VERISIGN INC/CA
Form PRE 14A
July 12, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement.
¨ Definitive Proxy Statement.
¨ Definitive Additional Materials.
¨ Soliciting Material Pursuant to §240.14a-12.

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**

VeriSign, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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VeriSign, Inc.

487 East Middlefield Road

Mountain View, California 94043-4047

July , 2007

To Our Stockholders:

You are cordially invited to attend the 2007 Annual Meeting of Stockholders of VeriSign, Inc. to be held at our corporate offices located at 487 East Middlefield Road, Mountain View, California on Thursday, August 30, 2007 at 10:00 a.m., Pacific Time.

The matters expected to be acted upon at the Meeting are described in detail in the following *Notice of the 2007 Annual Meeting of Stockholders and Proxy Statement*.

It is important that you use this opportunity to take part in the affairs of VeriSign by voting on the business to come before this meeting. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ACCOMPANYING PROXY IN THE ENCLOSED POSTAGE-PAID ENVELOPE SO THAT YOUR SHARES MAY BE REPRESENTED AT THE MEETING. A PROXY MAY ALSO BE COMPLETED ELECTRONICALLY OR BY PHONE AS DESCRIBED ON THE PROXY CARD AND UNDER INTERNET AND TELEPHONE VOTING IN THE ATTACHED PROXY STATEMENT. Returning the Proxy does not deprive you of your right to attend the Meeting and to vote your shares in person.

We look forward to seeing you at our 2007 Annual Meeting of Stockholders.

Sincerely,

/s/ William A. Roper, Jr.
William A. Roper, Jr.
President and Chief Executive Officer

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VERISIGN, INC.

487 East Middlefield Road

Mountain View, California 94043-4047

Notice of the 2007 Annual Meeting of Stockholders

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2007 Annual Meeting of Stockholders of VeriSign, Inc. will be held at our corporate offices located at 487 East Middlefield Road, Mountain View, California on Thursday, August 30, 2007 at 10:00 a.m., Pacific Time. The 2007 Annual Meeting of Stockholders is being held for the following purposes:

1. To elect three Class III directors of VeriSign, each to serve a one-year term (if Proposal No. 2 is approved) or a three-year term (if Proposal No. 2 is not approved), or until a successor has been elected and qualified or until the director s earlier resignation or removal.

2. To approve a Fourth Amended and Restated Certificate of Incorporation to eliminate our classified board structure and provide for the annual election of directors.

3. To approve our 2007 Employee Stock Purchase Plan.

4. To ratify the selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2007.

5. To transact such other business as may properly come before the Meeting or any adjournment thereof.

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

Only stockholders of record at the close of business on July 13, 2007 are entitled to notice of and to vote at the 2007 Annual Meeting of Stockholders or any adjournment thereof.

By Order of the Board of Directors,

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

Mountain View, California

July , 2007

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ACCOMPANYING PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE OR COMPLETE THE PROXY CARD ELECTRONICALLY OR BY PHONE AS DESCRIBED ON THE PROXY CARD AND UNDER INTERNET AND

TELEPHONE VOTING IN THE ATTACHED PROXY STATEMENT SO THAT YOUR SHARES MAY BE REPRESENTED AT THE MEETING.

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VERISIGN, INC.

487 East Middlefield Road

Mountain View, California 94043-4047

PROXY STATEMENT

FOR THE 2007 ANNUAL MEETING OF STOCKHOLDERS

July , 2007

The accompanying proxy is solicited on behalf of our Board of Directors for use at the 2007 Annual Meeting of Stockholders (the Meeting) to be held at our corporate offices located at 487 East Middlefield Road, Mountain View, California on Thursday, August 30, 2007 at 10:00 a.m., Pacific Time. Only holders of record of our common stock at the close of business on July 13, 2007, which is the record date, will be entitled to vote at the Meeting. At the close of business on the record date, we had shares of common stock outstanding and entitled to vote. All proxies will be voted in accordance with the instructions contained therein and, if no choice is specified, the proxies will be voted in favor of the nominees and the proposals set forth in this proxy statement. This proxy statement and the accompanying form of proxy will be first mailed to stockholders on or about July , 2007. An annual report for the year ended December 31, 2006 is enclosed with this proxy statement.

Voting Rights

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

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

A majority of the outstanding shares of common stock must be present or represented by proxy at the meeting in order to have a quorum. Abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum for the transaction of business at the meeting. A broker non-vote occurs when a bank, broker or other shareholder of record holding shares for a beneficial owner submits a proxy for the meeting but does not vote on a particular proposal because that holder does not have discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner.

In the election of directors, the nominees receiving the highest number of affirmative votes will be elected. Stockholders may not cumulate votes in the election of directors. Abstentions and broker non-votes have no effect for purposes of the election of directors, as only votes for are counted in determining which nominees have received the highest number of affirmative votes. Proposal No. 2 and Proposal No. 3 require the approval of the affirmative vote of a majority of the shares of common stock present or represented by proxy and voting at the meeting, together with the affirmative vote of a majority of the required quorum. Abstentions and broker non-votes could prevent approval of such proposals if the number of affirmative votes, though a majority of the votes represented and cast, does not constitute a majority of the required quorum. Proposal No. 4 requires the affirmative vote of a majority of our outstanding shares of common stock, as a result, abstentions and broker non-votes would have the effect of a vote "against" the proposal. If the persons present or represented by proxy at the meeting constitute the holders of less than a majority of the outstanding shares of common stock as of the

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record date, the meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum. The inspector of elections appointed for the meeting will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Adjournment of Meeting

In the event that sufficient votes in favor of the proposals are not received by the date of the Meeting, the persons named as proxies may propose one or more adjournments of the Meeting to permit further solicitations of proxies. Any such adjournment would require the affirmative vote of the majority of the outstanding shares present in person or represented by proxy at the Meeting.

Expenses of Soliciting Proxies

VeriSign will pay the expenses of soliciting proxies to be voted at the Meeting. Following the original mailing of the proxies and other soliciting materials, we and/or our agents may also solicit proxies by mail, telephone, telegraph, or in person. Following the original mailing of the proxies and other soliciting materials, we will request that brokers, custodians, nominees and other record holders of our shares forward copies of the proxy and other soliciting materials to persons for whom they hold shares and request authority for the exercise of proxies. In such cases, we will reimburse the record holders for their reasonable expenses if they ask us to do so.

Revocability of Proxies

Any person signing a proxy in the form accompanying this proxy statement has the power to revoke it prior to the Meeting or at the Meeting prior to the vote pursuant to the proxy. A proxy may be revoked by any of the following methods:

- a written instrument delivered to VeriSign stating that the proxy is revoked;
- a subsequent proxy that is signed by the person who signed the earlier proxy and is presented at the Meeting; or
- attendance at the Meeting and voting in person.

Please note, however, that if a stockholder s shares are held of record by a broker, bank or other nominee and that stockholder wishes to vote at the Meeting, the stockholder must bring to the Meeting a letter from the broker, bank or other nominee confirming that stockholder s beneficial ownership of the shares.

Internet and Telephone Voting

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

Householding

VeriSign has adopted a procedure called householding, which has been approved by the Securities and Exchange Commission (the SEC). Under this procedure, VeriSign is delivering only one copy of the annual report and proxy statement to multiple stockholders who share the same address and have the same last name,

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unless VeriSign has received contrary instructions from an affected stockholder. This procedure reduces VeriSign s printing costs, mailing costs and fees. Stockholders who participate in householding will continue to receive separate proxy cards.

VeriSign will deliver promptly upon written or oral request a separate copy of the annual report and the proxy statement to any stockholder at a shared address to which a single copy of either of those documents was delivered. To receive a separate copy of the annual report or proxy statement, you may write or call VeriSign s Investor Relations Department at VeriSign, Inc., 487 East Middlefield Road, Mountain View, California 94043-4047, Attention: Investor Relations, telephone (866) 447-8776 (4IR-VRSN). You may also access VeriSign s annual report and proxy statement on the Investor Relations section of VeriSign s website at *http://investor.verisign.com*.

If you are a holder of record and would like to revoke your householding consent and receive a separate copy of the annual report or proxy statement in the future, please contact Broadridge Financial Solutions, Inc. (Broadridge), either by calling toll free at (800) 542-1061 or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717. You will be removed from the householding program within thirty (30) days of receipt of the revocation of your consent.

Any stockholders of record who share the same address and currently receive multiple copies of VeriSign s annual report and proxy statement who wish to receive only one copy of these materials per household in the future, please contact VeriSign s Investor Relations Department at the address or telephone number listed above to participate in the householding program.

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

CORPORATE GOVERNANCE

Director Independence

The Board of Directors has affirmatively determined that each non-employee director is independent and that each director who serves on each of its committees is independent, as the term is defined by rules of The Nasdaq Stock Market and SEC.

Board and Committee Meetings

The Board of Directors met eight times and its committees collectively met eighteen times during 2006. No director during the last fiscal year attended fewer than 75% of the aggregate of (i) the total number of meetings held by the Board of Directors and (ii) the total number of meetings held by all committees on which he or she served during 2006.

Board Members Attendance at Annual Meeting

Although we do not have a formal policy regarding attendance by members of the Board of Directors at our annual meeting of the stockholders, we encourage directors to attend.

Nominating and Corporate Governance Committee

The Board of Directors has established a nominating and corporate governance committee to recruit, evaluate, and nominate candidates for appointment or election to serve as members of the Board of Directors, recommend nominees for committees of the Board of Directors, recommend corporate governance policies and periodically review and assess the adequacy of these policies, and review annually the performance of the Board

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of Directors. The nominating and corporate governance committee is currently comprised of Messrs. Bidzos and Kriens, each of whom is an independent director under the rules of The Nasdaq Stock Market. The nominating and corporate governance committee operates pursuant to a written charter adopted by the Board of Directors. The nominating and corporate governance committee s charter is located on our website at *http://investor.verisign.com/governance.cfm*. The nominating and corporate governance committee met four times during 2006.

In carrying out its function to nominate candidates for election to the Board of Directors, the nominating and corporate governance committee considers the performance and qualifications of each potential nominee or candidate, not only for their individual strengths but also for their contribution to the Board of Directors as a group.

The nominating and corporate governance committee considers candidates for director nominees proposed by directors, the chief executive officer and stockholders. The nominating and corporate governance committee may also from time to time retain one or more third-party search firms to identify suitable candidates.

If you would like the nominating and corporate governance committee to consider a prospective candidate, in accordance with our Bylaws, please submit the candidate s name and qualifications to: Richard H. Goshorn, Secretary, VeriSign, Inc., 487 East Middlefield Road, Mountain View, California 94043-4047.

The nominating and corporate governance committee will consider all candidates identified through the processes described above, and will evaluate each of them, including incumbents and candidates nominated by stockholders, based on the same criteria.

Audit Committee

The Board of Directors has established an audit committee that has responsibility for oversight of our financial, accounting and reporting processes and our compliance with legal and regulatory requirements, the appointment, termination, compensation and oversight of our independent auditors, including conducting a review of their independence, reviewing and approving the planned scope of our annual audit, overseeing the independent auditors audit work, reviewing and pre-approving any non-audit services that may be performed by the independent auditors, reviewing with management and our independent auditors the adequacy of our internal financial controls, and reviewing our critical accounting policies and the application of accounting principles. The audit committee is currently comprised of Messrs. Chenevich, Moore and Mueller. Each member of the audit committee meets the independence criteria of The Nasdaq Stock Market and the SEC. Each audit committee member meets The Nasdaq Stock Market s financial knowledge requirements, and the Board of Directors has determined that Mr. Mueller is financially sophisticated as such term is defined in Rule 4350(d)(2)(A) of The Nasdaq Stock Market. The audit committee operates pursuant to a written charter adopted by the Board of Directors, which complies with the applicable provisions of the Sarbanes-Oxley Act of 2002 and related rules of the SEC and The Nasdaq Stock Market. A copy of the audit committee charter is located on our website at *http://investor.verisign.com/governance.cfm*. The audit committee met nine times during 2006.

The audit committee s review of the audited financial statements contained in VeriSign s Annual Report on Form 10-K for the year ended December 31, 2006 included a discussion of the accounting principles, reasonableness of significant judgments, and clarity of disclosures in the financial statements. Management represented to the audit committee that VeriSign s consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and the audit committee has reviewed and discussed the consolidated financial statements with management and KPMG LLP.

The audit committed reviewed and discussed with KPMG LLP matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees. The audit committee also

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reviewed and discussed with KPMG LLP their annual written disclosures and letter on their independence from VeriSign and its management, as required by Independent Standards Board Standard No. 1, Independence Discussions with Audit Committees. The audit committee has also considered whether the non-audit services provided by KPMG LLP to VeriSign during 2006 are compatible with maintaining the auditors independence.

Based upon the audit committee s discussions with management and KPMG LLP and review of the representations of management, and the report of KPMG LLP to the Committee, the audit committee recommended to the Board of Directors that the audited consolidated financial statements be included in VeriSign s Annual Report on Form 10-K for the year ended December 31, 2006, for filing with the SEC.

Audit Committee Financial Expert

On May 29, 2007, we announced that the Board of Directors had appointed William A. Roper, Jr. as President and Chief Executive Officer of the Company. Prior to this appointment, Mr. Roper was a member of the audit committee and the audit committee financial expert as such term is defined in Item 407(d)(5) of Regulation S-K of the Exchange Act. We are currently searching for a new director to fill this role.

Compensation Committee

The Board of Directors has established a compensation committee to approve the compensation and benefits for our executive officers, including the chief executive officer. The compensation committee also administers our stock purchase, equity incentive and stock option plans, makes grants to executive officers under such plans and makes recommendations to the Board of Directors regarding such matters. The compensation committee s charter is located on our website at *http://investor.verisign.com/governance.cfm*. The compensation committee is currently comprised of Ms. Guthrie and Messrs. Mueller and Simpson, each of whom is an independent director under the rules of The Nasdaq Stock Market, and an outside director pursuant to Section 162(m) of the Internal Revenue Code. The compensation committee met five times during 2006.

Compensation Committee Interlocks and Insider Participation

All members of the compensation committee during 2006 were independent directors, and none of them were employees or former employees of VeriSign. No executive officer of VeriSign has served on the compensation committee of the board of directors of any other entity that has or has had one or more executive officers who served as a member of the Board of Directors or the compensation committee of VeriSign during the 2006 fiscal year. Mr. Sclavos, the former President, Chief Executive Officer and Chairman of the Board of Directors of VeriSign, served on the board of directors of Juniper Networks during the 2006 fiscal year. Mr. Kriens, a member of the Board of Directors of VeriSign, is Chief Executive Officer and Chairman of the board of directors of Juniper Networks.

Communicating with the Board of Directors

Any stockholder who desires to contact the Board of Directors may do so electronically by sending an e-mail to the following address: bod@verisign.com. Alternatively, a stockholder may contact the Board of Directors by writing to: Board of Directors, VeriSign, Inc., 487 East Middlefield Road, Mountain View, California 94043, Attention: Secretary. Communications received electronically or in writing are distributed to the Chairman of the Board or other members of the Board of Directors, as appropriate, depending on the facts and circumstances outlined in the communication received.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Second Amended and Restated Bylaws currently authorize eleven directors. Our Board of Directors is currently comprised of eight directors. The Bylaws divide the Board of Directors into three classes, Class I, Class II and Class III, with members of each class currently serving staggered three-year terms. One class of directors is elected by the stockholders at each annual meeting to serve a three-year term or until their successors are duly elected and qualified or their earlier resignation or removal. If Proposal No. 2 is approved, our Board of Directors will no longer be classified, and all nominees will serve for a one year term, rather than a three year term. The Class III directors, Messrs. Bidzos, Chenevich and Simpson, will stand for election at this Meeting, the Class I director, Mr. Kriens, will stand for reelection at the 2008 annual meeting, and the Class II directors, Ms. Guthrie and Messrs. Moore, Mueller and Roper, will stand for reelection at the 2009 annual meeting. If any nominee for any reason is unable to serve, or for good cause will not serve, as a director, the proxies may be voted for such substitute nominee as the proxy holder may determine. We are not aware of any nominee who will be unable to serve, or for good cause will not serve, as a director. Messrs. Bidzos, Chenevich and Simpson will be elected by a plurality of the votes of the shares of common stock present in person or represented by proxy at this Meeting and voting on the election of directors. Should there be more than three nominees for election of Class III directors at this Meeting, the three nominees who receive the greatest number of votes cast in the election of directors will become the Class III directors at the conclusion of the tabulation of votes.

Directors/Nominees

The names of the nominees for election as Class III directors at this Meeting and of the incumbent Class I and Class II directors, and certain information about them, are included below.

Name	Age	Position
Nominees for election as Class III directors for a term expiring in 2008(1):		
D. James Bidzos(2)	53	Vice Chairman of the Board
William L. Chenevich(3)	63	Director
Louis A. Simpson(4)	70	Director
Incumbent Class I director with a term expiring in 2008:		
Scott G. Kriens(2)	49	Director
Incumbent Class II directors with terms expiring in 2009:		
Michelle Guthrie(4)	41	Director
Roger H. Moore(3)	65	Director
Edward A. Mueller(3)(4)	59	Chairman of the Board
William A. Roper, Jr.	61	Chief Executive Officer, President and Director

(1) Assumes that Proposal No. 2 is approved. If this proposal is not approved, the nominees shall have a term that expires in 2010.
(2) Member of the Nominating and Corporate Governance Committee.
(3) Member of the Audit Committee.
(4) Member of the Compensation Committee.

D. James Bidzos has served as Vice Chairman of the Board of Directors since December 2001. He served as Chairman of the Board of Directors of VeriSign from April 1995 until December 2001. Mr. Bidzos served as Vice Chairman of RSA Security, 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.

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

Louis A. Simpson has served as a director since May 2005. Since May 1993, he has served as President and Chief Executive Officer, Capital Operations, of GEICO Corporation, a passenger auto insurer. Mr. Simpson previously served as Vice Chairman of the Board of GEICO from 1985 to 1993. Mr. Simpson serves as a director of Science Applications International Corporation. Mr. Simpson holds a B.A. degree from Ohio Wesleyan University and a Masters degree in Economics from Princeton University.

Scott G. Kriens has served as a director since January 2001. Mr. Kriens has served as Chief Executive Officer and Chairman of the Board of Directors of Juniper Networks, a provider of Internet hardware and software systems, since October 1996. From April 1986 to January 1996, Mr. Kriens served as Vice President of Sales and Operations at StrataCom, Inc., a telecommunications equipment company, which he co-founded in 1986. Mr. Kriens serves as a director of Equinix, Inc. Mr. Kriens holds a B.A. in Economics from California State University, Hayward.

Michelle Guthrie has served as a director since December 2005. From November 2003 to February 2007, she served as Chief Executive Officer of STAR, News Corporation s Asian media and entertainment company. Ms. Guthrie previously served as STAR s Executive Vice President from June 2003 and Senior Vice President from January 2001. Prior to joining STAR, Ms. Guthrie worked for FOXTEL in Australia and BSkyB and News International in the United Kingdom. Ms. Guthrie holds an Arts degree and a Law degree from the University of Sydney.

Roger H. Moore has served as a director since February 2002. Since June 2007, Mr. Moore has served as interim Chief Executive Officer of Arbinet-Thexchange, Inc., a provider of online trading services. He was President and Chief Executive Officer of Illuminet Holdings, Inc. from December 1995 until December 2001 when VeriSign acquired Illuminet Holdings. Prior to Illuminet Holdings, Mr. Moore spent ten years with Nortel Networks in a variety of senior management positions including President of Nortel Japan. Mr. Moore serves as a director of Western Digital Corporation, Consolidated Communications Illinois Holdings, Inc., and Arbinet-Thexchange, Inc. Mr. Moore holds a B.S. degree in General Science from Virginia Polytechnic Institute and State University.

Edward A. Mueller has served as Chairman of the Board of Directors since May 2007. He served as a director since March 2005. He served as Chief Executive Officer of Williams-Sonoma, Inc., a specialty retailer of home furnishings, from January 2003 to July 2006. Prior to joining Williams-Sonoma, Inc., Mr. Mueller served as President and Chief Executive Officer of Ameritech, a telecommunications company, from 2000 to 2002; as President of SBC International Operations, a telecommunications company, from 1999 to 2000; and as President and Chief Executive Officer of Pacific Bell, a telecommunications company, from 1997 to 1999. Mr. Mueller joined the SBC organization in 1968, and held other executive level positions in the company, including President and Chief Executive Officer of Southwestern Bell Telephone. Mr. Mueller serves as a director of The Clorox Company and GSC Acquisition Company. Mr. Mueller holds a B.S. degree in Civil Engineering from the University of Missouri and an Executive M.B.A. degree from Washington University.

William A. Roper, Jr. has served as President and Chief Executive Officer since May 2007 and has served as a director since November 2003. From April 2000 through May 2007, he served as Corporate Executive Vice President of Science Applications International Corporation (SAIC), a diversified technology services company, and has previously served as SAIC s Senior Vice President from 1990 to 1999, Chief Financial Officer

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from 1990 to 2000, and Executive Vice President from 1999 to 2000. Mr. Roper holds a B.A. degree in Mathematics from the University of Mississippi and graduate degrees from Southwestern Graduate School of Banking at Southern Methodist University and Stanford University, Financial Management Program.

Non-Employee Director Compensation Table for Fiscal 2006

The following table sets forth a summary of compensation information for our non-employee directors for fiscal 2006.

NON-EMPLOYEE DIRECTOR COMPENSATION FOR FISCAL 2006

Non-Employee Director Name	Fees Earned or Paid in Cash	Stock Awards(1)	Option Awards(1)	All Other Compensation(2)	Total
D. James Bidzos(3)	$ 53,500	$ 11,393	$ 77,283(4)	$	$ 142,176
William L. Chenevich(5)	63,500	11,393	77,283	3,302	155,478
Michelle Guthrie(6)	53,500	11,393	129,671	914	195,478
Scott G. Kriens(7)	51,500	11,393	88,348		151,241
Leonard J. Lauer(8)	28,750		63,159(9)	2,324	94,233
Roger H. Moore(10)	43,500	11,393	86,789		141,682
Edward A. Mueller(11)	81,500	11,393	127,453		220,346
Gregory L. Reyes(12)	43,125		29,760(13)		72,885
William A. Roper, Jr.(14)	118,500	11,393	98,278	10,316	238,487
Louis A. Simpson(15)	73,500	11,393	105,669	3,582	194,144

(1) Stock Awards consist solely of restricted stock units. Amounts shown do not reflect compensation actually received by the respective non-employee director. Instead, the amounts shown are the compensation expenses recognized by VeriSign in 2006 for the applicable Stock Award or Option Award as determined pursuant to FAS 123R, disregarding forfeiture assumptions. These compensation costs reflect equity awards granted in 2006 and prior years. The grant date fair value for each Stock Award granted to non-employee directors in 2006 was $109,434. As of December 31, 2006, each non-employee director held outstanding stock awards of 6,100 restricted stock units, which if settled for shares of the Company s common stock, will settle on a one-to-one basis into shares of the Company s common stock following satisfaction of vesting. The grant date fair value for each Option Award granted to non-employee directors on January 3, 2006 to Mr. Kriens, February 13, 2006 to Mr. Moore and March 21, 2006 to Mr. Mueller was $103,125, $114,509 and $112,021, respectively. The grant date fair value for each Option Award granted to non-employee directors on June 12, 2006 to Ms. Guthrie and Messrs. Mueller and Simpson was $231,103. The grant date fair value for each Option Award granted to non-employee directors on August 1, 2006 was $153,257. The assumptions used to calculate the value of Option Awards are set forth under Note 13 of the Notes to Consolidated Financial Statements contained in Part IV, Item 15 of our Annual Report on Form 10-K for the year ended December 31, 2006.

(2) Represents reimbursable expenses paid to the respective non-employee director.

(3) As of December 31, 2006, Mr. Bidzos held outstanding options to purchase 103,850 shares of the Company s common stock.

(4) Mr. Bidzos holds certain stock options that are Affected Options. Effective December 31, 2006, Mr. Bidzos elected to adjust the exercise price of an Affected Option to purchase 3,125 shares of VeriSign common stock from $5.25 to $6.70, the exercise price of an Affected Option to purchase 6,250 shares of VeriSign common stock from $12.46 to $12.88, and the exercise price of an Affected Option to purchase 12,500 shares of VeriSign common stock from $25.79 to $25.99. In accordance with FAS 123R, there was no incremental fair value assigned to the Affected Options as a result of the election.

(5) As of December 31, 2006, Mr. Chenevich held outstanding options to purchase 113,225 shares of the Company s common stock.

(6) As of December 31, 2006, Ms. Guthrie held outstanding options to purchase 67,600 shares of the Company s common stock.

(7) As of December 31, 2006, Mr. Kriens held outstanding options to purchase 105,100 shares of the Company s common stock.

(8) Mr. Lauer resigned as a director on July 31, 2006. As of December 31, 2006, Mr. Lauer held outstanding options to purchase 18,750 shares of the Company s common stock.

(9) Does not include an estimated compensation expense of $55,567 in stock option forfeitures related to service-based vesting conditions on these awards.

(10) As of December 31, 2006, Mr. Moore held outstanding options to purchase 92,600 shares of the Company s common stock.

(11) As of December 31, 2006, Mr. Mueller held outstanding options to purchase 80,100 shares of the Company s common stock.

(12) Mr. Reyes resigned as a director on July 31, 2006. As of December 31, 2006, Mr. Reyes held outstanding options to purchase 67,968 shares of the Company s common stock.

(13) Does not include an estimated compensation expense of $29,640 in stock option forfeitures related to service-based vesting conditions on these awards.

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(14) As of December 31, 2006, Mr. Roper held outstanding options to purchase 67,600 shares of the Company s common stock. Mr. Roper served as Lead Independent Director from May 2005 until has appointment as CEO and President in May 2007.

(15) As of December 31, 2006, Mr. Simpson held outstanding options to purchase 67,600 shares of the Company s common stock.

Adjustments or Amendments to Exercise or Base Price of Stock Option Awards

Effective December 31, 2006, Mr. Bidzos elected to adjust the exercise price of his Affected Options to reflect the fair market value at the time the option was granted (as such measurement date is determined for financial reporting purposes). As adjusted, such options are no longer subject to the adverse tax consequences of Section 409A of the Internal Revenue Code.

The Company has not made a determination whether compensation will be paid in connection with this election.

Material Terms of Stock Options and Restricted Stock Unit Awards

Under the Company s 2006 Equity Incentive Plan (the 2006 Plan), stock options are granted at an exercise price not less than 100% of the fair market value of VeriSign s common stock on the date of grant and have a term of not greater than 10 years from the date of grant. Stock options generally vest 25% on the first anniversary of the date of grant and ratably over the following 12 quarters. A restricted stock unit is an award covering a number of shares of VeriSign common stock that may be settled in cash or by issuance of those shares, which may consist of restricted stock. Restricted stock units will generally vest in four installments with 25% of the shares vesting on each anniversary of the date of grant over 4 years. The Compensation Committee of the Board of Directors, however, may authorize grants with different vesting schedule in the future. Upon a change-in-control of the Company, the vesting schedule for equity awards accelerates as to 100% of any shares that are then unvested for all non-employee directors.

Under the Company s 1998 Directors Stock Option Plan (the Directors Plan), stock options are granted at an exercise price not less than 100% of the fair market value of VeriSign s common stock on the date of grant and have a term of not greater than 10 years from the date of grant. Stock options generally vest 6.25% on each three-month anniversary of the date of grant. Upon a change-in-control of the Company, the vesting schedule for equity awards accelerates as to 100% of any shares that are then unvested for all non-employee directors.

Non-Employee Director Meeting Fees and Retainer Information

The following table sets forth details of our compensation and reimbursement policy and practices for our non-employee directors during fiscal 2006.

Annual retainer for all non-employee directors	$ 37,500
Additional annual retainer for the Lead Independent Director	$ 40,000
Additional annual retainer for Audit Committee members	$ 20,000
Additional annual retainer for Compensation Committee members	$ 20,000
Additional annual retainer for Nominating and Corporate Governance Committee members	$ 10,000
Additional annual retainer for Audit Committee Chairman	$ 10,000
Additional annual retainer for Compensation Committee Chairman	$ 10,000
Additional annual retainer for Nominating and Corporate Governance Committee Chairman	$ 5,000
Payment for each Special Board meeting attended	$ 2,000
Reimbursement for expenses attendant to Board membership	Yes

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

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PROPOSAL NO. 2

APPROVAL OF THE FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE VERISIGN S CLASSIFIED BOARD STRUCTURE AND PROVIDE FOR THE ANNUAL ELECTION OF DIRECTORS

We are asking stockholders to approve the Fourth Amended and Restated Certificate of Incorporation that will amend and restate certain provisions of our existing Third Amended and Restated Certificate of Incorporation, as amended (the *Third Restated Certificate*) in order to phase out the classification of the terms of our directors and to provide instead for the annual election of our directors (the *Fourth Restated Certificate*). Under the current classified board structure, our Board of Directors is divided into three classes, with each class serving three-year terms. If the Amendment is approved, commencing with the 2007 Annual Meeting of Stockholders, our directors will be elected to one-year terms of office after the current terms of the directors of each class expire at the 2007, 2008 and 2009 Annual Meetings of Stockholders. The Fourth Restated Certificate is attached as Appendix A.

The Fourth Restated Certificate is the product of our Board of Directors review of our corporate governance matters. The Board of Directors considered the advantages and disadvantages of maintaining a classified board structure, which was previously adopted by the Board of Directors and VeriSign s stockholders. Earlier this year, after completing its review, the Board of Directors approved the phase out of the classified board structure, subject to the approval of the stockholders.

In determining whether the phase out of the classified board structure is in the best interests of VeriSign s stockholders, the Board of Directors carefully considered arguments for maintaining, as well as for eliminating, the classified board structure. Several arguments support retention of a classified board structure. For instance, the overlapping three-year terms of directors promote continuity and stability of the Board of Directors by ensuring that, at any given time, two-thirds of the directors have at least one year s experience on the Board of Directors. A director s experience is important because of the unique demands of managing VeriSign, including the need to understand the complex nature of VeriSign s business and the long-term business strategy. In addition, the Board of Directors believes that three-year terms strengthen director independence by lessening the threat that a director who refuses to act in conformity with the wishes of management (or other directors) will not be re-nominated for office. The classified board structure also reduces the likelihood of an unsolicited and disadvantageous takeover of control of VeriSign, which might cause our stockholders to receive less than an adequate price for their stock, because a potential acquirer cannot replace a majority of the directors at a single annual meeting. Since a potential acquirer cannot easily remove a majority of the directors in a classified board structure, the directors on such board may possess greater bargaining power to obtain the best price from a potential acquirer and are likely to have more time to search for superior alternatives.

The Board of Directors also considered the views of investors who believe that a classified board structure reduces the accountability of directors to stockholders because the directors do not face an annual election. Since director elections are the primary means by which the stockholders can affect corporate management, the classified board structure may diminish stockholder influence over a company s policy. Furthermore, the classified board structure may negatively affect stockholder value by discouraging proxy contests in which stockholders have an opportunity to vote for an entire slate of competing nominees.

After weighing all of these considerations, the Board of Directors agreed and determined that the phase out of the classified board structure is advisable and in the best interests of VeriSign and our stockholders. Accordingly, the Board of Directors has approved the Fourth Restated Certificate (which is marked to show the changes from the Third Restated Certificate and provided in Appendix A) and recommends that the stockholders approve the Fourth Restated Certificate by voting in favor of this proposal.

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If this proposal is approved by our stockholders, Part A of Section Six of the Third Restated Certificate will be amended to phase out the classification of the terms of our directors and to provide for the annual election of our directors commencing with the class of directors standing for election at the 2007 Annual Meeting of Stockholders. To ensure a smooth transition to the new declassified structure of the Board of Directors, and to permit the current directors to serve out the three-year terms to which the stockholders elected the directors, the Fourth Restated Certificate will not shorten the term of any director elected before the 2007 Annual Meeting of Stockholders. The new procedures would, however, apply to all directors elected at or after the 2007 Annual Meeting of Stockholders, including any current directors who are re-nominated after their current terms expire. Thus, the Class III directors, would, if re-nominated, also stand for election at the 2008 Annual Meeting for only one-year terms with the current Class I directors, who were elected at the 2005 Annual Meeting of Stockholders for three-year terms, and would, if re-nominated, stand for election for only one-year terms. At the Annual Meeting of Stockholders in 2009, the Class II directors, would, if re-nominated, stand for election at the 2009 Annual Meeting of Stockholders for only one-year terms with the Class III and Class I directors.

Part B of Section Six of the Third Restated Certificate also currently provides that directors elected to fill vacancies on the Board of Directors serve the remainder of the terms of the class to which their predecessors were elected. Consistent with the proposed amendment to Part A of Section Six of the Third Restated Certificate that phases out the classified board structure, Part B of Section Six would be amended to provide that directors elected to fill vacancies on the Board of Directors serve for the term of office to which they are elected expires.

If the proposed Fourth Restated Certificate is approved at this meeting by the stockholders, the phase out of the classified structure of the Board of Directors will become effective upon the filing of the Fourth Restated Certificate with the Secretary of State of the State of Delaware. VeriSign intends to file the Fourth Restated Certificate as soon as practicable once stockholder approval is obtained. If the Fourth Restated Certificate is not approved, our structure of the Board of Directors will remain classified, and Class III directors elected at this meeting would have a three year term.

Vote Required

The affirmative vote of at least a majority of the outstanding shares of common stock is required for approval of this proposal.

The Board of Directors Recommends a Vote FOR Approval of the Fourth Amended and Restated Certificate of Incorporation.

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PROPOSAL NO. 3

APPROVAL OF THE ADOPTION OF OUR 2007 EMPLOYEE STOCK PURCHASE PLAN

The following is a summary of the principal provisions of our 2007 Employee Stock Purchase Plan, or the Purchase Plan. This summary is qualified in its entirety by reference to the full text of the Purchase Plan which is attached as Appendix B.

Purchase Plan Background

In February 2007, the Board of Directors adopted our Purchase Plan, subject to approval by our stockholders. Each offering under the Purchase Plan will be for a period of 24 months and will consist of con