



VERISIGN™



THE DOMAIN NAME INDUSTRY BRIEF

VOLUME 9 - ISSUE 1 - MARCH 2012

THE VERISIGN DOMAIN REPORT

AS THE GLOBAL REGISTRY OPERATOR FOR .COM AND .NET, VERISIGN REVIEWS THE STATE OF THE DOMAIN NAME INDUSTRY THROUGH A VARIETY OF STATISTICAL AND ANALYTICAL RESEARCH. AS THE TRUSTED PROVIDER OF INTERNET INFRASTRUCTURE SERVICES FOR THE NETWORKED WORLD, VERISIGN PROVIDES THIS BRIEFING TO HIGHLIGHT TO INDUSTRY ANALYSTS, MEDIA AND BUSINESSES IMPORTANT TRENDS IN DOMAIN NAME REGISTRATION, INCLUDING KEY PERFORMANCE INDICATORS AND GROWTH OPPORTUNITIES.



EXECUTIVE SUMMARY

The fourth quarter of 2011 closed with a base of more than 225 million domain name registrations across all Top Level Domains (TLDs), an increase of 5.9 million domain names, or 2.7 percent over the third quarter. Registrations have grown by more than 20.4 million, or 10 percent, since the fourth quarter of 2010.

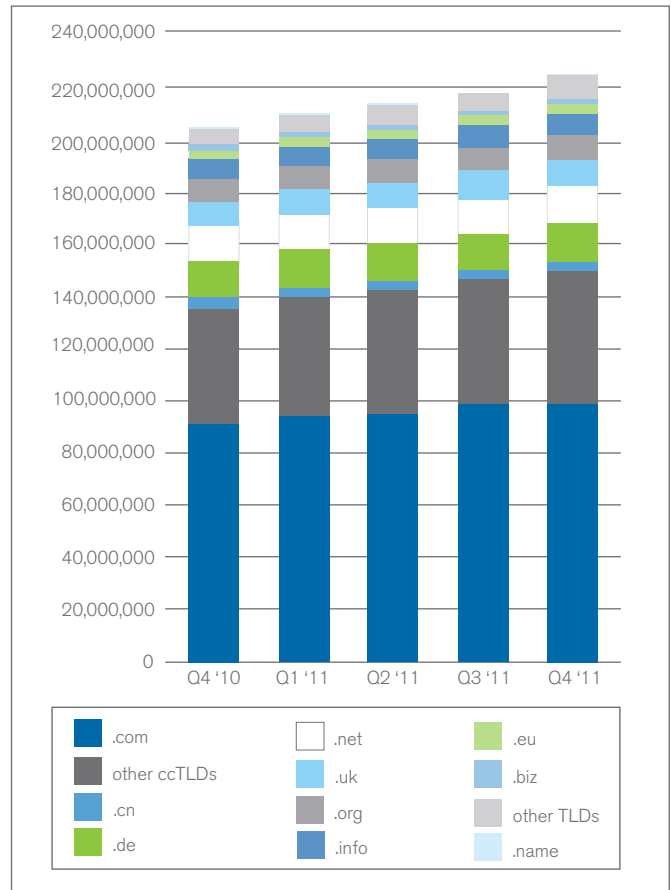
The base of Country Code Top Level Domains (ccTLDs) was 90.6 million domain names, a 4.2 percent increase quarter over quarter, and a 13.2 percent increase year over year in the base.¹

The .com and .net TLDs experienced aggregate growth, reaching a combined total of 113.8 million domain names in the fourth quarter of 2011. This represents approximately a 2 percent increase in the base over the third quarter of 2011 and an 8 percent increase over the same quarter in 2010. New .com and .net registrations totaled 7.9 million during the quarter. This reflects a 4 percent increase year over year in new registrations, and a 0.3 percent decrease in new registrations from the third quarter.

The order of the top TLDs in terms of zone size did not change when compared to the third quarter. The largest TLDs in terms of base size were, in order, .com, .de (Germany), .net, .uk (United Kingdom), .org, .info, .tk (Tokelau), .nl (Netherlands), .ru (Russian Federation) and .eu (European Union).

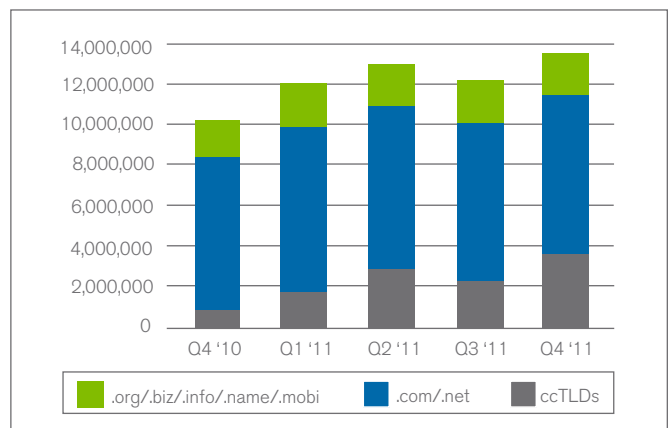
Total Domain Name Registrations

Source: Zooknic, January 2012; Verisign, January 2012



New Registration Growth

Source: Zooknic, January 2012; Verisign, January 2012; ICANN Monthly Reports



¹ The gTLD and ccTLD data cited in this report are estimates as of the time of this report and subject to change as more complete data is received.



CCTLD BREAKDOWN OF ZONE SIZE

Total ccTLD registrations were approximately 90.6 million in the fourth quarter of 2011 with the addition of 3.7 million domain names, or a 4.2 percent increase compared to the third quarter. This is an increase of approximately 10.6 million domain names, or 13.2 percent from a year ago.

Among the 20 largest ccTLDs, Poland, Sweden, Tokelau and the Russian Federation each exceeded 4 percent quarter over quarter growth. Last quarter, four of the top 20 exceeded the same threshold.

There are more than 290 ccTLD extensions globally (including Internationalized Domain Names), with the top 10 ccTLDs comprising 60 percent of all registrations.

Top ccTLD Registries by Domain Name Base, Fourth Quarter 2011

Source: Zooknic, January 2012

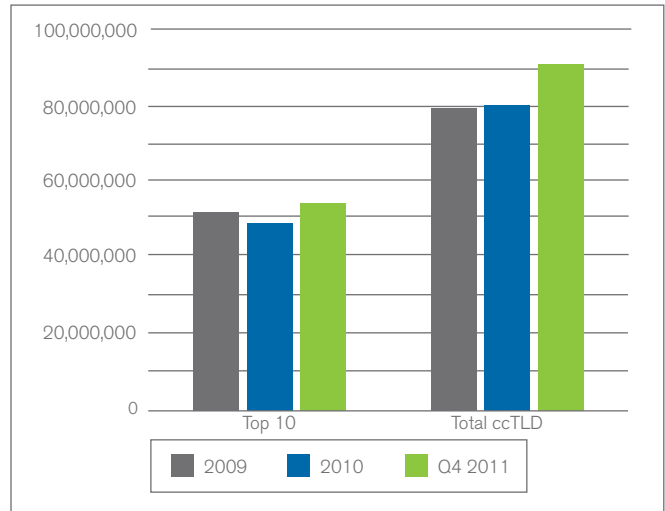
- | | |
|-----------------------------|-------------------------|
| 1. .de (Germany) | 6. .eu (European Union) |
| 2. .uk (United Kingdom) | 7. .cn (China) |
| 3. .tk (Tokelau) | 8. .br (Brazil) |
| 4. .nl (Netherlands) | 9. .ar (Argentina) |
| 5. .ru (Russian Federation) | 10. .it (Italy) |

.COM/.NET DYNAMICS

The .com/.net renewal rate for the fourth quarter of 2011 was 73.5 percent, up from 73.3 percent for the third quarter. Renewal rates vary quarter over quarter based on the composition of the expiring name base and the contribution of specific registrars.

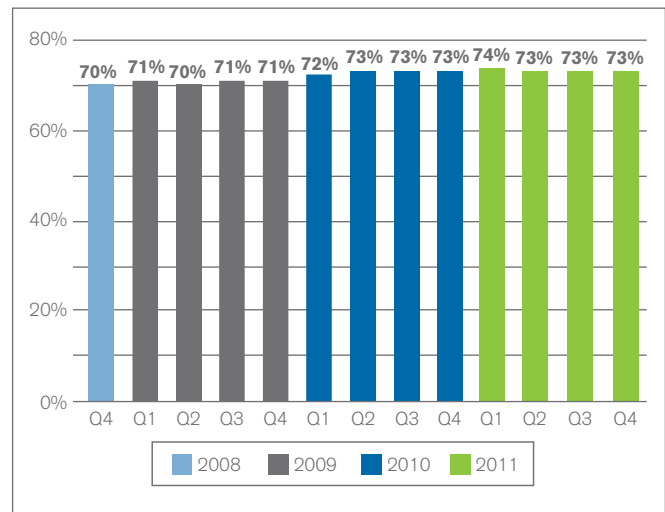
ccTLD Breakdown

Source: Zooknic, January 2012



.com/.net Registry Renewal Rates

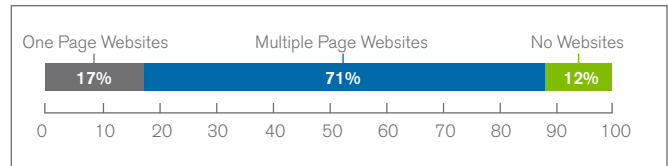
Source: Verisign, January 2012





.com/.net Websites

Source: Verisign, January 2012



Whether a domain name resolves to a website is a key factor in the renewal rates since domain names that resolve to websites are more likely to be renewed. Verisign estimates that 88 percent of .com and .net domain names resolve to a website, meaning that an end-user visiting that domain name would find a website. These websites can be further described as those having multiple pages or as one-page websites. One-page websites include under-construction, brochure-ware and parked pages in addition to online advertising revenue generating parked pages.

Verisign's average daily Domain Name System (DNS) query load during the fourth quarter of 2011 was 64 billion, with a peak of 117 billion. Compared to the previous quarter, the daily average increased 8 percent and the peak increased 51 percent. Year over year, the daily average increased 2 percent and the peak increased 59 percent.

DOMAIN NAME HIJACKING REPRESENTS A SERIOUS, BUT MANAGEABLE THREAT

Companies and organizations large and small have expressed increasing concern over reports of so-called "domain name hijacking," in which perpetrators fraudulently transfer domain names by password theft or social engineering.

The impact of these attacks can be significant, as hijackers are typically able to gain complete control of a victim's domain name – often for a significant period of time. During that time, hijackers can defraud a victim's customers, use a hijacked domain name as a launch point for malware, or just soil a victim's hard-earned reputation and brand awareness.

While the danger of domain name hijacking is significant, it is a threat that can be significantly reduced with proper planning and mitigation techniques.

As defined by security experts, domain name hijacking occurs when an attacker falsifies the registration data for a domain name, transferring that name away from its rightful registrant and gaining full administrative and operational control over the domain.

Attackers use a wide range of techniques to hijack domain names, from spyware and keystroke loggers to "social engineering," in which scammers impersonate registrants, registrars, or other entities in the chain of trust in order to gain access to passwords and personal information. Regardless of the technique used, the end-result for registrants is often severe. Once an attacker has full control of a domain name, they have free reign to use it for any number of nefarious purposes, from creating their own scam websites, to hosting illegal and dangerous content, to extorting the original owner.

Making matters worse, depending on the sophistication of the attacker, domain name hijacking can be extremely difficult to reverse as hijacked registrations are often "laundered" through a series of different registrars and registrants in an effort to make it more difficult for the rightful registrant to reverse the fraud. How effective this tactic is depends somewhat on how vigilant the victim is about monitoring their domain name. But in spite of vigilant monitoring, attackers can be very cunning, leaving email and name server records untouched until they have passed a hijacked domain through several transfers.



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Domain name hijacking is largely preventable. By using the right techniques and tools, a registrant can reduce the threat of hijacking significantly.

Researching your registrar's security offerings – and taking advantage of the tools they offer – can go a long way toward mitigating risk of hijacking. The vast majority of registrars are aware of the threat and care deeply about protecting their customers from fraud. Registrants who maintain active relationships with these registrars and ensure that their registration data and contact information is up to date, can avoid becoming the “low hanging fruit” that hijackers sometimes target.

Similarly, the same sort of password best practices that apply to other areas of Internet security become even more critical in defending domain names against hijacking. Registrants should choose suitably complex passwords, update them regularly, and ensure that they are secure.

Other techniques are slightly less obvious, but are imminently accessible to organizations seeking a higher level of protection against hijacking.

Behind the scenes, some registries, including Verisign, are using two-factor authentication to protect registrants. Two-factor authentication requires the use of both remembered passwords with password-generating tokens in processing registration transfers.

For the domains it operates, Verisign offers Registry Lock, which allows registrants to set the conditions under which their registration information can and cannot be changed. At the highest settings, Registry Lock requires direct, human-to-human interaction between Verisign and the registrar of record in order for a registration to be transferred.

By taking advantage of Registry Lock and other locking tools offered by registrars, registrants can make it much less likely for their domain name registrations to be changed without their full knowledge and consent.

The threat of domain name hijacking is very real, and organizations are right to be concerned. But with appropriate vigilance and effective tools, it is a threat that all organizations, large and small, can defend against.

LEARN MORE

To subscribe or access the archives for the Domain Name Industry Briefs, please go to <http://www.VerisignInc.com/DNIB>. Email your comments or questions to domainbrief@verisign.com.

ABOUT VERISIGN

VeriSign, Inc. (NASDAQ: VRSN) is the trusted provider of Internet infrastructure services for the networked world. Billions of times each day, Verisign helps companies and consumers all over the world connect between the dots. Additional news and information about the company is available at www.VerisignInc.com.



Zooknic Methodology

For gTLD data cited with Zooknic as a source, the analysis uses a comparison of domain name root zone file changes supplemented with WHOIS data on a statistical sample of domain names which lists the registrar responsible for a particular domain name and the location of the registrant. The data has a margin of error based on the sample size and market size. The ccTLD data is based on analysis of root zone files. For more information, see www.zooknic.com.

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Statements in this announcement other than historical data and information constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21E of the Securities Exchange Act of 1934 as amended. These statements involve risks and uncertainties that could cause Verisign's actual results to differ materially from those stated or implied by such forward-looking statements. The potential risks and uncertainties include, among others, the uncertainty of future revenue and profitability and potential fluctuations in quarterly operating results due to such factors as increasing competition, pricing pressure from competing services offered at prices below our prices and changes in marketing practices including those of third-party registrars; challenging global economic conditions; challenges to ongoing privatization of Internet administration; the outcome of legal or other challenges resulting from our activities or the activities of registrars or registrants; new or existing governmental laws and regulations; changes in customer behavior, Internet platforms and web-browsing patterns; the uncertainty of whether Verisign will successfully develop and market new services; the uncertainty of whether our new services will achieve market acceptance or result in any revenues; system interruptions; security breaches; attacks on the Internet by hackers, viruses, or intentional acts of vandalism; the uncertainty of the expense and duration of transition services and requests for indemnification relating to completed divestitures; the uncertainty of whether Project Apollo will achieve its stated objectives; the impact of the introduction of new gTLDs; the uncertainty of whether the .com Registry Agreement renewal will occur by December 1, 2012, if at all; and when a Chief Financial Officer will be named. More information about potential factors that could affect the Company's business and financial results is included in Verisign's filings with the Securities and Exchange Commission, including in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Verisign undertakes no obligation to update any of the forward-looking statements after the date of this announcement.