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Dr. Vinton G. Cerf
Chairman of the Board
Internet Corporation for Assigned Names and Numbers
4676 Admiralty Way, Suite 330
Marina del Ray, California 90292-6601

Re: Board Approval of Proposed .com Registry Agreement

Dear Dr. Cerf:

The approval of the proposed .com Registry Agreement currently is before the Board of ICANN. Through approval of the agreement, ICANN has an opportunity to resolve years of business disputes and litigation that have been expensive and disruptive not only to VeriSign and ICANN, but to the broader Internet community as well, and to put in place between the parties a principled agreement that both broadens ICANN's supervision of the DNS and insures the necessary investment in the DNS infrastructure. Representatives of ICANN and VeriSign have invested extensive resources and considered effort in analyzing and negotiating the proposed .com agreement, as well as soliciting input from appropriate government agencies.

One Billion Internet users, over 15 Billion daily DNS queries, and over \$1.7 Trillion of e-commerce depend on the continued secure and reliable operation of the .com registry. The .com registry is unique in scope and in the requirements it places on the registry operator to build and maintain a secure and reliable infrastructure. Nonetheless, VeriSign's operation of the registry at all times has met the highest standards. Indeed, there is no precedent or evidence that any other organization or company could meet VeriSign's extraordinary record of performance, including its achievement of 100% DNS availability. VeriSign's stewardship of the .com registry is critical to a secure and reliable DNS, especially now when the security and stability of

the Internet and DNS face new and increasing threats of attack and increasing demands for reliability. The proposed .com agreement establishes the structural and economic framework necessary to preserve a stable and secure DNS.

Further, the proposed .com agreement broadens ICANN's role in, and supervision of, the operation of the registry, maintains caps on registry prices, and provides a stable basis to fund ICANN's ongoing mission. First, the agreement requires all proposed services that only the registry operator is capable of providing by reason of its designation as registry operator to proceed through a review process by ICANN, including with respect to the implications of the proposed service for security, stability and competition. Such broad supervisory authority did not exist in the past. Issues over the scope of ICANN's authority in this regard under the 2001 .com agreement have led to disputes and litigation and a deceleration of innovation within the DNS.

Second, the proposed agreement firmly maintains price caps into the future. While VeriSign does not agree that restrictions on price are necessary in view of the growth of a competitive market among registries worldwide, we have agreed to continue price caps in the proposed agreement as an accommodation to competing viewpoints. VeriSign's registration prices have been frozen for approximately eight years, unlike the prices of businesses in virtually any other area of commerce, despite increased service, demand, and threats to the secure and stable operation of this critical infrastructure. Some market based pricing flexibility is necessary in the future, however, to insure appropriate investment in the security and stability of the DNS infrastructure. The current proposed .com agreement fairly strikes a balance between these competing interests.

Third, the proposed .com agreement provides ICANN for the first time a source of regular and secure funding for its operations, unencumbered by concurrent policy expectations and demands. In the past, interested parties have tried to use ICANN's budget to threaten and coerce ICANN into taking action in the narrow interests of those parties and contrary to and in spite of the broader interests of the Internet. The proposed agreement guarantees ICANN the independence it needs to properly fulfill its espoused mission.

For all of these reasons as well as others, approval of the proposed .com Registry Agreement, and its submission to the Department of Commerce, should proceed without delay.

We are aware of a recent letter to you from eight registrars who are attempting to influence ICANN's processes with respect to the proposed agreement. These eight registrars plainly neither speak on behalf of the larger Internet community, nor evince an understanding of, or concern for, the requirements for a stable and secure operation of the DNS. They speak only in their own narrow economic interests.

The eight registrars raise two issues with respect to the agreement. First, the registrars object to the level of the price caps. This small group of registrars is seeking to prevent infrastructure investment among registry operators through a freeze on registry prices which would result in the registrars maximizing their profits at the expense of the broader Internet community and continued investment in the DNS infrastructure. It is notable that none of these registrars reduced the price of their services to consumers when VeriSign recently reduced the price of registration in the .net domain. Instead, these registrars maintained their prices and claimed the benefit of



the price reductions, not for the Internet community or consumers, but rather for themselves.

Second, the eight registrars object to the renewal clause of the proposed .com agreement as newly providing for automatic renewal. The renewal clause of the existing 2001 .com Registry Agreement, however, guarantees VeriSign an automatic renewal on terms such as those included in the proposed .com agreement. In addition, the proposed .com agreement preserves for ICANN the right to conduct a re-bid in the event VeriSign does not live up to its responsibilities under the agreement. So long as a registry operator complies with its responsibilities, however, certainty of renewal -- a firmly established principal in the operation of critical infrastructure -- is necessary for an operator to have the proper means and incentives to invest on an ongoing basis in the security and reliability of the DNS infrastructure.

The secure and reliable operation of the .com registry and the DNS are too important to the international and Internet community to be placed at risk by delaying the approval of the proposed .com registry agreement or yielding to the threats of a few who may be willing to place their interests ahead of those of the larger Internet community. We urge a prompt approval of the proposed agreement by the Board.

Sincerely,

Stratton Sclavos
Chairman and CEO
VeriSign Inc.