VERISIGN™

THE DOMAIN NAME INDUSTRY BRIEF

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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 third quarter of 2011 closed with a base of nearly 220 million domain name registrations across all Top Level Domains (TLDs), an increase of 4.9 million domain names, or 2.3 percent over the second quarter. Registrations have grown by more than 18.0 million, or 8.9 percent, since the third quarter of 2010.

The base of Country Code Top Level Domains (ccTLDs) was 86.9 million domain names, a 2.7 percent increase quarter over quarter, and a 9.8 percent increase year over year in the base.[1]

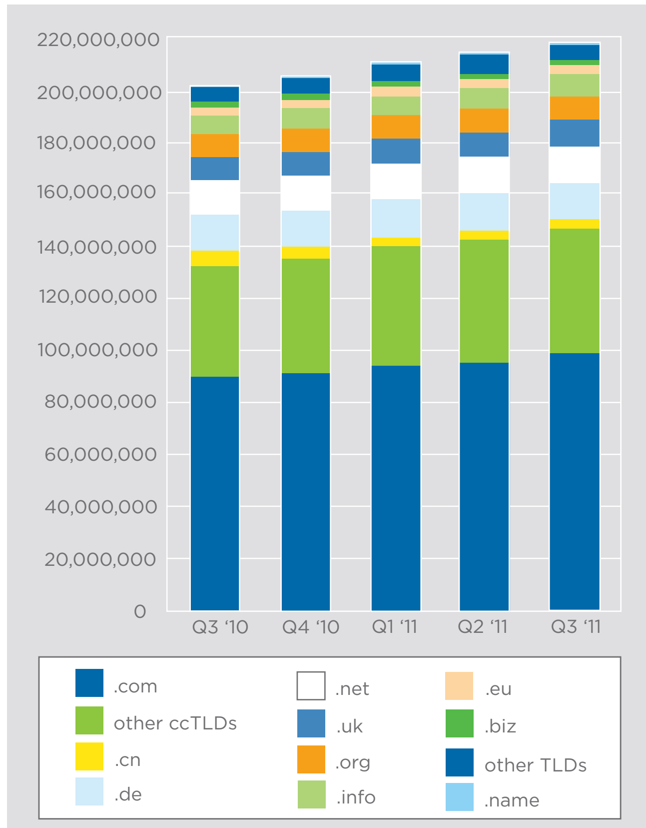
The .com and .net TLDs experienced aggregate growth, reaching a combined total of 112 million names in the third quarter of 2011. This represents a 1.8 percent increase in the base over the second quarter of 2011 and an 8.2 percent increase over the same quarter in 2010. New .com and .net registrations totaled 7.9 million during the quarter. This reflects a 5.9 percent increase year over year in new registrations, and a 2.3 percent decrease in new registrations from the second quarter.

The order of the top TLDs in terms of zone size changed when compared to the second quarter, as .tk (Tokelau) entered the rankings as the seventh largest TLD, dropping .nl (Netherlands) from seventh to eighth. Also, .ru (Russian Federation) and .eu (European Union) changed places from the second quarter and are now the ninth and tenth largest, respectively. Finally, .cn (China) is no longer in the top 10 after ranking eighth in the previous quarter.

The largest TLDs in terms of base size were, in order, .com, .de (Germany), .net, .uk (United Kingdom), .org, .info, .tk, .nl, .ru and .eu.

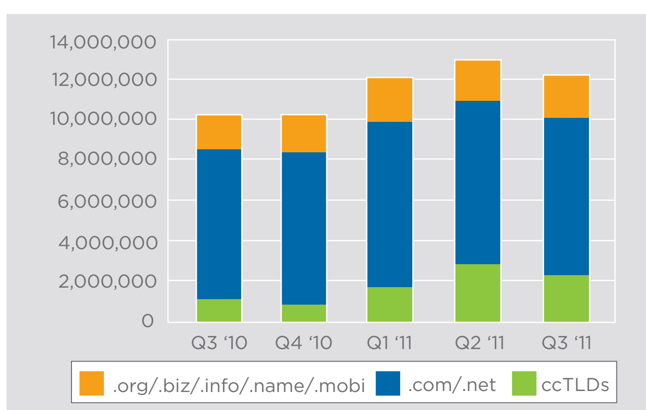
Total Domain Name Registrations

Source: Zooknic, October 2011; Verisign, October 2011



New Registration Growth

Source: Zooknic, October 2011; Verisign, October 2011; 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 86.9 million in the third quarter of 2011 with the addition of 2.3 million domain names, or a 2.7 percent increase compared to the second quarter. This is an increase of approximately 7.8 million domain names, or 9.8 percent from a year ago.[2]

Among the 20 largest ccTLDs, Brazil, Australia, Tokelau and the Russian Federation each exceeded 4 percent quarter over quarter growth. Last quarter, three of the top 20 exceeded the same threshold.

There are more than 240 ccTLD extensions globally, with the top 10 ccTLDs comprising 60 percent of all registrations.

Top ccTLD Registries by Domain Name Base, Third Quarter 2011

Source: Zooknic, October 2011

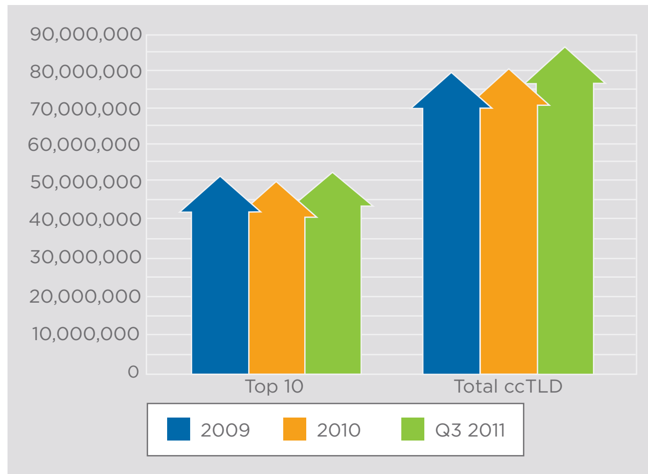
1.	.de	(Germany)	6.	.eu	(European Union)
2.	.uk	(United Kingdom)	7.	.cn	(China)
3.	.tk	(Tokelau)	8.	.br	(Brazil)
4.	.nl	(Netherlands)	9.	.ar	(Argentina)
5.	.ru	(Russian Federation)	10.	.it	(Italy)

.COM/.NET DYNAMICS

The .com/.net renewal rate for the third quarter of 2011 was 73.3 percent, up from 73.1 percent for the second quarter. Renewal rates vary quarter over quarter based on the composition of the expiring name base and the contribution of specific registrars.

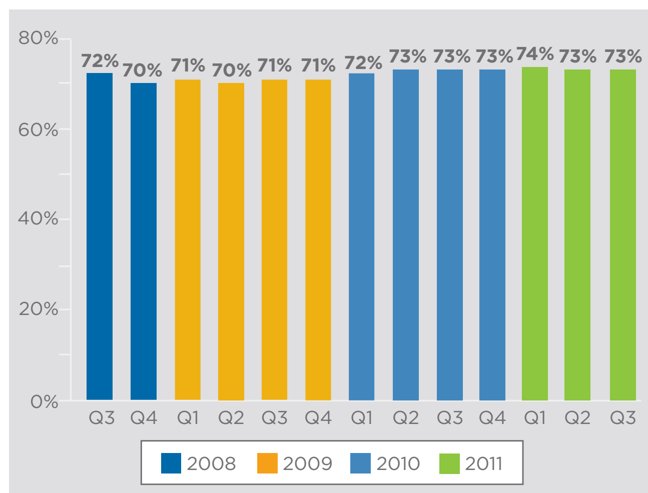
ccTLD Breakdown

Source: Zooknic, October 2011



.com/.net Registry Renewal Rates

Source: Verisign, October 2011



2 Some ccTLD registries ran promotional programs during the third quarter.

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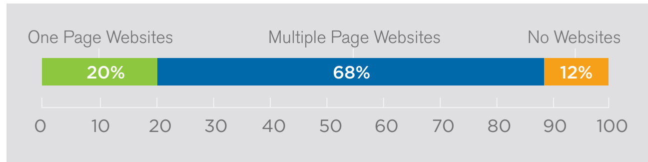
.com/.net Websites

Source: Verisign, October 2011



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 quarter was 59 billion, with a peak of 78 billion. Compared to the previous quarter, the daily average increased 5 percent and the peak increased 14 percent.

NEW GTLD PROGRAM TO CREATE NEW CATEGORIES FOR REGISTRANTS, USERS

Perhaps the most fascinating aspect of the Internet Corporation for Assigned Names and Numbers (ICANN) plan to create new gTLDs is the expected emergence of several new gTLD categories of use that could fundamentally change the way Top Level Domains are used and how organizations position their online identity.

While it is impossible to know the full extent of these new categories before the application window closes in April 2012 and ICANN posts the strings for which applications have been filed, there are several that are likely to play a key role. Understanding those categories, and their possible impact, will be critical to navigating the new gTLD landscape.

.Brand – For the first time ever in the Internet's addressing system, the new gTLD process will allow companies to register their trademarked names as Top Level Domains. The .brand phenomenon opens up a wide range of new potential functions for gTLDs. While some companies will delegate their .brand domains purely internally (for specific verticals, departments, email applications, etc.) other more consumer-facing companies may provide their customers with unique gTLD options backed by their own good names. *Likely Registrants: Companies, internal clients, channel partners, distributors.*

.Community – In its new gTLD Final Applicant Guidebook, ICANN includes a very specific set of definitions for what constitutes a "community-based gTLD." Any prospective community-based gTLD will be required to meet an extensive checklist to demonstrate that it is being "operated for the benefit of a clearly delineated community." Communities can be regional, cultural, religious, etc., but must be clearly defined and willing to vouch for the new gTLD applicant in question. Community-based gTLDs will seek to establish themselves as the online destinations of choice for members of their respective communities. An example of an existing community-based domain is .cat, a sponsored TLD introduced in 2006 to serve the whole Catalan linguistic and cultural community, whether or not a site is based in the territories where the Catalan language is spoken. *Likely Registrants: Community members.*

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.Geo – Another aspect of the new gTLD round that has captured a great deal of attention from users and entrepreneurs has been the prospect of a new universe of geo-specific gTLDs representing specific cities and regions. The appeal of a .geo domain is that it provides both registrants and users a ready-made destination for local businesses, organizations, services and interests in that location. *Likely Registrants: Regional residents, businesses and organizations.*

.IDN – Possibly the single most exciting new gTLD use category, in terms of its power to transform the way people use the Internet, comes in the form of internationalized gTLDs offered in non-Latin scripts. For hundreds of millions of users around the world, the new gTLD round represents an emerging opportunity to address and access the entire global Internet, entirely in their own languages. Many have called IDN gTLDs the "killer app" of the new gTLD round, and companies and organizations from around the world are gearing up to serve the emergent market. *Likely registrants: Users of non-Latin based languages and the organizations and businesses that serve them.*

.Industry – While not truly a "new" category, many industry groups have expressed interest in establishing new gTLDs designed to serve specific industry sectors. In addition to serving as online hubs for their industry bases, many of these gTLDs will also seek to act as a kind of trust seal, validating that all of their registrants are legitimate, established participants in a given industry. Several industry-specific domains, such as .aero (aviation), .travel (travel and tourism) and .jobs (human resources) have been introduced in previous small-batch gTLD rounds over the last decade, and more are expected in the new gTLD program. *Likely Registrants: Sector-specific businesses.*

.Interest – The idea of new gTLDs organized around specific interests or hobbies (sports, music, film, etc.) was the first to really catch the attention of the Internet community. The goal of most .interest gTLDs will be to create highly relevant online neighborhoods organized around specific interests. *Likely Registrants: Companies and organizations catering to specific interests, individuals.*

.Service – Some gTLDs will differentiate themselves based on a specific service, or suite of services that they offer to all potential registrants, and by extension to the Internet users who visit their domains. These may include enhanced security or privacy tools tied to new registrations, unique mail options, and a range of other potential enhancements designed to serve registrants and users alike. *Likely Registrants: Varied, depending on specific service offerings.*

Verisign believes that each new gTLD category poses unique opportunities and challenges. Through its new gTLD services offerings, Verisign expects to work with representatives of new gTLD categories, providing technical support, backend services and consulting in the exciting new gTLD marketplace.

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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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