

VeriSign Reports Fourth Quarter and Fiscal 2000 Results

Strong Results and Momentum Position Company as the Internet's Most Trusted Utility

Mountain View, CA, January 24, 2001 - VeriSign, Inc. (Nasdaq:VRSN) today announced revenues of \$197.4 million for the fourth quarter ended December 31, 2000, a 613% increase over revenues of \$27.7 million reported in the quarter ended December 31, 1999. Pro forma net income for the quarter ended December 31, 2000, excluding the amortization of goodwill and intangible assets and other acquisition-related charges, was \$45.5 million, or \$0.21 diluted earnings per share compared to net income in the quarter ended December 31, 1999 of \$4.5 million, or \$0.04 diluted earnings per share. Including the amortization of goodwill and intangible assets and other acquisition-related charges, the net loss for the quarter ended December 31, 2000 was \$1.3 billion.

Revenues for fiscal 2000 were \$474.8 million, representing a 460% increase over revenues of \$84.8 million in fiscal 1999. In addition, deferred revenue increased to \$508 million at year end. Pro forma net income for fiscal 2000 was \$129.1 million or \$0.72 diluted earnings per share compared to pro forma net income of \$4.0 million or \$0.03 diluted earnings per share for fiscal 1999. Including the amortization of goodwill and intangible assets and other acquisition-related charges, the fiscal 2000 net loss was \$3.1 billion.

"Our fourth quarter results cap an exciting year in which we transformed VeriSign from a security services company into the Internet's most trusted utility," said Stratton Scavos, president and CEO of VeriSign. "We enter 2001 as a fully integrated organization offering a portfolio of critical services that all businesses need in order to establish, promote and protect their identity, transactions and communications over the Internet."

Authentication Services

VeriSign's core authentication services business, which includes digital certificate and managed public key infrastructure (PKI) services, saw another quarter of strong results.

Over 85,000 Web site certificates were sold in the fourth quarter, representing a 135% increase in unit volumes from the fourth quarter of 1999 and a 13% increase over the September 2000 quarter. For the year, VeriSign sold more than 275,000 certificates up 133% over the 118,000 sold in fiscal 1999. Over 485,000 website certificates have now been sold to online businesses, large enterprises, government agencies and other organizations since the inception of the service.

In the enterprise arena, VeriSign exited fiscal 2000 with strong momentum, as the demand for the company's managed PKI services continues to accelerate. VeriSign again added over 200 new customers in the fourth quarter bringing the total number of enterprises adopting the company's managed services in 2000 to more than 800. This represents more than half of the total number of customers added since the introduction of VeriSign's managed PKI services in November of 1997.

In the fourth quarter, VeriSign also announced, along with Microsoft and webMethods, a breakthrough XML-based framework - the XML key management specification (XKMS) - which should dramatically change the way in which digital credentials and signatures are adopted in the future. The XKMS specification will enable a broad range of software

developers to seamlessly integrate digital signatures and data encryption into e-commerce applications. In addition, VeriSign introduced a new suite of XML specifications for seamless links to Web identity, online authentication, authorization and payment services, which when coupled with the XKMS specification will further arm developers with the tools they need to quickly and easily develop and deploy trusted e-commerce applications.

During the quarter, VeriSign also saw further traction in the emerging device manufacturing market with both 3Com and Toshiba selecting VeriSign's cable modem authentication services to secure their next generation of cable modems. Additionally, VeriSign was selected by CableLabs® to operate the "Root Certificate Authority," (Root CA) which establishes the hierarchy to use digital certificates to secure CableLabs conformant cable modems across the industry. VeriSign will generate, host, and manage the operation of the CableLabs Root CA, which will be the single point for authenticating digital certificates embedded in future DOCSIS-compliant cable modems.

Payment Services

The Payment Services business saw outstanding growth in the fourth quarter as it continues to benefit from an attractive fee structure, superior service offering, and a productive reseller channel. VeriSign added over 5,600 new customers in the quarter, a 57% increase over the new additions last quarter. The total base grew to over 15,100 online merchants, up 42% over the third quarter, and up an impressive 740% from 1,800 total customers at the end of fiscal 1999.

VeriSign's managed payments gateway service processed approximately 31.8 million transactions during the year with an aggregate \$1.3 billion of B2C and B2B purchases flowing through the system. During the quarter, VeriSign also announced that it has processed its first B2B transactions through the Ariba Network in partnership with American Express.

Global Registry Services

VeriSign's Global Registry Services, formerly the NSI Registry, maintains both the Internet Domain Name System (DNS) infrastructure and the authoritative repository for all .com, .org, and .net domain name registrations.

The Registry Services group capped off what was an explosive year in the domain name market with the addition of 4.3 million new names in the fourth quarter. The Registry ended the year with 28.2 million active domain names in its authoritative database, up 217% from 8.9 million names at the end of fiscal 1999, and up 16% over the third quarter ended September 30, 2000. The Registry also processed the renewal, extension or transfer of an additional 1.2 million domain names during the quarter, bringing the total number of paid domain name transactions to 5.5 million.

The Registry Services group also began taking registrations in Chinese, Japanese, and Korean characters in the fourth quarter through its multilingual domain name registration testbed. The testbed has processed over 800,000 domain name registrations since it opened on November 10th.

The Registry Group also announced two new initiatives in the quarter designed to expand its service offerings beyond the .com, .net, and .org domains. The first, announced with development partner Telcordia provides the first public testbed for

ENUM-based services in a real-world environment. The second, announced with its first customer dotTV, leverages VeriSign's globally deployed registry and resolution infrastructure to provide state-of-the-art hosting services for both country code and the new generic top level domains (gTLDs).

NSI Registrar

The NSI Registrar continued to demonstrate its market leadership in the fourth quarter by registering approximately 1.9 million new and transferred domain names in .com, .org and .net. The NSI Registrar also renewed and extended over 650,000 domain names bringing its combined number of domain name transactions to approximately 2.6 million for the quarter. The NSI Registrar now supports customers with some 15.1 million active domain names, representing 87% growth in the registration base over the fourth quarter of 1999 and 10% growth over the third quarter ended September 30, 2000.

The NSI Registrar also expanded its product offering during the quarter, with the addition of multilingual domain name registrations allowing businesses and consumers to now register their .com, .net and .org in Chinese, Japanese and Korean character sets. In addition, the NSI Registrar signed a strategic alliance with dotTV during the quarter and began promoting .tv registrations through its www.networksolutions.com Web site immediately adjacent to .com and .net.

Other Q4 Highlights

VeriSign also capped a year of dramatic international expansion in the fourth quarter with the addition of 5 international service providers in Brazil, Germany, Iceland, Scandinavia and the United Kingdom. The VeriSign Trust Network now consists of 35 affiliate members as of December 31, 2000 up 75% from 20 members at the end of last year. Each of these affiliates utilize common technology, operating practices and infrastructure to deliver interoperable trust services on a co-branded basis for a specific geographic region or vertical market.

In addition, VeriSign announced a strategic agreement with VerticalNet to integrate VeriSign's B2B trust services-including authentication of buyers and suppliers, digital credentials for real-time verification of identities, digital signatures and online payment processing-into VerticalNet Markets' broad range of over 57 online marketplaces.

Conference Call Information:

VeriSign will host a conference call at 2:00pm (Pacific) this afternoon to review the fourth quarter and fiscal 2000 earnings announcement. A listen-only live broadcast of the Q4 and fiscal 2000 earnings conference call will be available at www.verisign.com or www.streetfusion.com. A replay of the teleconference will also be available at (888) 203-1112 (passcode: 699465) beginning at 5:00pm (Pacific) on January 24th and running through January 31st.

About VeriSign

VeriSign, Inc. (Nasdaq:VRSN) is the leading provider of trusted infrastructure services to Web sites, enterprises, electronic commerce service providers and individuals. The Company's domain name, digital certificate and payment services provide the critical web identity, authentication and transaction infrastructure that online businesses require to conduct secure e-commerce and communications. VeriSign's services are available through its websites (www.verisign.com and www.netsol.com) or through its direct sales force and reseller partners around the world.

This press release contains forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially. These statements include statements as to new products and services, new strategic relationships, and the demand for the Company's and its subsidiaries' services. Factors that could cause or contribute to such differences include, but are not limited to, the extent of any continued growth in the use of electronic commerce by businesses, consumers and government entities; the ability of the Company to successfully integrate the operations of Network Solutions and other recently-acquired businesses; failure of the combined company to manage its growth and the difficulty of successfully managing a larger, more geographically dispersed organization; competition in the various markets serviced by VeriSign and Network Solutions; market acceptance of digital certificates and the Company's products and services in particular; market acceptance of new products and services for which the Company's new products and services are designed to interoperate; the success of the Company's strategic partners in helping increase demand for and use of the Company's products and services; interruptions or security breaches in the Company's systems; and the Company's ability to develop and introduce new products and services and market acceptance of those services. More information about potential factors which could affect the Company's financial results is included in the Company's Annual Report on Form 10-K as filed with the SEC on March 22, 2000, and the Company's proxy statement for its 2000 annual meeting of stockholders, as well as other reports that the Company files with the SEC. VeriSign assumes no obligation to update the forward-looking information contained in this press release.

VERISIGN, INC. AND SUBSIDIARIES

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

	Three Months Ended Dec. 31,		Year Ended Dec. 31,	
	2000	1999	2000	1999
Revenues	\$ 197,355	\$ 27,676	\$ 474,766	\$ 84,776
Costs and expenses:				
Cost of revenues	67,268	9,519	162,240	31,898
Sales and marketing	66,171	9,653	166,663	34,145
Research and development . .	15,228	3,825	41,256	13,303
General and administrative . .	24,642	2,618	60,348	8,740
Total costs and expenses . .	173,309	25,615	430,507	88,086
Operating income (loss) . . .	24,046	2,061	44,259	(3,310)
Other income:				
Gain on sale of marketable securities	---	---	34,996	---
Interest income	22,670	2,450	52,651	7,365
Other income (expense), net	115	(92)	(1,478)	(936)
Total other income	22,785	2,358	86,169	6,429
Income before minority interest	46,831	4,419	130,428	3,119
Minority interest in net (income) loss of subsidiary .	(1,294)	114	(1,334)	836
Net income	\$ 45,537	\$ 4,533	\$ 129,094	\$ 3,955
Net income per share:				
Basic	\$.23	\$.04	\$.81	\$.04
Diluted	\$.21	\$.04	\$.72	\$.03

Shares used in per share computation:

Basic.	197,753	102,930	159,169	100,531
Diluted.	213,479	118,212	178,251	114,610

Note: The above unaudited pro forma condensed consolidated statements of operations exclude the effects of the amortization of goodwill and intangible assets, write-off of acquired in-process research and development, and stock-based compensation charges.

VERISIGN, INC. AND SUBSIDIARIES

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

	Three Months Ended Dec. 31		Year Ended Dec. 31	
	2000	1999	2000	1999
Revenues	\$ 197,355	\$ 27,676	\$ 474,766	\$ 84,776
Costs and expenses:				
Cost of revenues	68,077	9,519	163,049	31,898
Sales and marketing.	66,656	9,653	167,148	34,145
Research and development	15,228	3,825	41,256	13,303
General and administrative	24,966	2,618	60,672	8,740
Write-off of acquired in-process research and development.	---	---	54,000	---
Amortization of goodwill and other intangible assets.	1,356,114	---	3,188,950	---
Total costs and expenses	1,531,041	25,615	3,675,075	88,086
Operating income (loss)	(1,333,686)	2,061	(3,200,309)	(3,310)
Other income:				
Gain on sale of marketable securities	---	---	34,996	---
Interest income.	22,670	2,450	52,651	7,365
Other income (expense), net	115	(92)	(1,478)	(936)
Total other income.	22,785	2,358	86,169	6,429
Income before minority interest	(1,310,901)	4,419	(3,114,140)	3,119
Minority interest in net (income) loss of subsidiary	(1,294)	114	(1,334)	836

Net income (loss)	\$(1,312,195)	\$4,533	\$(3,115,474)	\$3,955
Net income (loss) per share:				
Basic	\$ (6.64)	\$.04	\$ (19.57)	\$.04
Diluted	\$ (6.64)	\$.04	\$ (19.57)	\$.03
Shares used in per share computation:				
Basic	197,753	102,930	159,169	100,531
Diluted	197,753	118,212	159,169	114,610

VERISIGN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2000	December 31, 1999
Assets		
Current assets:		
Cash and cash equivalents	\$ 726,827	\$ 70,382
Short-term investments	299,448	86,098
Accounts receivable, net	128,011	22,727
Refundable income taxes	6,591	---
Prepaid expenses and other current assets	31,677	3,635
Total current assets	1,192,554	182,842
Property and equipment, net	105,602	10,194
Goodwill and other intangible assets, net	17,656,641	---
Long-term investments	211,364	144,751
Other assets, net	1,567	3,379
	\$ 19,167,728	\$ 341,166

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable and accrued liabilities	\$ 166,927	\$ 10,902
Accrued merger costs	18,814	---
Deferred revenue	452,713	31,777
Total current liabilities	638,454	42,679

Long-term deferred revenue	55,575	---
Other long-term liabilities	3,560	128
Total long-term liabilities	59,135	128

Commitments and contingencies

Stockholders' equity:

Preferred stock - par value \$.001 per share		
Authorized shares: 5,000,000		
Issued and outstanding shares: none	-	-
Common stock - par value \$.001 per share		
Authorized shares: 1,000,000,000		
Issued and outstanding shares: 198,639,497 at 12/31/00		
103,482,841 at 12/31/99	199	103
Additional paid-in capital	21,670,647	258,239
Notes receivable from stockholders	(245)	---
Unearned compensation	(36,834)	(172)
Accumulated deficit	(3,162,926)	(47,452)
Accumulated other comprehensive income, net	(702)	87,641
Total stockholders' equity	18,470,139	298,359

\$ 19,167,728 \$ 341,166

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