated to assets that are Class III assets (*i.e.*, assets that are marked to market at least annually for U.S. federal income tax purposes, debt instruments (excluding accounts receivable) in proportion to and to the extent of the amounts included therefor in the final determination of Specified Current Assets and, for those assets not included in Specified Current

Assets, to the extent of their fair market values as of the Closing Date, which shall be treated as the face amounts thereof, less any reserves for noncollectibility;

Fourth, any remaining Tax Purchase Price shall be allocated to assets that are Class IV assets (*i.e.*, stock in trade of Seller or other property of a kind that would properly be included in the inventory of Seller if on hand at the close of its taxable year, or property held by Seller primarily for sale to customers in the ordinary course of its trade or business) in proportion to and to the extent of the amounts included therefor in the final determination of Specified Current Assets and, for those assets not included in Specified Current Assets, to the extent of their fair market values as of the Closing Date, as determined pursuant to a method permitted under Internal Revenue Service **Revenue Procedure 2003-51, 2003-2 C.B. 121, and jointly** selected by Seller and Purchaser**;**

Fifth, any remaining Tax Purchase Price shall be allocated to assets that are Class V assets (all assets other than Class I, II, III, IV, VI, and VII assets) in proportion to and to the extent of their fair market values as of the Closing Date;

Sixth, any remaining Tax Purchase Price shall be allocated to assets that are Class VI assets (section 197 intangibles, as defined in Code Section 197, except goodwill and going concern value) in proportion to and to the extent of their fair market values as of the Closing Date; and

Finally, any remaining Tax Purchase Price shall be allocated to Class VII assets (*i.e.*, goodwill and going concern value).

Allocation.

Asset Class	Amount
Class I	$[ ]
Class II	$[ ]
Class III	$[ ]
Class IV	$[ ]
Class V	$[ ]
Class VI and VII	$[ ]

Exhibit G
Transition Strategy

1. Pre-Closing Contract.

(a) Subject to Section 2.5, Section 5.1 and Section 5.2 of the Agreement, during the period between the signing of the Agreement and the Closing, Seller shall require any new customer of the Business to contractually agree that such customer's Contract will be assignable by Seller to Buyer without prior written consent of such customer, including at or after the Closing.

(b) Subject to Section 2.5, Section 5.1 and Section 5.2 of the Agreement, during the period between the signing of the Agreement and the Closing, Seller shall (x) remain free to enter into a renewal, upgrade, downgrade or other Contract modification with any existing customer, in each case, only in the ordinary course of business, and (y) use good faith efforts to require that any such existing customer contractually agree that such existing customer's Contract will be assignable by Seller to Buyer without prior written consent of such existing customer, including at or after the Closing; *provided, however,* that Seller shall not be prohibited from entering into such renewal, upgrade, downgrade or other Contract modification if Seller reasonably determines in good faith that such existing customer is unwilling to require that its Contract be assignable without its prior written consent or that such a revision would cause an unreasonable delay.

2 . Post-Closing Contract Modifications. Following the Closing, until a customer has consented to the assignment of its Contract(s) from Seller to Buyer, Seller shall have the right to amend or modify any Contracts in the ordinary course of business consistent with this Exhibit G and the Agreement; *provided, however*:

(a) Seller shall require that such Contract be assignable by Seller to Buyer without prior written consent of such customer (with any exception requiring the approval of a senior vice president or more senior officer of Seller);

(b) Any such amendments and/or modifications shall not adversely alter or affect Buyer's obligations, including performance obligations (except in a *de minimis* manner) under such Contract; and

(c) Seller must seek Buyer's consent if the price of the services is less than ninety percent (90%) of the then current annual contract value for that particular customer's service(s).

3. Auto-Renew Contracts.

(a) From the date of the Agreement through the Automatic Renewal Date, Seller shall allow customer Contracts (excluding those relating to DNS Firewall Service and Recursive DNS Services) of one year duration or less with auto-renewal features ("One Year Auto-Renew Contracts") to renew automatically one time for the period of time specified in such customer Contract.

(b) Except for Seller's right to terminate due to a breach by such customer as expressly permitted in the Transferred Contracts, before the Automatic Renewal Date, Seller shall renew automatically in accordance with Section 3(a) and not terminate any such One Year Auto-Renew Contract, including any termination pursuant to the extension, renewal, non-renewal, term or similar provisions of such One Year Auto-Renew Contracts.

(c) After the Automatic Renewal Date, Seller shall have the right to terminate or shorten the term (and, for the avoidance of doubt, otherwise amend or modify) any One Year Auto-Renew Contract, other than any One Year Auto-Renew Contract with a Customer Migration Event scheduled by the date that is ninety (90) days after the Automatic Renewal Date, in which case Section 2 shall apply.

4. Buyer's Rights to Modify Customer Contracts Prior to Completed Migration. For customers who have consented to assignment of their Contract(s) but have not yet achieved a Completed Migration, Buyer may amend or modify such customer's Contract(s) prior to a Completed Migration only if and to the extent such amendment or modification does not alter or affect Seller's obligations (except in a *de minimis* manner) under the Transition Services Agreement.

5. Updates. Seller shall use commercially reasonable efforts to provide Buyer with notice of, and reasonable detail outlining, any Contract material modifications in connection with the regular meetings between the Contract Managers (as defined in the Transition Services Agreement) pursuant to Section 2.10 of the Transition Services Agreement.

Exhibit 21.01

Subsidiaries of the Registrant

Name of Subsidiary	**Jurisdiction**
eNIC Cocos (Keeling) Island Pty. Ltd.	Australia
eNIC Corporation	U.S. - Washington
Global Registration Services Limited	United Kingdom
The .tv Corporation International	U.S. - Delaware
The .TV Corporation (Tuvalu) Pty Ltd.	Tuvalu
VeriSign do Brasil Servicos para Internet Ltda	Brazil
VeriSign Holdings Limited	Cayman Islands
VeriSign India Private Limited	India
VeriSign International Holdings, Inc.	U.S. - Delaware
VeriSign Internet Services Sárl	Switzerland
VeriSign Internet Technology Services (Beijing) Co., Ltd.	China
VeriSign Israel Ltd.	Israel
VeriSign Naming and Directory Services, LLC	U.S. - Delaware
VeriSign Netherlands B.V.	Netherlands
VeriSign Sárl	Switzerland
VeriSign Services India Private Limited	India
VeriSign Spain S.L.	Spain
VeriSign Switzerland SA	Switzerland
Whiteley Investments, Ltd.	United Kingdom

Exhibit 23.01

Consent of Independent Registered Public Accounting Firm

The Board of Directors

VeriSign, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-39212, 333-45237, 333-46803, 333-50072, 333-53230, 333-58583, 333-59458, 333-69818, 333-75236, 333-82941, 333-86178, 333-86188, 333-106395, 333-113431, 333-117908, 333-123937, 333-125052, 333-126352, 333-127249, 333-132988, 333-134026, 333-144590, 333-147136, and 333-223107) on Form S-8, the registration statement (No. 333-147135) on Form S-1, the registration statements (Nos. 333-74393, 333-77433, 333-89991, 333-94445, 333-72222, and 333-76386) on Form S-3, and registration statements (Nos. 333-190732, 333-204485, and 333-219525) on Form S-4 of VeriSign, Inc. (the Company) of our reports dated February 15, 2019 with respect to the consolidated balance sheets of VeriSign, Inc., and subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, stockholders' deficit, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the "consolidated financial statements"), and the effectiveness of internal control over financial reporting as of December 31, 2018, which reports appear in the December 31, 2018 annual report on Form 10-K of the Company.

Our report on the consolidated financial statements refers to the Company's adoption of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*.

/s/ KPMG LLP

McLean, Virginia
February 15, 2019

EXHIBIT 31.01

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

I, D. James Bidzos, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 15, 2019

By: /S/ D. JAMES BIDZOS

D. James Bidzos

Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.02

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

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

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

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

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

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

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

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

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

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

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

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

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

Date: February 15, 2019

By: /S/ GEORGE E. KILGUSS, III

George E. Kilguss, III

Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 32.01

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

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

1. the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2018, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 15, 2019

/S/ D. JAMES BIDZOS

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

EXHIBIT 32.02

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

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

1. the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2018, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 15, 2019

/S/ GEORGE E. KILGUSS, III

George E. Kilguss, III
Chief Financial Officer
(Principal Financial Officer)