

# THE DOMAIN NAME INDUSTRY BRIEF

VOLUME 7 - ISSUE 1 - FEBRUARY 2010

## 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 a leading provider of digital infrastructure for the Internet, 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.

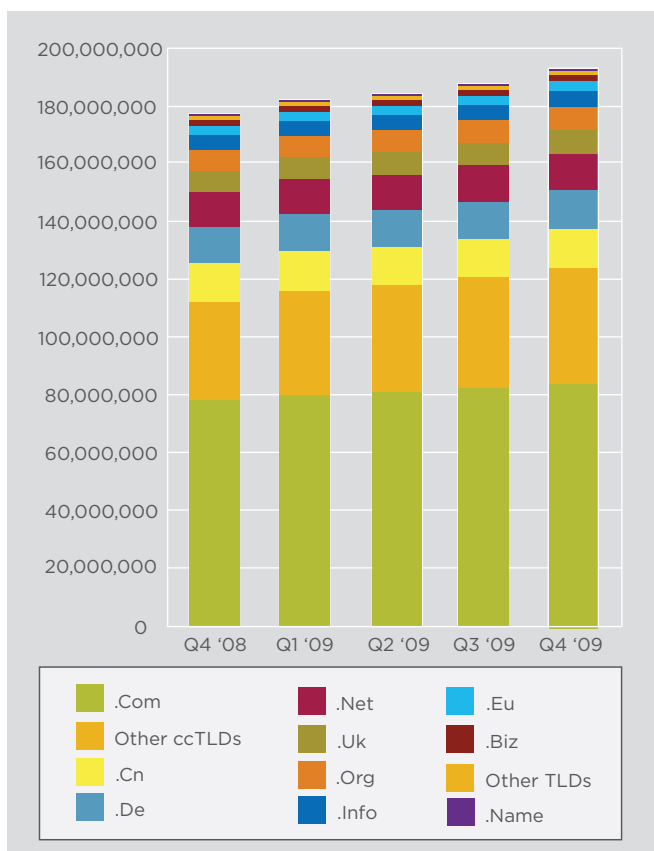




## EXECUTIVE SUMMARY

The Domain Name Industry closed 2009 with a base of more than 192 million domain name registrations across all of the Top Level Domain Names (TLDs), an increase of nearly 15 million domain name registrations since the close of 2008. In the fourth quarter of 2009, the base of domain name registrations grew by two percent over the third quarter of 2009 and eight percent over the fourth quarter of 2008. The base of Country Code Top Level Domain Names (ccTLDs) rose to 78.6 million domain names, a three percent increase quarter over quarter and a 10 percent increase year over year. In terms of total registrations, .com continues to have the highest base followed by .cn (China), .de (Germany), .net and .uk (United Kingdom).<sup>1</sup>

### Total Domain Name Registrations



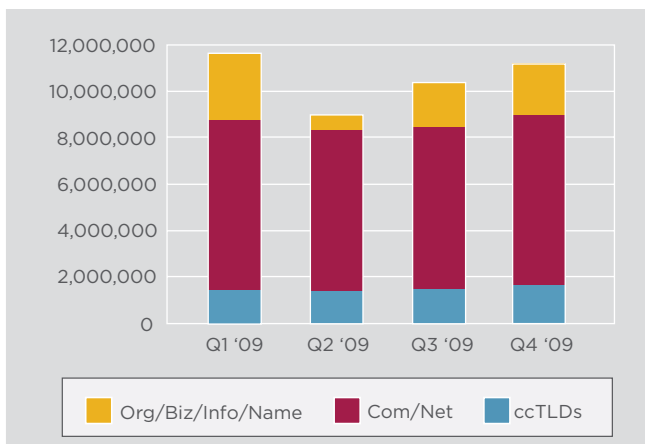
Source: Zooknic, January 2010; VeriSign, January 2010

## INDUSTRY GROWTH AND COMPOSITION

New registrations in the fourth quarter of 2009 came in at around 3.7 million domain name registrations per month to total approximately 11 million new domain name registrations across all of the TLDs in the last quarter of 2009. This reflects an eight percent increase in new registrations from the third quarter 2009.

The composition of the domain name industry in terms of base size remained relatively consistent with that of third quarter 2009, though there was some movement in the rankings as .cn and .de swapped positions. The largest TLDs in terms of base size were .com, .cn, .de, .net, .uk, .org, .info, .nl (Netherlands), .eu (European Union), and .ru (Russia).

### New Registration Growth



Source: Zooknic, January 2010; VeriSign, January 2010; ICANN Monthly Reports

<sup>1</sup> 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



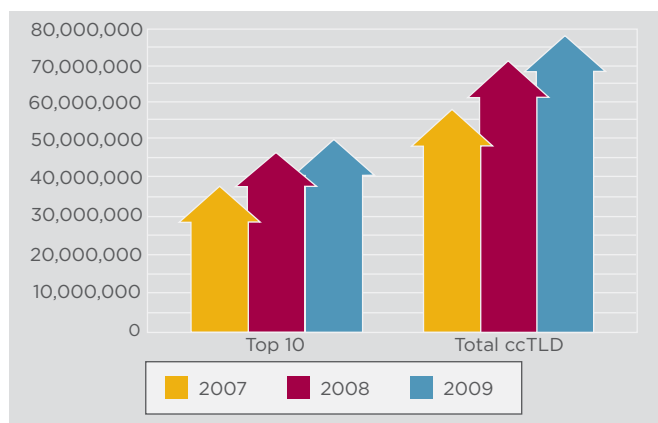


### ccTLD Breakdown

The last quarter of 2009 ended with 78.6 million ccTLD domain name registrations, an increase of nearly 7.5 million domain name registrations since the close of 2008. The ccTLDs as a whole experienced a three percent increase quarter over quarter and an 10 percent increase over the same quarter of 2008.<sup>2</sup> There are more than 240 ccTLD extensions globally, with the top 10 ccTLDs comprising 66 percent of the total number of ccTLD registrations.

The largest 25 ccTLDs saw quarterly growth rates that were the same or slower than in the third quarter, reflecting normal seasonal slowdowns. For example, only four of the top 25 largest ccTLDs increased the size of their base at the same rate that they did in the third quarter; the remainder increased the size of their base at a slower rate than they did in third quarter.

### ccTLD Breakdown



Source: Zooknic, January 2010

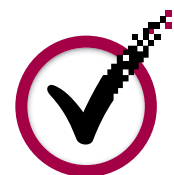
There was notable growth quarter over quarter among several of the top 25 largest ccTLDs. Registrations for Russian Federation (.ru) domain names grew the fastest with an eight percent increase quarter over quarter. Brazil (.br), Australia (.au), France (.fr), and Poland (.pl) all grew six percent over the quarter. When viewed on an annual basis, five ccTLDs surpassed the 20 percent mark for year over year growth including .ru (37 percent), .br (27 percent), .pl (26 percent), .au (23 percent) and .fr (23 percent). The .cn base, which had been experiencing remarkable growth as high as 467 percent year over year, slowed its growth and ended the fourth quarter with a one percent decline in its base.

The Chinese ccTLD, .cn, regained its position as the largest ccTLD in terms of the total base of domain name registrations, with .de and .uk as the next largest ccTLDs. Year over year, .uk's growth rate topped the list at 11 percent. Rounding out the top three ccTLDs were .de, with a seven percent increase year over year, and .cn, with a one percent decline in growth year over year. Together, the bases of domain name registrations for these three ccTLDs represented 44 percent of all ccTLD domain name registrations.

### TOP CCTLD REGISTRIES BY DOMAIN NAME BASE, FOURTH QUARTER 2009

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

Source: Zooknic, January 2010





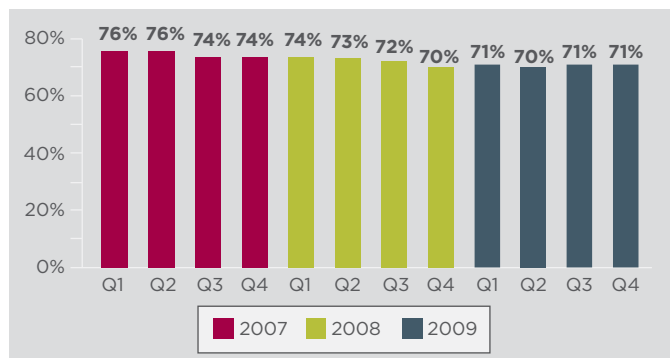
## .COM/.NET DYNAMICS

VeriSign's average daily Domain Name System (DNS) query load during the last quarter was 52 billion per day with peaks as high as 61 billion per day. The query loads are about the same as we saw in the third quarter of 2009 but year over year, represent an increase of 48 percent for the average daily queries and an increase of 31 percent for the peak daily queries. Managing the increasing traffic on the Internet reflects VeriSign's continued investment in the DNS. VeriSign's continued commitment to its infrastructure has enabled them to maintain a record of 100 percent operational accuracy and stability of .com and .net TLD resolution services over the past 12 years, earning VeriSign the reputation of being one of the most reliable and trusted networks in the world.

The overall base of .com and .net domain names grew to 96.7 million domain names at the end of 2009. This represents a two percent increase over the third quarter and a seven percent increase over the same quarter in 2008. New .com and .net registrations were added at an average of approximately 2.4 million per month in the last quarter of 2009 for a total of 7.3 million new registrations in the quarter.

The renewal rate for the fourth quarter of 2009 was 71 percent which represents a slight change from the third quarter of 2009 which was approximately 70.5 percent. Quarterly renewal rates may deviate a few percentage points in either direction each quarter based upon the composition of the expiring base and the contribution of specific registrars.

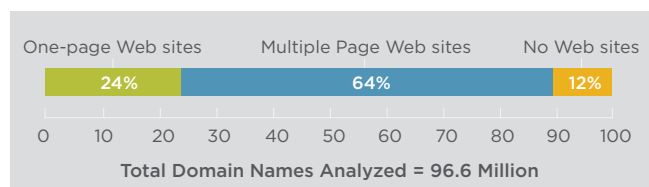
### .Com/.Net Registry Renewal Rates



Source: VeriSign, February 2010

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

### .Com/.Net Web Sites

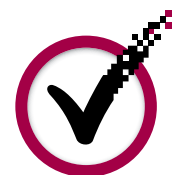


Source: VeriSign, January 2010

## .COM TURNS 25

In the past 25 years the Internet has transformed lives around the globe. It has radically altered our world-view by providing access to people, places, information and things that at one time were unattainable or unknowable. It has made us all virtual explorers not only on our own journey but also, collectively, as part of others'. It has narrowed the definition of neighbor to mean not simply someone who lives next door but rather a person in London, Moscow or Beijing with whom one shares a common experience, shared interest, or personal struggle. In doing all these things, the Internet has opened our minds to a world of endless possibilities, created new found opportunity, and inspired action like nothing else before it.

The effect of three simple letters we use every day, .com, has been equally significant. March 2010 will mark the 25th anniversary of the first .com registration. While we know that the first .com was assigned to symbolics.com on March 15, 1985, the genesis of .com is less clear. According to Craig Partridge, chief scientist at Raytheon BBN Technologies, the name for domains evolved as the system was created. At first, .cor was proposed as the domain name for corporations, but when the final version came out it was switched to .com.





It took some time for .com to take off. Two and a half years after the first registration, only 100 total .com domain name registrations existed. The early adopters included IBM, Intel, AT&T and Cisco. By 1992, there were still less than 15,000 .com domain names registered and the million-domain name mark wasn't crossed until 1997, well into the Internet boom. Then came the ".com boom", with nearly 20 million names registered in the next two years. The emergence of online businesses as well as early speculative activity fueled the rapid growth.

The burst of the "bubble" cooled off the rapid growth for a short period, and since then .com has grown at a steady rate, with now more than 80 million domain names registered around the world. Yet, some of the most popular Web sites today were registered late into the .com era. LinkedIn.com, for example, was registered in 2002 and flickr.com in 2003. Youtube.com wasn't registered until 2005.

Today, .com is an integral part of the Internet, a technology evolution that has reshaped the way people work, live, play and connect with family and friends. Much to the amazement of the creators of the Internet. "I don't recall anybody ever thinking we were creating an organizational structure to encompass hundreds of millions of entities covering the entire planet in support of all human activities," said Jack Haverty, another Internet pioneer who was at MIT at the time. "And it certainly wasn't supposed to last for 30+ years, even as an experiment. It just happened to turn out that way."<sup>3</sup>

As this edition of the *Domain Name Industry Brief* goes to print, we will celebrate 25 years since the first registered .com domain name. This will kick off VeriSign's year long celebration of the growth of the Internet, the innovators and entrepreneurs who have shaped it and the people who utilize it. VeriSign is proud of our role in supporting the infrastructure which provides .com and .net. We hope that you will follow us this year as we celebrate the past and future evolution of the Internet. Visit [www.25yearsof.com](http://www.25yearsof.com) to see

more about the history and how people are revolutionizing the world via the Internet. This site will host a variety of multimedia content throughout the coming months, showcasing the innovators and entrepreneurs who have shaped the Internet. 25yearsof.com is a year-long celebration of Internet innovation, all of which can be followed at:

- **Twitter:** Keep up with our latest news at [@25yearsofdotcom](https://twitter.com/25yearsofdotcom)
- **Facebook:** Friend us at [facebook.com/25yearsofdotcom](https://facebook.com/25yearsofdotcom)

### THE 25 OLDEST CURRENTLY REGISTERED .COM DOMAIN NAMES

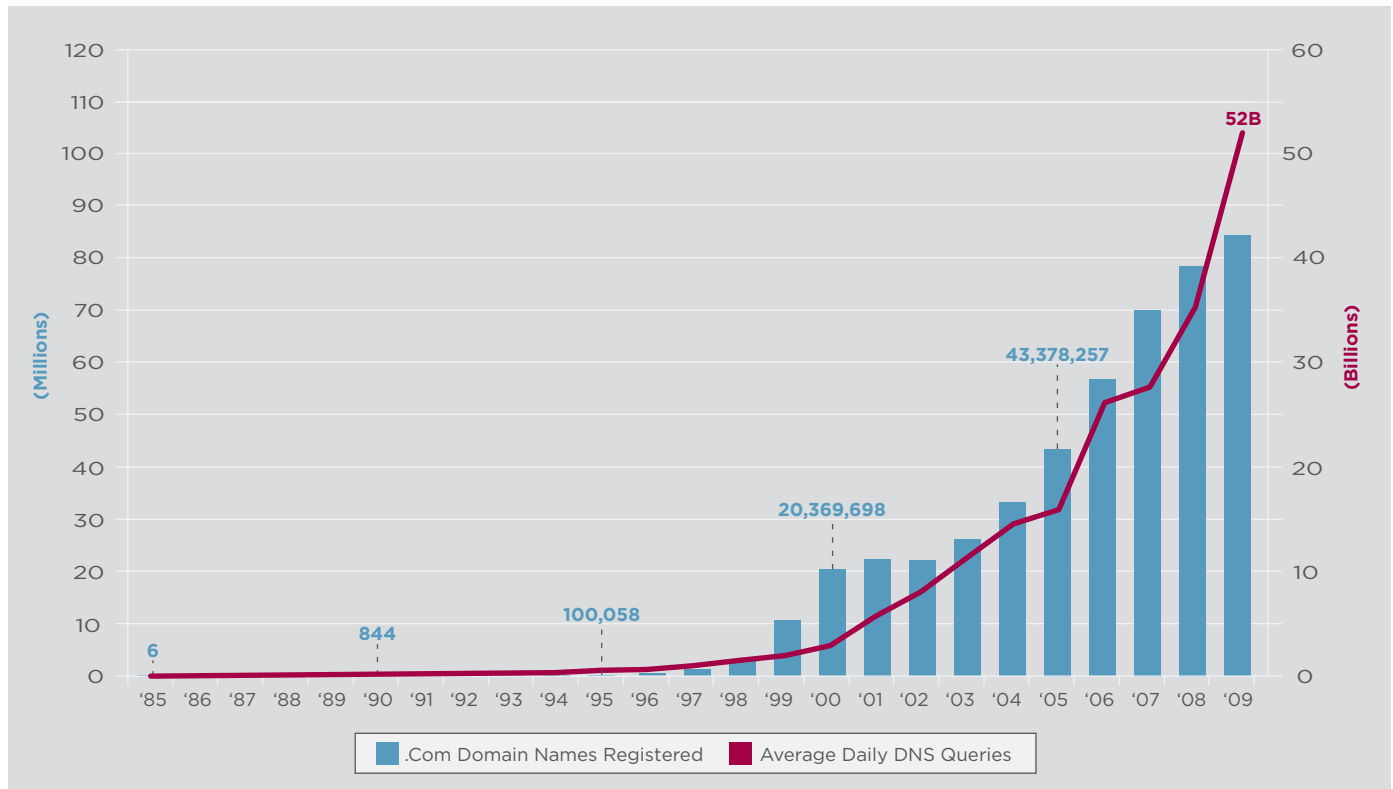
DOMAIN NAME	DATE
symbolics.com	March 15, 1985
bbn.com	April 24, 1985
think.com	May 24, 1985
mcc.com	July 11, 1985
dec.com	September 30, 1985
northrop.com	November 7, 1985
xerox.com	January 9, 1986
sri.com	January 17, 1986
hp.com	March 3, 1986
bellcore.com	March 5, 1986
sun.com	March 19, 1986
ibm.com	March 19, 1986
ti.com	March 25, 1986
intel.com	March 25, 1986
att.com	April 15, 1986
gmr.com	May 8, 1986
tek.com	May 8, 1986
fmc.com	July 10, 1986
ub.com	July 10, 1986
grebyn.com	August 5, 1986
ge.com	August 5, 1986
bell-atl.com	August 5, 1986
stargate.com	August 5, 1986
isc.com	August 5, 1986
nsc.com	August 5, 1986





## .Com Domain Name Registrations and DNS Queries

The number of .com domain names registered has grown to over 80 million over the last 25 years. At the same time, Internet usage has grown rapidly as well. The average daily DNS query volume is now more than 52 billion queries per day.



Source: VeriSign, January 2010

## LEARN MORE

To subscribe or to access the archives for the Domain Name Industry Briefs, please go to [www.verisign.com/domainbrief](http://www.verisign.com/domainbrief). Email your comments or questions to [domainbrief@verisign.com](mailto: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 engage in communications and commerce with confidence. Additional news and information about the company is available at [www.verisign.com](http://www.verisign.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 and pricing pressure from competing services offered at prices below our prices, market acceptance of our existing services and the current global economic downturn, the inability of VeriSign to successfully develop and market new services, VeriSign's ability to build out its infrastructure in pace with demand, the uncertainty of whether new services as provided by VeriSign will achieve market acceptance or result in any revenues and the uncertainty of the expense and duration of transition services and requests for indemnification relating to completed divestitures. 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, 2008, 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 press release.

### 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](http://www.zooknic.com).

